Shopping Center opens to large support after 30+ years in development

By Byron C. Shorty
DED Administration

On April 3, 2019, the long-awaited shopping center along Interstate 40 near Nahata’ Dziil chapter had its grand opening and ribbon cutting ceremony. The Division of Economic Development was on-site to assist. The event included speeches from Navajo Nation President Jonathan Nez, Vice President Myron Lizer, Navajo Nation Council Speaker Seth Damon, and Hon. Delegate Raymond Smith Jr.

DED first initiated the shopping center project with a chapter resolution from Nahata’ Dziil. Jeanette Jones, the Project Manager for the shopping center at the DED, started working on the project over 30 years ago. She says that it was a multi-agency effort at the tribal, county, state, and federal levels. Also announced was Jeannette’s retirement at the grand opening.

Chapter leadership also gave Ram Herder, 100, the honor of being the first customer of the shopping center. Mr. Herder was one of the original relocatees that came to Nahata’ Dziil following the acquisition of the ‘New Lands’ areas. At the original groundbreaking, some 10 years ago, Ram conducted the ceremony that marked the location of the shopping center.

More than 500 people attended the grand opening. Lunch was provided by Bashas’, which also opened that day for business. President Nez commended the grocer for making a commitment to providing fresh fruits and vegetables, in addition to creating 40 new jobs for the surrounding Navajo communities.

President Nez challenged the Navajo people to take care of the new shopping center by supporting their local businesses, and to ‘Buy Navajo, Buy Local.’ Though prices may be a little higher, the benefit to the Navajo people is immense, especially when Navajo dollars circulate within the Navajo economy, President Nez explained. The shopping center provides jobs, tax revenues, and more, that serve to greater the diversity of the Navajo economy.

The shopping center currently has plans to expand with a gas station, convenience store, and an ice cream eatery. Those details are in review with the Navajo Area Office of Environmental Health. At full occupancy, the shopping center is expected to provide over 120 new jobs.

DED currently is developing an ongoing campaign to challenge the Navajo people to support local Navajo businesses.

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Meet our new Director

Yá’áh’tééh!
Introducing the new Executive Director of the Division of Economic Development,

JT Willie

Mr. Willie is from Bahastl’ah (Twin Lakes), NM and is fluent in Diné Bizaad.


He holds a Master’s in Public Administration and two Bachelor’s degrees in Marketing and Human Resources from the University of New Mexico.

Prior to becoming DED Director, Mr. Willie was Director of Marketing and Sales for 12 years at Navajo Arts & Crafts Enterprise and Director of Marketing for two years at the Tsehootsooi Medical Center.

As Executive Director, Mr. Willie plans to support business incubators, which can provide small, low-cost units for Navajo businesses that need a physical location.

Mr. Willie recognizes that the startup costs for new businesses can be hampered by the high cost of rent.

“I am going to work with various entities that promote Navajo entrepreneurship, such as Tuba City’s Change Labs. In New Mexico, I aim to work with the chapters that are willing to work together on starting incubators within their districts,” said Mr. Willie.

Resources and training for Navajo entrepreneurs is of the utmost importance to Mr. Willie, and he seeks to support business development through local division offices.

Additionally, he encourages open-door policies within DED and shares that taking action is a collaborative team effort.

“Every single staff member at DED has a specific talent, and it’s about bringing that out” said Mr. Willie.

Mr. Willie also looks forward to sharing the progress the Navajo Nation is making towards defining Navajo and tribal sovereignty.

In his spare time, Mr. Willie is an award-winning silversmith who regularly participates in the Santa Fe and Heard Indian markets to share his unique creations.

About the Division of Economic Development

The Navajo Nation is committed to providing new business opportunities and partnerships with individuals, small business owners, and large commercial/industrial and tourism establishments. In order to become more efficient and accessible, we are working to upgrade and implement our programs to benefit these burgeoning business relationships.

