



STATE OF THE NAVAJO NATION ADDRESS PRESIDENT JOE SHIRLEY, JR.

PRESENTED TO THE

20TH NAVAJO NATION COUNCIL

APRIL 17, 2006

Speaker Morgan, Navajo Nation Council Delegates, relatives and guests, greetings.

It is an honor to present the State of the Navajo Nation address and to share with you our accomplishments, challenges and vision for the Navajo Nation.

We are working hard to protect the Navajo Nation's interests at the federal level. Recently, President Bush released his proposed FY 2007 federal budget. President Bush proposes to eliminate critical funding for the BIA by \$109 million dollars. This will have a tremendous negative impact on the Navajo Nation in terms of providing direct services and funding contract programs.

If the Bush budget is approved by Congress, we'll see a reduction in BIA school construction projects, the Housing Improvement Program, and the elimination of Johnson O'Malley funding. We'll also see a major reduction in funding for our Social Services programs. Specifically, the Navajo Nation stands to lose approximately \$3.3 million dollars in welfare assistance.

These budget cuts will have a major impact on several tribal programs and the many recipients of those services. The wars in Iraq and Afghanistan and Hurricane Katrina and Rita relief efforts have taken priority over the federal government's obligation to Native America.

Because of this, on March 30, 2006, I provided testimony to the House Appropriations Subcommittee on the Interior, Environment, and Related Agencies, urging it to restore critical funding to the Navajo Nation.

To address this issue, I plan to convene a Task Force composed of personnel from the impacted Divisions to devise a strategic plan that will include an aggressive lobbying effort to combat these planned budget cuts. As President, I will do all I can to maintain funding for critical services to our Navajo people.



During uncertain times like these, we must also look to ourselves to address our people's needs. That's why our Administration is working hard to develop our economy. Despite generations of federal bureaucracy and burdensome regulations, the Division of Economic Development has focused on development projects to stimulate the economy and to bring permanent jobs to the Navajo Nation.

In collaboration with developer Chuska/Sahara, the Shiprock Office and Retail Complex construction project is planned for early May. One hundred and twenty-five new permanent jobs will be created in conjunction with this development. This project replicates a similar project by the same developer in Tuba City and another development planned for Crownpoint.

The White Cone Commercial Center is another development project the Division is diligently working on. The planned project includes a gas station, convenience store, laundry, post office and café. The business lease is currently at the Bureau of Indian Affairs awaiting approval. Final plans and designs are completed and the Division's Project Development Department will assist the contractor in the subcontractor bidding process.

The right-of-way request for the three-phase electrical utility upgrade was approved and the Navajo Tribal Utility Authority will monitor and implement the necessary related electrical work. White Cone community members are eagerly awaiting the new development and continue to provide their support. Discussions are underway for a similar project at the Burnside Junction.

The first phase of a long-anticipated, long-term development project is finally complete. The Antelope Point Marina, leased by Antelope Point Holdings, LLC, will greatly benefit the Navajo Nation through lease payments, taxes and, most importantly, employment. The completed facilities include a fuel dock and convenience store, 80 boat slips for leasing and 22 rental slips for houseboats and small boats, and a walkway from shore to the boat docks.

The land-based facilities completed thus far include fishing docks, parking and turnaround areas, a maintenance and boat repair facility, dry boat storage, and private boat launch ramp. Currently, there are 121 employees consisting of 61 full-time and 60 part-time workers. The target date for completion of the Marina Village is July 2006.

Another priority project of the Division is the Alamo Mini-mall. This project will provide a convenience store, gas station, post office and small café to Alamo residents who normally must travel 80 to 90 miles for similar goods and services. This planned project will provide approximately 20 new permanent jobs. The Division is working closely with the State of New Mexico to ensure adequate funding is obtained to complete this important project.



Raytheon Missile Systems is currently a tenant in the NAPI Industrial Park and is planning its expansion. Raytheon provides electronics assembly-line products for the U.S. Department of Defense missile program. Raytheon is an excellent tenant and its expansion means 80 to 100 new permanent jobs. The Division is working closely with Raytheon to assist with its expansion request.

