

NOTES

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GREEN TOOLKIT

THIS TOOLKIT WILL HELP YOU IN
SETTING UP A NEW GREEN BUSINESS
ON THE NAVAJO NATION.

- How to deal with bureaucracy and paperwork
- How to talk with people who have experience with new businesses

Keep in mind, this toolkit is a road map to guide you.

Creating a new business requires hard work and careful planning

GOOD LUCK!!

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PURPOSE:

- To provide support and information for prospective business owners and community members on the Navajo Nation.
- To provide resources and basic information on starting a small business
- To inspire individuals, families, schools, chapters and communities to work together towards a Navajo Green economy - something our people once had.

WHAT IS THE NAVAJO GREEN ECONOMY?

- A sustainable and healthy economy that respects Dine' culture and Mother Earth.
- Will create jobs with fair wages, good working conditions and opportunities for training and growth.
- Will offer opportunities to create green community projects and businesses for individuals, families and Chapters.
- A transition that is in balance with our tribal values after depletion of our natural resources and with the global climate crisis.

EXAMPLES OF NAVAJO GREEN BUSINESSES:



- A **weaver's cooperative** that provides support, tools and training for community members. The members raise sheep, prepare wool for weaving, and weave products that are sold at the cooperative's store for fair prices.
- A **farmer's market** that sells fruits, vegetables and meat from local farms and gardens, which use traditional agricultural techniques.
- A **weatherization business** that retrofits homes to save energy and water on the Navajo Nation at a low cost for Navajo families.
- A **solar energy company** that is owned and operated by members of the local community. The company provides electricity for homes and businesses in the community.

SUPPORTING THE NAVAJO GREEN ECONOMY:

- Creating a sustainable business or a green community-leg project.
- Employing from the community and paying fair wages.
- Using local products and renewable forms of electricity at your business.
- Including the community through the planning process and/or community ownership
- Collaborating with groups that support the Navajo Green Economy

Getting Started ...

Have you ever considered opening a business? Are you in the process of starting a business? Are interested in the running your own business but unsure how start? If you answered yes to any of these questions, this toolkit might be able to help you as you enter (or consider entering) the business world.

Personal Questions to Consider:

- Am I motivated to work hard? Am I creative? Am I ready to be challenged?
- What are my strengths and weaknesses?
- Will I find my work meaningful and interesting?
- What skills and talents will help me in running my business?

Business Questions to Consider:

- Is there a demand for my product or service?
- What are other businesses in the same field doing?
- What experience do I have in the field or industry?
- What is unique about my product or service?
- Who will be my customers?
- What are my marketing and sales plans?
- Have I set any goals for my business?
- Will I need funding to set up my business?
- What are my leadership and managerial skills?
- What are things that my business will need that I cannot do myself?
- What is the financial risk of starting my business? (<http://www.businessknowhow.com/startup/toughques.htm>).

Additional Questions to Consider:

- Is your Chapter Local Governance Certified Chapter?
- What is the process for starting a business for your Chapter?
- Are you willing to complete the paperwork necessary for starting a business on the Nation?
- Do you need a business site lease for your business?
- Do you have a business plan?
- Who should you contact about your business plans?

Important Things to Learn About:

- Local Governance Act
- Business Site Leasing
- Funding Programs
- Models of Ownership/Business Structures
- Taxes for Business Owners
- Developing a Business Plan
- Resources for New Businesses
- Possible Alternatives
- Business Incubators and Other Sources of Support

What is the LGA?

The Navajo Nation Local Governance Act (LGA) allows for governance on the local level. This act gives the Chapters governmental authority for local matters, consistent with Navajo law, custom and tradition. The LGA allows Chapters to make decisions on local issues. Local governance will “improve community decision making, allow communities to excel and flourish, enable Navajo leaders to lead towards a prosperous future, and improve the strength and sovereignty of the Navajo Nation” (26 Navajo Nation Code: “Navajo Nation Local Governance Act,” 4/20/98).

What are some of the authorities the LGA gives to Chapters?