Program Directory

- Administration/Support Services / navajobusiness.com
  (928) 871-6544 / Fax (928) 871-7381

- Project Development
  (928) 871-6504 / Fax (928) 871-7381

- Business Regulatory
  (928) 871-6714 / Fax (928) 871-6507

- Navajo Tourism Department / www.discovernavajo.com
  (928) 810-8501 / Fax (928) 810-8500

- Real Estate Department
  (928) 871-6558 / Fax (928) 871-7174

- Small Business Development
  (928) 871-6704 / Fax (928) 871-7366
  - Chinle / Ph. (928) 674-2240 / Fax (928) 674-2244
  - Eastern / Ph. (505) 905-6400 / Fax (505) 905-6401
  - Fort Defiance / Ph. (928) 871-6486 / Fax (928) 674-6476
  - Northern / Ph. (505) 368-1316 / Fax (505) 368-1324
  - Shiprock / Ph. (505) 368-1315 / Fax (505) 368-1324
  - Western / Ph. (928) 283-3010 / Fax (928) 283-3015

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4th Annual April 22, 23 & 24, 2019
NAVajo Nation Economic Summit
“Partnerships to Strengthen Opportunities”

MONDAY, APRIL 22ND
7:00 am to 1:30 pm  
Golf Tournament  
Continental Country Club, Flagstaff, AZ  
9:00 am to 5:00 pm  
On-site Registration  
6:00 pm to 8:00 pm  
Welcome Reception

PRESENTING SPONSOR:

TUESDAY, APRIL 23RD
8:00 am  
Welcome General Session  
Keynote Speaker

12:00 pm  
Luncheon  
1:45 am to 4:45 pm  
Afternoon Breakout Sessions  
6:00 pm to 8:00 pm  
AWARDS BANQUET  
SMALL BUSINESS SECTOR AWARD  
COMMERCIAL SECTOR AWARD  
PROFESSIONAL SERVICE SECTOR AWARD  
CONSTRUCTION SECTOR AWARD  
TOURISM SECTOR AWARD  
INDUSTRIAL SECTOR AWARD  
ENTREPRENEURIAL SPIRIT AWARD  
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WEDNESDAY, APRIL 24TH
7:00 am to 4:00 pm  
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On February 15, 2019 the Dennehotso Market Grand Opening was commenced by Navajo Nation government officials and the local community. The market is a 6,700-square-foot facility that includes a convenience store, gas station, deli and laundromat.

Hundreds of locals attended the event, witnessed the cutting of the ribbon, and bought goods at the newly opened market. The thankful community cheered and applauded the efforts of all stakeholders involved.

Stakeholders who contributed to this development include DED, Dennehotso Chapter House, local land users, Navajo Nation Budget & Finance Committee, Navajo Tribal Utility Authority, Navajo Nation Division of Transportation, Arizona Department of Transportation, and the Indian Health Service.

Norman Ben, a local barrel rider from Rock Point, said “I really appreciate being here at this opening, we finally have a laundromat and atm. I am a Red House clan and really appreciate that they placed a store right here” said Ben.

Carl Begay, who attended Red Mesa High School, also explained how the laundromat will make a positive change in his lifestyle.

Emmanuel Gunna, a non-native who has lived in Dennehotso for 20 years, cheerfully said “I live about 15 minutes west of the shopping center, I'm going to shop here a lot.”

Zahni Jones, a Diné Másání, said her and family shop in Cortez but will now shop locally at the Dennehotso Market.

Kayenta, Mexican Water, Farmington, and Gallup were all common destinations for these locals to grocery shop or run errands.

Each interviewee believed the local economy could support the development of a bank, wellness center, or healthcare facility.

“Working together with the Dennehotso Chapter, the Navajo Nation Council, and the state of Arizona, we now have this new establishment that will benefit many of our people” said Navajo Nation President Nez.

President Nez was excited to know that the market offers fresh fruits, vegetables, and other natural products.

He encouraged the crowd to buy fresh produce at the location before it rots, as this will ensure the store can continue shipping in fresh produce.

President Nez also suggested that the market partner with local farmers to sell their goods on-site.

Navajo Nation Vice-President, Myron Lizer, also mentioned that by working with newly appointed DED Division Director, JT Willie, he is certain they will witness more of these types of projects become a reality.

After the event, meals were provided by the Dennehotso Chapter House.

The Dennehotso Market now provides goods and services to entire Navajo communities, and thousands of non-Navajo tourists who travel through the Navajo Nation to site-see.