Another project the Division is working on is the Environmental Forests Solution project located at the former NFPI site. This development will provide a 10-megawatt power plant using biomass fuel. This small power plant replicates an Environmental Forest Solution power plant in Eager, Arizona, which generates three megawatts of electricity to the local power grid.

The fuel to power this project will consist of trees infected by the bark beetle, salt cedar, Russian Olives, and other trees small in diameter. Upon completion, this project will create approximately 60 permanent jobs. The Division is working with the Navajo Environmental Protection Agency to address all outstanding environmental issues associated with the former NFPI site.

Another industrial development project the Division has prioritized is the Navajo Safety Product, Incorporated, project. This project requires a \$700,000 supplemental appropriation to construct a 20,000-square-foot latex glove manufacturing facility in the Church Rock Industrial Park. This facility will become a major supplier of natural and synthetic latex gloves to the U.S. Department of Defense and other U.S. government agencies. This project will initially create 60 new permanent jobs with the potential of 80 new jobs after three years of production. This is a worthwhile project with a strong market demand, and I look forward to your support of the supplemental appropriation request, sponsored by the honorable Council Delegate Charles Damon.

These are just a few examples of the development projects that our Administration and the Division of Economic Development have focused on. There are many more planned projects that will require financial support by the Council and a huge amount of effort by the Division of Economic Development. I commend the Division staff for its hard work and commitment to improve our economy and for working toward Navajo economic self-sufficiency.

The Desert Rock Energy Project and the Navajo Transmission Project are two more critically important economic development initiatives. These projects will create true economic opportunities for the Navajo Nation, in addition to providing a base for long-term revenues. The \$2.5 billion Desert Rock Power Plant is the single largest economic development project being undertaken in Native America. This project will provide thousands of good paying jobs during its four-year construction period and, when completed, more than 400 permanent jobs at the plant and the adjacent Navajo coal mine.



In addition to the jobs, Desert Rock will also be one of the largest taxpayers on the Navajo Nation, providing more than \$50 million in yearly revenue from the combined plant, coal mine and transmission line.

In comparison, this would amount to more than 30 percent of our current annual budget. By using the best state-of-the-art technology, Desert Rock will be a model for all future coal plants, setting new standards for efficiency and low emissions. Simply put, this project will address one of the most important economic development, environmental and energy challenges facing the Navajo Nation. I fully support this worthwhile endeavor and hope that you will continue to do so as well.

Another important development project originating from the Nageezi and Huerfano Chapters is the Diné Poultry Products Project. This three-phase project will initially produce 145 million marketable table eggs for distribution to the States of New Mexico, Arizona, Nevada, Colorado and parts of California, with a majority of the market from federal government entities such as the U.S. Military, hospitals, schools and USDA programs.

The Budget and Finance Committee of the Navajo Council approved \$3 million from the Navajo Dam Escrow Account to be used as collateral for the proposed project and we are working closely with the Native American Bank to secure the loan. The Board of Directors for the Diné Poultry Project has also secured a loan guarantee from the Bureau of Indian Affairs and obtained a grant from the New Mexico Department of Economic Development to cover development costs. This project is a fine example of the commitment and initiative of local officials to bring economic development to their communities.

In addition to these types of development projects, economic growth on the Navajo Nation depends in large part on the elimination of burdensome federal bureaucracy. The Navajo Nation Business Site Leasing Regulations were submitted to the Secretary of Interior and, once approved, the Nation will finally be able to streamline the process for issuing a business site lease.

With these regulations, all the requirements related to a “federal action” will be eliminated. The Nation will no longer be required to wait up to four years for the federal government to conduct appraisals, which are required to determine rental fees and development timelines. These regulations, once approved, will significantly improve economic growth and development on the Navajo Nation. I commend the Economic Development Committee for working with my office to ensure that governance-certified chapters with an approved land use plan are part of the approval process consistent with the Local Governance Act.