- The authority to issue business and home site leases and permits
- The authority to acquire, sell, or lease property of the Chapter
- The authority to enter into agreements for provision of goods and services
- The authority to enter into agreements with other Chapters and intergovernmental agreements with federal, state, and tribal entities
- The authority to enter into contracts or sub-contracts with the Navajo Nation for federal, state, county and other funds
- The authority to appropriate and reallocate funds
- The authority to retain legal counsel and establish a peacemaking system
- The authority to establish local taxes and issues community bonds
- The authority to generate revenue
- The authority to develop an alternative form of Chapter governance

What does the LGA require from Chapters?

The LGA requires that Chapters adopt and operate under a Five Management System. A Five Management System includes management for accounting, procurement, filing, personnel and property management. Policies and procedures in the Five Management System should be consistent with applicable Navajo Nation law.

How do Chapters get certified to administer land?

In order to administer land, Chapters must develop a Five Management System and a community based land use plan.

A Five Management System includes management for accounting, procurement, filing, personnel and property management. A community based land plan is an official document that shows current and future uses of land within the Chapter boundaries. The community based land plan is based on the results of a community assessment.

The Navajo Nation Auditor General’s Office must approve the Chapter’s Five Management System. Then, the Transportation and Community Development Committee of the Navajo Nation must certify the Five Management System and the community based land plan. (26 Navajo Nation Code: “NN LGA,”

How does the LGA impact new businesses?

The LGA gives Chapters more control over business site leasing and other aspects of setting up a business. It is important for you to know whether or not your Chapter has been certified to administer land. If your Chapter has been certified, you will need to follow the guidelines for business site leasing that your Chapter has established. You should contact your local Chapter and Regional Business Development Office (RBDO) to learn more about local regulations. The contact information for the seven RBDOs and the local governance certified Chapters is included in Appendix A. If your Chapter has not been certified, then you should follow the Navajo Nation’s business site leasing procedures.

Which Chapters have been certified to administer land?

CHAPTER	DATE CERTIFIED	AGENCY
Shonto Chapter, Shonto, AZ	09/22/99	Western
Nahata Dzil (New Lands) Chapter, Sanders, AZ	08/16/02	Ft. Defiance
Steamboat Chapter, Steamboat, AZ	05/30/03	Ft. Defiance
Newcomb Chapter, Newcomb, NM	06/18/04	Northern
To’neese Dizi (Tuba City) Chapter, Tuba City, AZ	12/27/04	Western
San Juan Chapter, Fruitland, NM	03/07/07	Northern
Tse’Daa’Kaan Chapter, Shiprock, NM	06/21/07	Northern
Sheep Springs Chapter, Sheep Springs, NM	08/24/07	Northern
Littlewater Chapter, Littlewater, NM	11/15/07	Eastern
Baahaali Chapter, Breadsprings, NM	12/11/08	Eastern
Cornfields Chapter, Cornfields, AZ	07/14/10	Ft. Defiance
Kayenta Chapter, Kayenta, AZ	08/06/10	Western
Naschitti Chapter, Nashcitti, NM	11/22/10	Ft. Defiance
Lupton Chapter, Lupton, AZ	11/24/10	Ft. Defiance
Tolikan Chapter,	11/29/10	Northern
Bodaway/Gap Chapter,	12/02/10	Western
Chinle Chapter, Chinle, AZ	12/21/10	Chinle
Dilkon Chapter, Dilkon, AZ	12/21/10	Ft. Defiance
Greasewood Springs, Greasewood, AZ	12/21/10	Ft. Defiance
Whiterock Chapter,	12/21/10	Eastern
Kinlichee Chapter, Kinlichee, AZ	12/29/10	Ft. Defiance
Toadlena/Two Grey Hills Chapter, Newcomb, NM	01/10/11	Shiprock

(Navajo Nation Division of Community Development <http://www.nndcd.org/>)

What about Kayenta Township?