**Development**

This project cost a total of $4.3 million and provided up to 50 temporary construction jobs and another 20 permanent positions when the store opened up for business.

Dennehotso Market was partially funded through the Permanent Trust Fund Income Five-Year Expenditure Plan, which was approved by the 23rd Navajo Nation Council and the Office of the President and Vice President in 2016.

This expenditure plan allowed the provision of $2.8 million for construction costs.

Additionally, $1.5 million from the Sales Tax Fund and Project Development General Fund was provisioned by DED for the remaining expenses of the market.

According to Beatrice Watchman, Economic Development Specialist from DED, the project was completed in phases because of issues with securing funding.

Water, electric, and road infrastructure were in the first phase.

“Planning of the project tends to take the longest” said Watchman.

This includes obtaining feasibility studies, getting legislation passed through Council, and creating barters with locals who were offered the provision of utility services in exchange for their signature of approval to operate on their grazing land.

The idea of a market in Dennehotso was brought forth over a decade ago by the community and it has come to fruition.

The Dennehotso Market may serve as an economic foothold to a small Navajo community, opening the door for more possibilities in the commercial industry.
Internal Revenue Service Opportunity Zones

By JayDiamond Taliman
Navajo Tourism Dept.

On December 22, 2017 opportunity zones were added to the United States tax code under approval of the Tax Cuts and Jobs Act.

According to the Internal Revenue Service (IRS), an opportunity zone is a community that is distressed economically and can apply for eligibility to get preferential tax treatment.

Under this new legislation, an investor has the option to defer taxes on nearly all gains in capital that they invest after Dec. 31, 2017, through Dec. 31, 2026.

For an area to qualify as an opportunity zone, they must be nominated by their state and the nomination must be verified by the Secretary of the U.S. Treasury through his or her delegation of authority to the IRS.

The primary benefit of utilizing an opportunity zone is that investors may defer tax on their previous gains that were invested into a Qualified Opportunity Fund (QOF).

A QOF serves as a vehicle for investments in eligible property whose location falls within a QOF.

One does not need to live in an opportunity zone to utilize the tax benefits, all one must do is make an investment in a recognized gain in a QOF and choose to defer any tax on the profits.

Additionally, a list of designated Qualified Opportunity Zones may be accessed in the Federal Register at IRB Notice 2018-48. The numbers “2018-48” represent the population census tracts given to Qualified Opportunity Zones. See map - Figure 1: Map

In order to be recognized as a QOF, an eligible partnership or corporation certifies themselves by filing out Form 8996, with its return of federal income taxes.

Notably, Form 8996 should be filed timely, whilst taking an extension into consideration.

A limited liability company also has the capability to receive the treatment of a corporation or partnership for federal tax reasons and can organize themselves as a QOF.

To advocate for the Navajo people, the Navajo Nation Washington D.C office coordinated a meeting, on April 3rd, between DED Division Director, JT Willie, and U.S treasury and IRS officials for a tribal consultation on the opportunity zones.

Willie advocated for the addition of opportunity zones throughout the Navajo Nation.

Continued on page 7
Buy Navajo
Buy Local

Why Buy Local?
Spending dollars locally supports Navajo jobs in your community, and is the best way to help your local economy grow. Local sales tax revenues go back to the Navajo Nation.

How can I start?
Find your local Navajo businesses, which include artisans, farmers/ranchers, professional contractors, mechanics, tour guides, performers, caterers, and other entrepreneurs.

Commit to supporting the Navajo economy by purchasing their goods and services.

#BNBL
#IAmTheNavajoEconomy
#BuyNavajo

DIVISION OF ECONOMIC DEVELOPMENT
NAVAJO NATION
Preliminary considerations at the DED of transitioning jobs and revenue streams toward a more diversified and renewable economy

By Byron C. Shorty
DED Administration

Director Willie testified before the U.S. Congressional Coal Caucus alongside Hon. Delegate Paul Begay to convey the challenges the Navajo Nation faces as coal production, and its associated revenues, adjusts to market demands for more renewable-sourced energy. The decommissioning of the Navajo Generating Station and impending closure of the Kayenta Mine will result in several long-term impacts on the Navajo economy. The quality and quantity of jobs associated with NGS-Kayenta Mine are so far unmatched in the region. NGS-Kayenta Mine employees enjoyed not just higher-than-average salaries and wages, but also relatively stable positions with opportunities for mobility between different companies.

