



STATE OF THE NAVAJO NATION ADDRESS

PRESIDENT JOE SHIRLEY, JR.

PRESENTED TO THE
21ST NAVAJO NATION COUNCIL
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Speaker Morgan, Mr. Chief Justice, Navajo Nation Council Delegates, relatives and guests, *Yá'át'ééh!* I wish each and every one of you and your families a happy, healthy, and prosperous New Year.

Again, I present the State of the Navajo Nation address and to share with you our accomplishments of the first quarter of the fiscal year, our challenges and vision for the Navajo Nation.

Over the past week, the Navajo Nation has experienced severe winter weather conditions and on January 21, 2010, the Commission on Emergency Management declared a winter weather State of Emergency. The Commission, in coordination with tribal, county, state and federal entities, are working to bring needed relief to our citizens, and especially those in remote areas and who are at high risk.

The central command center is located at the Training Center here in Window Rock and command posts have been established within each of the agencies, including the Southwest region to, on a continuous basis, communicate and coordinate with each of the chapters located within those areas. Plans are underway to deliver needed food, water, wood, coal, propane, and feed for stranded livestock.



I've called upon each of our Divisions within the Executive Branch to identify resources and personnel, even with our limited budgets, to help with the emergency efforts. We are in the process of identifying all available 4x4 trucks and SUVs, and I've authorized special assignment of general funded staff who are willing to assist by sorting, packaging and delivering provisions to our elders and others who are snowed in.

I am extremely grateful to the Honorable Arizona Governor Jan Brewer for dedicating six National Guard helicopters to the Navajo Nation to conduct emergency evacuations and provide relief to stranded individuals. I am also extremely grateful to Classic Aviation from Page, Arizona, who conducted a volunteer flyover of Central and Fort Defiance agencies. I, along with Johnny Johnson, the Incident Commander for the Emergency Management Services, had the opportunity to see first-hand the impacts of this past week's severe winter storm. On Sunday, I visited with individuals who've been stranded for over a week in remote areas because of more than four feet of snow accumulation. These flyover assessments are critical to the emergency relief operation because we are able to use the information to identify high priority areas and concentrate our efforts.

I also want to recognize and thank the NAPI Board and CEO for coming forward during this time with over 2,400 tons of feed and making available other products such as beans, flour and potatoes at significantly reduced prices. NAPI has even allocated \$100,000 to transport these emergency relief items. Bashas' and Lowes have also provided donated food items to our central command center to keep our emergency staff and volunteers fed as they perform critical communication and coordination functions.

I commend the dedicated staff and volunteers who worked long hours and over the weekend, and who will continue to do so until this emergency is over.



However, members of the Council, we should fully expect that the aftermath of flooding and mud will create equally, if not more, challenges to the relief effort. We need to identify the necessary resources to address this emergency situation and to prepare for the long-term. It is also important to understand that areas within the Navajo Nation were not impacted equally, and that some areas need far more attention than others. For this reason, we need to allocate emergency resources in line with the request made by the Emergency Management Services.

This holiday season and New Year was made better for many of our elderly, our families, and our children through the generous donation of our good friend, Dr. Patrick Byrne, CEO and founder of Overstock.com. Once again, Dr. Byrne unselfishly donated \$25,000 to the Navajo Nation to purchase turkeys this past Christmas so that many Navajo families whom might otherwise go without could enjoy a holiday meal. In addition, I'm grateful to Dr. Dale Tingey of American Indian Services of Provo, Utah, for his generous donation to the Navajo Nation of knit hats, toys and Christmas candy.

Navajo Nation First Lady Vikki Shirley and our executive staff spent many days traveling across Navajoland to deliver the turkeys and toys to families in remote areas. This huge charitable undertaking was coordinated with the Community Health Representatives Program within the Division of Health. I also want to recognize the charitable works of our Division of Public Safety and the several officers who volunteered their time and resources to collect toys for the annual Toys for Tots activities.

It is through selfless volunteer deeds like these that many needy Navajo children can experience the joy of receiving a gift at Christmastime, and many Navajo families can know the delight of a shared holiday meal. Caring for others in this way demonstrates the true meaning of the holiday season.



Council Delegates, in late September, I received notice from the United States Department of Justice that the Navajo Nation was awarded \$74 million in American Recovery and Reinvestment Act funds for the construction of three judicial facilities. I had the pleasure of meeting with Associate Attorney General Tom Perrelli and attended the public announcement of the award in Albuquerque. The Navajo Nation Department of Corrections will use \$38.5 million to build a 64-bed, multi-purpose correctional facility in Tuba City; a \$31 million, 64-bed detention facility in Kayenta; and \$3.8 million to construct a new adult correctional facility in Ramah.

The oversight committee approval process was recently completed and the Nation stands ready to begin construction in late May or early June.

Not only will the facilities provide a deterrent to crime by removing dangerous criminals from our Navajo communities, but they will provide space for a range of culturally-appropriate services to inmates from pre-trial services, intervention and treatment, alternatives to incarceration, and services while individuals are serving their sentences.