Kayenta Township is not a local governance Chapter, but it is authorized to administer land. Kayenta Township is recognized as a municipal government by the Navajo Nation (by Title 2 rather than the LGA’s Title 26). As a municipal government, the Kayenta Township has the authority to choose business sites and prepare the documentation for business site leasing. The Navajo Nation must still sign off on the business site lease (<http://www.kayentatownship.net/home.html>).

Business Site Leasing

Business Site Leasing:

How can I obtain a business site lease on the Navajo Nation?

Obtaining a business site lease can take up to six months, so you should begin securing a lease well in advance. You must meet with your local Regional Business Development Office (RBDO). The RBDO coordinates the business site lease approval process. Since 2005, the Navajo Nation has operated the process for business site leasing; however, the Bureau of Indian Affairs (BIA) still must sign off on the business site leasing agreement.

What are the steps in obtaining a business site lease?

1. Having an initial interview with the RBDO--Business plan reviewed and screened
2. Obtaining land consent
 - a. Check with the RBDO on land status
 - b. Secure customary land user's consent
 - c. Pass chapter resolution
 - d. Fill out Business Site Lease application
3. Securing Site Clearance
 - a. Archaeological Survey (tribe, private)
 - b. Environmental Assessment (BIA, private)
 - c. Road Clearance (BIA, state)
 - d. Appraisal Report (BIA)
 - e. Sanitation Clearance (IHS)
 - f. Utilities Clearance (NTUA, APS)
 - g. Ethics Clearance, if required
 - h. UST Compliance Report-EPA, if required
4. Negotiating the terms of the lease
 - a. Negotiate the terms and conditions of lease with the RBDO
 - b. RBDO will prepare the Economic Development Committee's (EDC) resolution
5. Routing the Signature Approval Sheet (SAS)--The following departments must acknowledge compliance or non-compliance by "signing off" the SAS and EDC resolution
 - a. Division of Economic Development
 - b. Department of Justice
 - c. Controller
 - d. Legislative Counsel
 - e. Office of the President
6. Getting approval from the EDC
7. Getting final signatures from the Office of the President and Vice-President
8. Receiving final approval from the BIA
9. After the BIA approves the lease, they assign the business site lease number and notify lessee of requirements to be met:
 - a. Performance bond must be the amount stated in the Lease, before lease goes for signature
 - b. Payment of lease fee (payable to BIA)
 - c. Evidence of public liability, personal injury, and property damage insurance. Required coverage stated in lease
 - d. Fire and casualty insurance. Provide extended coverage of not less than full insurable value of all improvements on the leased premises
 - e. Non-Navajo lessee(s) must post a business bond of \$10,000 and comply with 25 CFR, part 141 ("How to Start a Small Business on the Navajo Nation," published by the Division of Economic Development in Winslow, AZ).

Is business site leasing a necessary part of starting a business?

Business site leasing is necessary only if you need to build or lease a structure on the Navajo Nation. If you decide to work from home, the business site leasing process is not necessary for starting your business.

Where can I get more information on business site leasing?

You should contact your local RBDO as soon as possible, especially if your Chapter is certified to administer land. This toolkit includes a copy of the application for a business site lease on the Navajo Nation and a flowchart for the business site leasing process in Appendix B and C. This application and more information can be found on the Navajo Nation's Small Business Development Department's website. The business site leasing process is currently being revised, so make sure to contact your RBDO for the most up-to-date information.

Models of Ownership/Business Structure:

What are possible business structures?