The number one question DED gets: How are we going to encourage the creation of more jobs for Navajos? President Nez has directed the DED to focus on tourism, retraining of energy-sector employees, and Opportunity Zone incentives, in the short-term for the NGS-Kayenta Mine region. DED acknowledges that the stability of the nuclear family has a lot to do with the distance parents and relatives travel to get to work, which impacts the quality of life of Navajo communities.

In the mid- to long-term, we must consider the larger movement of the energy industry, and how DED fits into those sectors. DED must then consider alternatives within the energy industry to coal power generation. The energy markets that surround the Navajo Nation are increasingly investing in renewable energy projects at industrial scales. How does the DED begin to understand the implications of transitioning to a green economy?

Due to the nature of green energy projects, we can say that employment follows a surge pattern that tapers into the operation and maintenance phase. For instance, the Kayenta-1 solar project carried out by the Navajo Tribal Utility Authority created 284 full-time jobs at over 85% Navajo employment. The 27.3-megawatt facility is expanding under the Kayenta-2 solar project, which is ongoing and at peak construction will reach 150 hires. Post construction, up to five technicians will be employed as part of the operation and maintenance of the solar generation plant. We can say that solar jobs exist in its construction phase.

If we look at job creation, then we must investigate the potential and feasibility for not just one or two industrial-scale renewable energy projects at a time, but multiple projects with a long-term development plan. To regain the 900 jobs lost by both the coal mine and the generating station, approximately five projects at the scale of Kayenta 1 need to be in construction phases at any given time. With an average of 25 megawatts at each project, the Navajo Nation would need about 90 solar projects to match the nameplate capacity of Navajo Generating Station. These figures are theoretical and are included here to demonstrate the ways DED looks at the preliminary transition to renewable energy sources.

The creation of solar project jobs is a viable avenue for displaced energy sector workers, but what about revenues from coal production? The tribe received an estimated $40 Million from coal royalties in 2018. The tribe will begin to feel the effects of slimmer coal revenues before any other industry grows large enough to replace the coal production revenue streams. No matter which side of the coal debate one sits, this scenario tells us that the greater Navajo economy is not diversified enough to abate the effects of the shuttering of a single enterprise.

Royalties from natural resource extraction and production, within the context of the tribal government, have been the primary income stream since the creation of the business council in 1922. As we take a preliminary look to the Navajo Nation’s skilled labor force, we are positioned to benefit most from new energy sector projects.

The DED will continue to focus on a streamlined approach to diversifying the Navajo economy as it becomes less reliant on royalties from coal production.

Cont’d: Entrepreneurs Start Business

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four miles south of Burnside, AZ.

RBD0 Training

Business training for entrepreneurs is conducted by RBD0 staff at the St. Michaels Karigan Professional Building on the second floor conference room to teach entrepreneurs how to open a business on the Navajo Nation.

There are two different training levels including:
1. Introduction (marketing plan, business plan, etc) and
2. Advanced (financing)

Classes are led by RBD0 staff who have been trained to be a trainer.

There are a total of five RBD0 locations in the following Navajo Nation agencies: Chinle, Eastern, Ft. Defiance, Shiprock, and Western.

In Fort Defiance there are three trainers, two in Shiprock, and one in Eastern. All trainings come free of cost and are typically three hours long.

For example, in the “Create Your Business Plan & Projections” training, one will learn about the content needed to fulfill the sections in a business plan including executive summaries, market analyses, data usage, finances, management, and other related information.

To register for “Create Your Business Plan & Projections” training contact Mike K. Etsitty, Sr. Economic Development Specialist, at (928) 871-6840.


Cont’d: Beating the Red Tape with RBD0

From page 1

beginning Navajo entrepreneur that may have grown up within the community, does not have access to large sources of capital, and typically presents a large investment risk to potential financiers? The barrier to entry for these small businesses can be daunting, and RBD0s are currently the best and most qualified to help those that wish to establish a physical presence (aside from their homesite) within the Navajo Nation.