This grant award fulfills the Public Safety component of our administration's original 2004 Navajo Nation Judicial and Public Safety Facilities Development Master Plan for the replacement of deteriorating jails on the Navajo Nation. That plan, first envisioned in our \$500 million bond proposal, was to design and construct detention, courts and police facilities that would provide for a "one-stop shop" for justice professionals.

I commend Division Director Samson Cowboy and his staff, Navajo Nation Department of Corrections Director Delores Greyeyes, and Chief Justice Herb Yazzie and the Judicial Branch staff, for their hard work and commitment. They also worked very closely with the oversight committees, as well as with the local chapters to obtain the necessary support resolutions.



I also commend the hard work and commitment of the District Task Force personnel from Tuba City, Crownpoint, Chinle, Ft. Defiance, Shiprock, Dilkon and Kayenta. Each District Task Force was composed of personnel from law enforcement, corrections and the Judicial Branch. Each Task Force worked on the initial plans for the Judicial and Public Safety facilities. Once land was identified each district worked with the local leadership and community members to obtain funding for land assessments, surveys and studies necessary to obtain an official land withdrawal.

These critically-needed funds will finally help to address the breakdown in the Navajo criminal justice system because of the lack of adequate facilities. These centers will provide an actual deterrent to crime instead of the current revolving door. For the safety of our Nation, it is our hope that once fully operating, criminals will actually serve time for the crimes they commit, and we'll see a reduction in the recidivism rate because of access to onsite rehabilitation services. Once the Judicial Facilities component is addressed through additional resources, we anticipate the creation of approximately 700 jobs in construction and service delivery, and long-term employment for law enforcement and judicial services personnel.

On September 25, the U.S. Environmental Appeals Board remanded the Desert Rock Energy Project's air permit to Region 9 for reconsideration and on November 12, 2009, the Nation received notice from the U.S. Department of Interior that it has some concerns about the project. Unfortunately, this has delayed important work on the Environmental Impact Statement and Biological Opinion. We are working closely with the Department and plans are underway for a full review to discuss and address those concerns. I want the Navajo Nation Council to know that this was not unexpected and certainly does not mean the project has been cancelled.



Desert Rock remains the most important economic development project in our Nation's history. It will provide thousands of good jobs for our people and fund almost one-third of the Navajo Nation's annual operating budget. It is a key to our saving self, to ending our dependence on the federal government, and to regaining our independence as a Nation and a people.

In August, the Desert Rock project submitted a \$450 million grant application to the U.S. Department of Energy to include carbon capture and sequestration technology as part of the project. For two years, we've said that the Navajo Nation and Sithe Global would be willing to implement carbon capture and sequestration technology to make Desert Rock the technology leader for the world. The grant application was not approved this funding cycle, but we remain hopeful that it will be considered in the next funding cycle and that the Department of Energy will see the potential to have the U.S. and the Navajo Nation lead the world in coal-powered energy production.

From the beginning of its relationship with the Navajo Nation, the Desert Rock Energy Project, LLC, and Sithe Global agreed to go beyond what is required of them. Their business model is among the first the Navajo Nation has seen to have legal issues settled in our Navajo courts, to use our Navajo people to build and work at the plant, to use our coal, our water and place the plant on our land, and pay us handsomely for all that. And, for the first time, the Navajo Nation has the option to become an equity partner in the plant.

Once all outstanding issues are resolved, we are hopeful that the U.S. Fish & Wildlife Service will complete the Biological Opinion and the BIA will complete its Environmental Impact Statement. We are persevering in our efforts to obtain the necessary permits to build the plant, put our people to work, and bring independence back to the Navajo Nation.



Not only are we working to develop our natural resources, we have been working to develop renewable energy sources as well. On November 5, 2007, we established the Navajo Nation Renewable Energy Task Force to coordinate, evaluate, develop and implement renewable energy projects on the Navajo Nation. After several months of planning and negotiations, the Task Force, in coordination with the Navajo Tribal Utility Authority, has worked to secure the first wind generation project to be developed on Navajoland. With the Navajo Nation Council's approval, I report that on January 15, 2010, I signed the lease and fee agreements to begin implementing the project.

The Big Boquillas Wind Project involves the Navajo Nation, NTUA, Edison Mission Energy, and Foresight Energy. NTUA negotiated arrangements with Edison Mission Energy and Foresight Energy so that NTUA, through the use of a for-profit affiliate, will be a 51 percent owner of the project.

NTUA worked with its project partners and potential lenders to draft lease and sublease agreements that were acceptable for financing by a third party lender of wind generation projects. The Renewable Energy Task Force, led by Natural Resources Division Director Arvin Trujillo and Attorney General Louis Denetsosie, negotiated with NTUA to complete the agreements with the project company.

The project company will develop, construct, finance, and operate the Wind Project. It is important to note that the Big Boquillas Ranch is checkerboard with Arizona State lands. As such, NTUA's project partners have already approached the Arizona Land Department and discussions are underway to secure rights to state lands to successfully develop the project.

The 30-year lease requires good environmental stewardship of the land and restoration of the area at the end of the term. Further, there will be no prohibition from continued use of the site for grazing and hunting.