- **Sole Proprietorship**--a business that is owned by one person. The business owner is responsible for paying back all of the business' debts, and the profits are considered personal income. Most businesses on the Navajo Nation are sole proprietorships.
- **Partnership**--a business owned by two or more people. The partners are personally responsible for the business' debts. Usually, a partnership is formalized with a formal partnership agreement, prepared by an attorney.
- The agreement should explain each partner's share of investment, control, income, gain, loss, deductions and credit.
- **Limited Partnership**--a business entity that includes "General Partners" and "Limited Partners." General partners can manage the partnership and have liability for the partnership's debts and obligations. The limited partners are "passive investors," who do not have a role in the business' operation. Their liability is limited to the extent of their investment.
- **Corporation**--a complex type of business organization. A corporation is created by law as a separate entity from those who own it. The corporation has rights and responsibilities. To form a corporation, shareholders offer money and/or property in exchange for capital stock. Stockholders own the corporation. The managers of the corporation do not have to be stockholders. All corporations must file Articles of Incorporation. If the corporation has already incorporated with a state or another entity, it must file as a foreign corporation on the Navajo Nation. If your business incorporates on the Navajo Nation, it becomes a domestic corporation.
- **S Corporation**--a corporation that chooses not to pay federal corporate income taxes. The shareholders include their shares of the corporation's income, loss and credit, etc. as part of their personal income. All the shareholders must agree to the S Corporation status and the corporation must have a permitted tax year and file an IRS Form 2553.
- **Limited Liability Company (LLC)**--a hybrid business entity. An LLC has the corporate attribute of limited liability and the income tax advantages of partnerships. Members own an LLC. An operating agreement governs the LLC's operation.

What type of business structure should I use?

The business structure you choose will depend on many different factors: the size of your business, how much you can invest in the business, the degree of risk you are willing to take, and personal preference. Deciding on the business structure is one of the first steps in starting a business. The business structure you choose will have various legal and tax implications. As you begin to plan your business, you should consult an attorney and/or certified public accountant to learn more about legal structures for your business ("How to Start a Small Business on the Navajo Nation").

Developing a Business Plan:

What is a business plan?

A business plan is a description of a business that includes the product or service, the market(s), the staff and financing needs.

Why do you need a business plan?

A business plan serves two major purposes:

1. It helps you manage and plan the course of your company's start-up and initial growth.
2. It is an important sales tool that you will use to convince potential investors with your planning skills and general competence as a manager and businessperson.

Business plans can also establish a base for measurement or assessment of business, establish the operational and financial structure of a sale or purchase, communicate the owner's vision of the business and provide focus for the owner or management.

What does a business plan include?

An Executive Summary (1 to 3 pages)--This is important because it is what investors usually look at first and determines whether they continue reading.

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- Description of the Company
- Description of Management & Ownership
- Description of Marketing Plan
- Description of Operations
- Financial Plan
- Critical Risks and Potential Problems
- Appendices or Exhibits

Also, make sure the business plan describes:

- Your company and its industry
- Your product(s) and/or services
- The market and your marketing approach
- How you will make the product or deliver the service
- Who is involved in the company
- How much money the company needs and what it will do with it
- How successful (financially) you predict the company will be

What are the steps in developing a business plan?

1. Visit the local RBDO office to check the feasibility of proposed business, find sources of funding for starting the business and research the land status of potential site.
2. Allow six months to a year for planning the business
 - a. Assess your abilities
 - b. Assess the economic and cultural environment
 - c. Contact and consult important people and find local resources
 - d. Consult an attorney
 - e. Consult an accountant
 - f. Get to know your banker
 - g. Contact an insurance broker and the risk management department
 - h. Use counseling services of consultants in finance, marketing, accounting, etc. If this is too expensive, contact your local RBDO, college or Small Business Development Center (SBDC) for a free consultation.

- f. Contact Trade or Professional Trade Association offices
- g. Visit your local library and Tribal Business Information Center
- h. Attend small business management classes, workshops and seminars at the local college or university or through the Small Business Development Center or the RBDO
- i. Contact Navajo Tax Commission to learn about applicable taxes ("How to Start a Small Business on the Navajo Nation").

Funding Your Business:

How can I fund my business?

Funding a new business on the Navajo Nation can be a challenge, a challenge that you can overcome. It is important to have enough capital when you are getting started in business. There are resources available that can help you fund your business. You can successfully start a business by using these resources, starting small and planning carefully. It is important to know your start-up capital requirements, including cash flow, a break-even point and cash revenues. You can meet these capital requirements by relying on a combination of equity and debt.

What is equity?