Following this work session DED has made the delivery of services and support for Navajo entrepreneurs a focal point of its restructuring efforts. An initial inventory was taken of all the resources that RBD0s use in helping clients, and a clear direction towards unification of materials, information, and technical assistance was established. Director Willie committed to working through the policy and legislative issues that complicate the process within DED. To evaluate immediate issues and recommendations, the division will meet again after 30 days, and will continue until significant recommendations are implemented.

Director Willie stated that the work session was very productive and described it as a difficult and progressive first step towards internal changes that have been long overdue. “The work of changing the Division of Economic Development for the better has just begun,” Director Willie said, “There’s a lot more to be done so that we can grow, as a nation.”
Rhino Health on track to complete glove manufacturing plant at Church Rock Industrial Site

By Byron C. Shorty
DED Administration

Rhino Health is nearing completion of the first phase of its nitrile glove manufacturing plant in Church Rock, NM. CEO Mark Lee is anticipating production lines in the factory to begin manufacturing gloves, which will initially be blue, in August. The company is also expecting to open applications for new hires by mid-May.

Production lines currently occupy two warehouse facilities at the Church Rock Industrial Park. Rhino Health plans to continue development beyond the first phase to increase the production capacity of the facility. One possible area for expansion is the former cabinet factory adjacent to the current Church Rock facility.

The Church Rock Industrial Site is managed through the Project Development department at DED. Mr. Lee noted that the facility provided the infrastructure required to initiate the factory and was the only facility in the area that was ready to go. The DED has several industrial sites around the Navajo Nation that are in various stages of development. These sites are potential areas of interest for new manufacturing businesses, especially those within Opportunity Zones.

Director Willis toured the factory and received updates from Mr. Lee about future phases and investments. Rhino Health is ready and willing to embrace Navajo Nation preference laws, Director Willie shared. He added that he looks forward to more developments in the Church Rock area, including projects planned further into Eastern Agency in Crownpoint.

Additionally, ‘Navajo Appreciation Day’ will be tentatively held May 18, 2019 at the Church Rock Industrial Park for members of the public to tour the Rhino Health production lines.

Division of Economic Development gains unique insights at the Reservation Economic Summit

By Byron C. Shorty
DED Administration

The Division of Economic Development made significant headway in establishing partnerships with outside sources of investment at this year’s Reservation Economic Summit. The summit is an annual gathering of tribal economic development officials and representatives from government, industry, and other development-focused groups.

Director Willie attended the ‘Taking Advantage of the Opportunity Zone Tax Incentives’ session, which provided an overview and discussion about the new program. The Navajo Nation has over 10 Qualified Opportunity Zones that are eligible for significant tax benefits for qualifying businesses and investments. The program is implemented by the U.S. Internal Revenue Service under the Tax Cuts and Jobs Act of 2017. While every tribe has different business development strategies, the Navajo Nation is uniquely positioned to take advantage of these zones to target new development in the tourism and hospitality sectors.

Regarding hotel development, Director Willie met with developers of tribal hospitality enterprises to discuss opportunities within the Navajo Nation. Currently, the Navajo Nation is assessing hotel projects in Crownpoint and Shiprock. With these potential partnerships, the DED can leverage tribally-based design companies to shorten the development times to shovel ready projects.

Director Willie also met with several banks interested in working with Navajo companies that are ready to get off the ground. “So many Navajo entrepreneurs spend what they have - time and money - and they need that last bit of investment to get going,” Director Willie said. Banks traditionally decline financing for Navajo-based businesses because of the complex land-leasing and bonding process required by the current Business Site Lease regulations on the Navajo Nation. Federal trust lands cannot be owned privately, which is a significant barrier when land titles and facilities cannot be used as collateral on loans. “It takes a bank that understands the unique circumstances of doing business on trust lands for those barriers to be overcome,” Director Willie added.

Opportunities to partner and develop with outside entities have always existed, but there are more today that are intertribal in nature. The economies of tribal nations are developing now to the extent that they can go to each other for goods and services, which helps create modern, mutually beneficial systems of commerce. Of course, systems like bartering and the traditional ways of trading among tribes are still practiced. These new enterprise connections are unique opportunities for the Navajo Nation to support other tribal communities.