Economic self-sufficiency can and will also be attained through our gaming initiative. Tremendous progress has been made thus far and includes the development of the Tribal Gaming Enterprise Plan of Operation, which the honorable Council Delegate Lawrence Platero has agreed to sponsor. The proposed plan of operation provides for the hiring of an interim Chief Executive Officer to address numerous administrative matters in



preparation for the appointment of the gaming enterprise board of directors. Upon establishment of the gaming enterprise and the confirmation of board members, a permanent CEO position will be advertised and a candidate will be selected by the board, consistent with the gaming ordinance.

Although not on this Council's agenda, I respectfully request the Speaker of the Navajo Nation Council to authorize a special session to address this legislative item, as well as other gaming-related legislation. The Office of the Controller is preparing a bridge loan to cover development related gaming expenses, including pre-opening costs, and legal and employment expenses. This item will also be included on the special session agenda.

Last quarter, I reported that we were negotiating with a tribe in Southern Arizona to enter into a transfer agreement of 200 gaming devices. The devices will be leased for two years and will generate \$3 million for the Navajo Nation. I am pleased to report that on April 13, 2006, the Intergovernmental Relations Committee approved the agreement sponsored by the honorable Ervin Keeswood. I want to thank both Mr. Keeswood and the Committee for their support. To ensure that the funds are used for gaming related activities, our Administration is working to develop a Fund Management Plan for consideration by the Budget and Finance Committee. Companion legislation authorizing the designation of the new revenues to the fund will be prepared for Council consideration and will also be included on the special session agenda.

Ladies and gentlemen of the Council, as you know well, the Pinta Road exit at Nahata Dziil was selected as a casino site. The decision was based on the results of a preliminary Phase I study by GVA Marquette Advisors that determined the area is an excellent location. The information contained in the Phase I study reveals that this general location will serve the Nation well in terms of revenue generating potential, and will augment our other efforts in other locations.

However, issues have come to light relating to the legal status of the specific area proposed for development. These are being reviewed by the Navajo Department of Justice in coordination with the chapter and the Office of Navajo and Hopi Indian Relocation. If these title issues can be resolved in a manner that will permit unfettered use of the site for gaming, the Nation will complete work on casino plans for the Pinta Road site.

Until these title issues are resolved, the Nation must move forward with casino development plans. The Nation's consultants continue their work to study the best locations for additional development sites. This Phase II analysis will be the basis of an overall economic development plan which is critical to the Nation to ensure that the best sites, with the highest revenue-generating potential, are selected. The Phase II analysis will provide, for each site, a financial blueprint that will include cost estimates and revenue projections, and a site development plan that will include a suitability and infrastructure analysis. The study will also include recommendations for the size of each facility and related ancillary developments.



This long-term economic development plan has been authorized and the results should be forthcoming within the next 60 to 90 days. Meanwhile, the Navajo Nation Hospitality Enterprise has expressed interest in developing a temporary gaming facility at the Navajo Travel Center exit on an interim basis. This location is in line with the general location of the area identified by GVA Marquette Advisors, and I fully support the recommendation for the temporary gaming development. The Hospitality Enterprise Board has stated that once a permanent casino opens its doors for business, the temporary structure will cease operations. This is an economically-sound approach to generate gaming revenues immediately for the Navajo Nation and can serve as a market feeder for the Nation's first permanent casino. Consistent with the requirements of the Navajo gaming ordinance, the Enterprise Board has agreed to await the establishment of the Tribal Gaming Enterprise to oversee the gaming operations. I thank the Hospitality Enterprise Board for its interest in the gaming initiative and I am committed to working closely with its members to ensure the expeditious development and operations of the temporary structure. To ensure that this site is suitable for development, the Nation has requested and is obtaining complete title and other legal documents, and GVA Marquette Advisors have been commissioned to prioritize its full study to include this site.

Additionally, the Gaming Regulatory Office is ready to provide regulatory oversight. The gaming regulations are in final form and the Regulatory Director recently interviewed candidates for Regulatory Investigator and Gaming License Technician, and will begin to advertise the vacant Auditor Manager position.