Equity is your ownership in the business. Equity comes from investing in the business, either with your own money or funds from other sources. Owning a business can be a financial risk, and often, investors contribute to the equity of a business.

What is debt?

Debt is the money that you owe from taking out a loan. You must pay back the amount of money loaned and an additional charge called interest.

What are sources of start-up capital?

- Navajo Nation Business Industrial Development Fund
- Navajo Nation Micro-Enterprise Loan Program
- Local Banks
- Private, non-profit lending organizations
- Small Business Administration
- United States Department of Agriculture (USDA)

What are the Navajo Nation funding programs?

- The Navajo Business and Industrial Development Fund (BIDF)--a low interest loan program that supports new or expanding 100% Navajo owned businesses on the Navajo Nation. The loans range from \$10,000 to \$100,000 for new businesses and \$10,000 to \$150,000 for existing businesses. The loans are usually used for new business start-up, working capital, purchase of existing business interest(s), equipment purchase, or permanent improvements. The minimum requirements for the BIDF loan include having good credit history, not being in violation of the Navajo Business Procurement Act or any Navajo Nation laws, and working on a business start-up or expansion. Contact your local RBDO to apply for a BIDF loan.
- Micro-Enterprise Loan Program (MELP)--a loan program for small businesses. The loans for new businesses range from \$2,500 to \$7,500. The minimum requirements include being employing fewer than five people, having good credit history, not being in violation of the Navajo Business Procurement Act or any Navajo Nation law, and providing 10% equity for each loan (<http://www.navajobusiness.com/sbdd/index.html>).

Where are banks located on the Navajo Nation?

- There are Wells Fargo bank branches in Chinle, Kayenta, Tuba City, and Window Rock and Shiprock.
- There is a First American Credit Union in Window Rock, AZ (<http://www.navajoadvantage.com/glance/incentives.html>).
- Although the Native American Bank does not have a physical location on the Navajo Nation, it does provide loans for new businesses within the Navajo Nation (<http://www.nabna.com/index.shtml>).

What are some private, non-profit lending organizations?

- New Mexico Community Development Loan Fund (<http://loanfund.org/default.aspx>)
- Bik'eh Hozho Community Development Corporation (See contact information in Appendix A).

What are the USDA Rural Development programs?

The USDA Rural Development Business and Cooperative programs provide a variety of loan guarantee and grant programs for rural businesses and cooperatives. The USDA Rural Development does not give direct loans, but instead, provides guarantees on loans from local banks for new business owners. The cooperative program provides grants for cooperatives in rural areas.

Visit <http://www.rurdev.usda.gov/az/RBuss.htm> to find out more.

What are the Small Business Administration programs?

The Small Business Administration also offers loan guarantee programs (<http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html>).

What You Need to Know about Taxes:

- There is a 4% Sales Tax for all retail sales within the Navajo Nation. The sales tax is usually passed on to the consumer. Certain types of sales are exempt from the tax. Exempt sales include but are not limited to sales related to agriculture or livestock in the Navajo Nation, sales related to traditional ceremonies or services, and sales by facilities engaged in childcare or foster care. The business owner is responsible for reporting their tax information, and sales tax returns are due quarterly.
- Other taxes may apply, depending on the commodity being sold. There are taxes on hotel occupancy and tobacco and fuel sales within the Navajo Nation. There is also a Business Activity Tax, but the sales tax replaces this tax for most small businesses (<http://www.navajotax.org>).
- Kayenta Township and some Local Governance certified chapters have established their own sales tax. For instance, the Kayenta Township has a 5% sales tax. Contact your chapter to learn more about local taxes.
- For more information on Navajo Nation taxes, contact the Navajo Tax Commission. See contact information in Appendix A.

Do I need to fill out IRS paperwork?

You may need an Employer Identification number, depending on how your business operates. Visit <http://www.irs.gov/businesses/small/article/0,,id=97872,00.html> to find out if you need an EIN.

Important Navajo Laws for Businesses:

What is the Business Procurement Act?