In addition to sharing 51 percent of the profits from the Wind Project through NTUA's for-profit affiliates, the Navajo Nation will be compensated under the terms of the leases and through an additional financing fee assessed against the gross revenues of the Wind Project.

Communities throughout the states of Arizona and New Mexico, such as Farmington, Flagstaff, Gallup, and Page, will purchase wind generation energy from the Navajo Nation. These sales will directly benefit the Navajo Nation by reducing dependency on third parties and increasing the Nation's self-sufficiency.

I commend NTUA General Manager Walter Haase, the NTUA Board and staff, Natural Resources Division Director Arvin Trujillo, and Attorney General Louis Denetsosie for their hard work and commitment to make this important renewable energy development project a reality. I also commend the Resources Committee and the Navajo Nation Council for approving the agreements. Once fully implemented, the Wind Project has the opportunity to realize a projected \$51 million in federal tax benefits that would be used to pay for the project.

After 40 years of inactivity and neglect, I inform you that we have started to systematically address the rehabilitation and recovery of the 1.5 million acres of land known as the former Bennett Freeze Area.

The adverse impacts of the Bennett Freeze are tangible and certainly felt by everyone in the area. The effects resulted in extensive substandard and deteriorated housing, deficiencies in infrastructure and public safety and health services. Deteriorating living conditions forced many Navajos to leave their traditional homeland and all opportunities for economic development were abandoned.

However, as you know, in December 2006 the freeze was abolished by U.S. District Court Judge Earl Carroll and on April 21, 2009, Congress officially repealed the language that created the freeze. The Navajo Nation immediately began to address



its recovery by planning for development and mitigation. To facilitate this process, the Former Bennett Freeze Area Task Force was established to develop a strategic plan for the region. Under the leadership of the Navajo-Hopi Land Commission Director Roman Bitsuie, I report that the task force completed the Recovery Plan.

The plan incorporates a physical survey of the entire area with a focus on housing, health facilities and schools, an analysis of needs based on current conditions and future population growth, a survey of residents' priorities in the nine chapters within the area, and updates of each of the chapters' land use plans.

The Recovery Plan will be a useful tool to help jump-start the implementation phase for re-developing this region. The next steps are critical. In the history of this Nation, we now have a great opportunity to use our creative and innovative capacities and strengths to restore the 1.5 million acres of our land for our present and future generations. The plan will also be a valuable lobbying tool to seek out and obtain the necessary funding required to rebuild the area. In fact, we have begun discussions with our Congressional representatives using the Recovery Plan to determine the scope of federal legislation to provide funding to accelerate development of the impacted areas. Our legislative efforts will focus initially on high priority needs, such as housing and basic infrastructure.

In an effort to help reduce the Nation's budget deficit, the Navajo Nation's Retirement Plan Administration Committee, made up of Legislative Branch representatives and Executive Branch personnel, diligently worked to offer an early retirement package to qualified Navajo Nation employees. Of the 875 eligible employees, 268 took advantage of the early retirement option. Individuals had to be at least 55 years old and have worked for the Nation for at least 10 years. The benefit package included full medical, dental and vision coverage up to the age of 65. I congratulate all of our retirees and thank them for their many years of service and



dedication to the Navajo Nation government and to our Navajo people. I commend the Retirement Plan Committee, the Insurance Commission and the Budget and Finance Committee for working to make this opportunity available to our former employees.

With the numerous vacancies created, it is now incumbent upon our Division Directors and department managers to determine whether in-house promotions and advancements can occur, whether recruitment and new hiring is necessary for continued service delivery, or whether the vacant positions can be eliminated to create a budget savings. Over the next several months we will evaluate our programmatic needs to ensure continued service delivery while balancing the need to reduce costs. These decisions will be made prior to the FY2011 budget planning process.

On August 5, 2009, the Economic Development Committee of the Navajo Nation Council approved amendments to the Navajo Nation Business Site Lease Management Plan and authorized the delegation of authority to approve business site leases to the Division of Economic Development. I commend the Committee for its foresight and for further streamlining the issuance of business site leases within the Navajo Nation. The delegation of authority will allow the Division to process most business site leases in an efficient and timely manner. A number of business site leases and other related transactions have already been executed under the new regulations.

I believe this delegation of authority from the Committee reflects its support for our business people and is in furtherance of the Navajo Nation Local Governance Act. As more chapters become governance-certified, the Committee has laid the groundwork for governance-certified chapters to have more decision-making authority over land use and business development within their local communities.



I also commend Mr. Allan Begay, Director for the Division of Economic Development, and his staff for their hard work and commitment to help build our Nation's economy. Ms. Karis Begay, attorney for the Department of Justice, has also been extremely instrumental in developing and assisting in the full implementation of the Nation's Business Site Leasing Act, including these recent amendments. The hard work of the Committee and each of our Executive Branch staff will, without a doubt, help improve the economy of the Navajo Nation and, ultimately, those who live and work on Navajoland.

Ladies and gentlemen of the Council, thank you.