Members of the Navajo Nation Council, with your support we can and will have gaming on the Navajo Nation in the near future. This economic priority will provide the foundation for real economic development and self-sufficiency.

Another important issue that we must address, for the sake of our families and our communities, is the devastating affects of drinking and driving on and around the Navajo Nation. That is why I support the proposed Intergovernmental Traffic Offense Data Act of 2006.

This Act defines as public information the records generated and maintained by the Navajo Nation related to traffic accidents and all traffic-related offenses committed within the Navajo Nation, including traffic citations, law enforcement reports, and court and administrative orders related to motor vehicle offenses under Navajo law.

This sharing of information with neighboring states, pursuant to an intergovernmental agreement, will help provide essential information to law enforcement officers and the court systems within and outside the Navajo Nation on individuals that have a dangerous record of drinking and driving.

Some may argue that the sharing of such information is an infringement of sovereignty. But if such agreements will remove or at least reduce the number of drunk driving accidents and fatalities on or near our



Nation's highways, then I fully support the legislation sponsored by the honorable Council Delegate Lorenzo Bates, and strongly urge that you do as well.

The closure of the Mojave Generating Station last December has had immediate and deep impacts on the Navajo Nation. The most important has been the shutdown of the Black Mesa Mine and the loss of jobs and family income for the mine's many dedicated workers. As expected, the closure of the mine is having economic ripple effects that are touching thousands of our citizens. The first among them is the request by the Navajo Tribal Utility Authority to add a 7.2 percent surcharge to electric bills.

With the fast-rising cost of energy touching every working person, business, school district and government entity, an additional surcharge makes life that much harder. I am pleased the NTUA Board of Directors ordered a postponement of the surcharge in response to the public and our elected officials' concerns.

Now I call upon this body to do what it can for our citizens. I ask that you consider a \$1 million special appropriation to NTUA to overcome this hurdle brought on by the loss of income it received from the mine, and take the burden off our people who can less afford it. I consider this an emergency for which our Undesignated Reserve is designed. While we have many needs requiring appropriations, this is one that benefits our people in a direct way by staving off the loss of their hard-earned income so that they'll have just that little more to help provide for their families.

The decision of the U.S. Federal District Court to allow the U.S. Forest Service to desecrate our sacred *Dook'o'osliid* is extremely heartbreaking and devastating to our Diné way of life. I have authorized the filing of an immediate injunction and an appeal. In order to finance the costs associated with the appeal, I request your support of the supplemental funding request for the Department of Justice.

I also must share with you that the owner of the Arizona Snowbowl ski facility has expressed an interest in a buyout. For this reason, I will call a meeting of tribal leaders within the region to discuss this important option. However, if the owner is unreasonable or unwilling to negotiate a fair price, then we will and must continue to fight to save *Dook'o'osliid* and our Diné way of life.

I'm pleased to report that the Navajo Nation will host the National American Indian Veterans annual meeting this September. The event will coincide with this year's Navajo Nation Fair. This is a wonderful opportunity for the Navajo Nation to show its support and honor for all Native American veterans and especially our own Diné veterans. I will appoint members to a planning committee to ensure that all details are addressed. I look forward to your support and the active involvement of the Department of Veterans Affairs.



In closing, members of the Council, I want to take a moment to acknowledge and remember the extraordinary life of the late Dr. Robert Roessel, Jr., and the contributions he made in the development of education on the Navajo Nation.

Dr. Roessel was an avid believer in, and strong advocate for, Navajo-controlled schools and the inclusion of Navajo culture in the classroom. As everyone knows, he was instrumental in establishing Navajo Community College, the Navajo Education Center, and the Navajo Museum and Library.

Bob Roessel was a teacher and administrator at many of our Navajo schools and school districts. It is unlikely that his achievements over 50 years will ever be matched in number or importance. The Navajo Nation is grateful to our in-law and friend, an education pioneer whose hard work and dedication will always be part of our Navajo education system. Our sincere condolences and prayers go out to his wife and children. Dr. Roessel will be greatly missed.

Ladies and gentlemen of the Council, I thank you and hope that you have a successful and productive Spring Session.