The Business Procurement Act prevents the Navajo Nation from issuing lease permits or lease renewals to anyone who has failed to meet an obligation to the Navajo Nation, owes an outstanding debt to the Navajo Nation, or has failed to comply with an applicable law, and has committed an unlawful or criminal act in the last 10 years (<http://www.navajobusiness.com/doingBusiness/Registration/Laws/Tribal%20Ordinances.htm>).

What is the Navajo Preference in Employment Act?

The Navajo Preference in Employment Act protects and expands training opportunities and employment for Navajo workers within the Navajo Nation.

The act requires preferential employment of Navajo people by non-government employers (<http://www.navajobusiness.com/doingBusiness/Registration/Laws/OtherRequmnts.htm>).

What is the Navajo Business Opportunity Act?

The Navajo Business Opportunity Act gives certified Navajo-owned businesses the first opportunity to bid on projects. Businesses get certified according to the following classification system: Priority #1 (100% Navajo owned and controlled), Priority #2 (businesses that are less than 100% Navajo owned and controlled but still have majority ownership and control), other Indians that own and control most of the business activities, or tribally-owned and operated business entity. Certification is a yearly process. Find more information at the Division of Economic Development's website: http://www.navajobusiness.com/doingBusiness/Registration/NBOA/Cert_process.htm.

Possible Alternatives:

At this point, you probably have an idea of what starting a new business on the Navajo Nation involves. Maybe you are excited about the prospect of starting up a business. Or maybe you feel overwhelmed by all the bureaucracy involved in starting a new business. Even if you are dreading the business site leasing process, you don't have to give up your business plans. There are alternatives--ways that you can make a living but avoid some of the paperwork and costs involved in "official" businesses.

What are some alternatives?

- **A home-based business** is a business based out of the owner's home. By working from home, you can avoid the business site leasing process and save money. With a home-based business, you must be able to market and distribute your products and/or services without having access to a typical store or office building. Often, people with home-based businesses use farmer's markets, flea markets and other gatherings to sell their products. Some people start small with a home-based business and then expand their business to another location.

- **A cooperative** is a business that is owned and operated by an association of people for their mutual benefit. A cooperative has a democratic structure and meets the common economic, social and cultural needs of its members. The seven principles of cooperatives are voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community (<http://www.ica.coop/coop/principles.html>). Cooperatives can be especially useful for members of rural communities. One cooperative that has already been established on the Navajo Nation is the **Ramah Navajo Weavers Association**. Members of the Ramah Navajo Weavers association have worked together to re-establish Churro flocks, set high standards for weaving, create fine weavings and expand the use of natural dyes. The cooperative allows members to maintain on a land-based livelihood and at the same time, make a decent living (www.nmfiberarts.org/Nwest.pdf).
- **Something else?** The type of business you choose to create should support your goals and work well for you and your community. If none of these alternatives work for you, be creative and develop a new type of business alternative.

Business Incubators:

What is a business incubator?

A business incubator provides support and offers services for new and expanding businesses. Many business incubators provide a physical space for businesses to use. The goals of most business incubators include creating jobs, supporting community development, and diversifying local economies.

What are the nearby business incubators?

- **Northern Arizona Center for Emerging Technology (NACET)** in Flagstaff, AZ provides services and support for new businesses in Northern Arizona. The incubator currently works with science and technology businesses but is going to expand with a mixed-use incubator. NACET is working on a tribal business incubator program and offers rental spaces for businesses to use (<http://www.nacet.org/>).
- **Navajo Nation Shopping Center, Inc.'s (NNSCINC) Incubator** in Window Rock, AZ provides rental space and support for new and existing businesses. NNSCINC's incubator has retail and office space and offers workshops for new businesses. See Appendix A for all contact information (<http://www.nnscinc.com/>).

What are other sources of support?

- **Non-profit business organizations** provide financial and technical support for new businesses. **Bik'eh Hozho** Community Development Corporation offers micro-loans and technical support for new businesses.

- **Universities and Community Colleges** on and off the Navajo Nation are a good source of information and support. The **Diné College Land Grant Office** offers educational opportunities and community programs on agriculture, livestock, economic development and environmental resources (<http://www.dinecollege.edu/institutes/lgo/lgo.php>). Many community colleges and universities have Small Business Development Centers (SBDC), which specialize in assisting small businesses. **Northland Pioneer College SBDC** is an example of a Small Business Development Centers at nearby college. Visit <http://www.hud.gov/offices/osdbu/resource/guide/local/arizona.cfm> and http://www.nmsbdc.org/nm_resources.html to find a local SBDC. **Northern Arizona University's Center for American Indian Economic Development** provides training and education for business owners (<http://www.cba.nau.edu/caied/index.asp>).
- **Community-based non-profit organizations** offer resources and support for members of the local community. These organizations are especially helpful for home-based businesses. **Diné be' liná, Inc. (The Navajo Lifeway)** provides technical support and information for sheep herders and weavers (<http://www.navajolifeway.org/>).

Appendix A: Important Resources

Navajo Nation Resources

The Small Business Development Department (SBDD) is the largest of the six (6) departments within the Division of Economic Development (DED) of the Navajo Nation. The SBDD includes a central administrative office located in St. Michaels, Arizona and seven (7) **Regional Business Development Offices (RBDOs)** located throughout the Navajo Nation:

- Chinle Regional Business Development Office, Chinle, AZ
Mailing Address: Chinle RBDO
P.O. Box 565
Chinle, AZ 86503
Office Location: East of Highway 191, South of Mesa View Elementary School and Across from the Injury Law Office
Phone: (928) 674-2240
Fax: (928) 674-2244
E-mail: chinle_rbdo@navajo.org
<http://www.navajobusiness.com/sbdd/chinle/index.html>
- Eastern Regional Business Development Office, Church Rock, NM
Mailing Address: Eastern RBDO
P.O. Box 250
Church Rock, NM 87311
Office Location: 211 East Highway 66, Churchrock, NM
2 miles of Interstate 40/ Route 66 Intersection
Phone: (505) 863-6400
Fax: (505) 863-6401
E-mail: easternrbdo@cnetco.com
<http://www.navajobusiness.com/sbdd/eastern/index.html>

- Ft. Defiance Regional Business Development Office, St. Michaels, AZ
Mailing Address: Ft. Defiance RBDO
P.O. Box 663
Window Rock, AZ 86515
Office Location: On the first floor of Karigan Professional Office
Complex in St. Michaels, AZ
Phone: (928) 871-6486
Fax: (928) 871-6476
E-mail: ftdefiance_rbdo@navajo.com
<http://www.navajobusiness.com/sbdd/ftdefiance/index.html>
- Northern Regional Business Development Office, Aneth, UT
Mailing Address: P.O. Box 676
Montezuma Creek, UT 84534
Office Location: Utah State Road 262 in a stone building in the
Aneth Chapter House area
Phone: (435) 651-3520
Fax: (435) 651-3522
E-mail: rbdo_ded@frontiernet.net
<http://www.navajobusiness.com/sbdd/aneth/index.html>
- Shiprock Regional Business Development Office, Shiprock, NM
Mailing Address: Shiprock RBDO
P.O. Box 1864
Shiprock, NM 87420
Office Location: Suite 2 in Tse Bit Ai Shopping Center next to
DNA Legal Services in Shiprock, NM
Phone: (505) 368-1315
Fax: (505) 368-1324
E-mail: shiprock_rbdo@navajo.org
<http://www.navajobusiness.com/sbdd/shiprock/index.html>
- Western Regional Business Development Office, Tuba City, AZ
Mailing Address: Western RBDO
P.O. Box 485
Tuba City, AZ 86045
Office Location: In Tuba City, AZ
Phone: (928) 283-3010
Fax: (928) 283-3015
E-mail: western_rbdo@navajo.org
<http://www.navajobusiness.com/sbdd/western/index.html>
- Whippoorwill Regional Business Development Office, Whippoorwill, AZ
Mailing Address: Whippoorwill RBDO
P.O. Box 1004
Pinon, AZ 86510
Office Location: In the Whippoorwill Springs Chapter House
building complex in Whippoorwill Springs, AZ
Phone: (928) 725-3707
Fax: (928) 725-3709
E-mail: rbdo_whippoorwill@yahoo.com
<http://www.navajobusiness.com/sbdd/whippoorwill/index.html>

The Navajo Nation Department of Economic Development

Mailing Address: THE NAVAJO NATION
Division of Economic Development
PO Box 663
Window Rock, AZ 86515
20 21
Phone: (928) 871-6544
Fax: (928) 871-7381
Website: <http://www.navajobusiness.com/about/Welcome.htm>

The Navajo Tax Commission administers and audits seven taxes on the Navajo Nation.
Contact the Tax Commission to learn more about which taxes are applicable to your
business.

Office Location: Office of the Navajo Tax Commission
Highway 264, 100 Taylor Road
Karigan Professional Building, Suite 115
St. Michaels, Arizona 86511
Mailing Address: Office of the Navajo Tax Commission
P.O. Box 1903
Window Rock, Arizona 86515
Phone: (928) 871 - 6681
Fax: (928) 871-7608
E-mail: nnonctc@navajotax.org
Website: www.navajotax.org

Certified Local Governance Chapters have their own set of rules and regulations for business site leasing. Contact your local certified Chapter to learn about their specific process.

- Shonto Chapter, Shonto, AZ
PO Box 7800
Shonto, AZ 86504
Telephone: 928-672-2910 - Fax: 928-672-2882
Email: scg@shonto.org
<http://www.shonto.org/>
- Nahata Dzil (New Lands) Chapter, Sanders, AZ
Marty Hatatlie, Commission Manager
Commission Governance Of Nahata Dziil Community
Hwy 191 South on Nahata Dziil Road at Red Sand View
P.O. Box 400, Sanders, Arizona 86512
Phone:(928) 688-2150 - Fax: (928) 688-2235
E-mail: newlandschapter@hotmail.com
<http://nahatadziil.nndes.org/default.asp?DomName=nahatadziil.nndes.org>
- Steamboat Chapter, Steamboat, AZ
Mailing Address: P.O. Box 117, Ganado, Arizona 86505
Phone: (928) 736-2631/33 - Fax: (928) 736-2634
Email: steamboat@navajochapters.org
<http://steamboat.nndes.org/default.asp?DomName=steamboat.nndes.org>
- Newcomb Chapter, Newcomb, NM
Address: P.O. Box 7946, Newcomb, New Mexico 87455
Phone: (505) 696-3300 - Fax: (505) 696-5475
E-mail: Newcomb@navajochapters.org
<http://newcomb.nndes.org/>
- To'naneese Dizi (Tuba City) Chapter, Tuba City, AZ
Address: P.O. Box 727, Tuba City, Arizona 86045
Phone: (928) 283-3284 - Fax: (928) 283-3288
E-mail: tndchapter@yahoo.com
<http://tubacity.nndes.org/>
- San Juan Chapter, Fruitland, NM
Address: P.O. Box 1636, Fruitland, New Mexico 87416
Phone: (505) 960-6916 - Fax: (505) 960-0021
E-mail: sanjuan@navajochapters.org
<http://sanjuan.nndes.org/>
- Tse'Daa'Kaan Chapter, Shiprock, NM
Anita Hayes, Manager
Address: P.O. Box 1288, Shiprock, New Mexico 87420
Phone: (505) 368-1599 - Fax: (505)368-1598
Email: tsedaakaan@navajochapters.org
<http://hogback.nndes.org/>
- Sheep Springs Chapter, Sheep Springs, NM
Address: P.O. Drawer I, Sheep Springs, New Mexico 87364
Phone: (505) 732-5408 - Fax: (505) 732-5409
E-mail: sheepsprings@navajochapters.org
<http://sheepsprings.nndes.org/>
- Littlewater Chapter, Littlewater, NM
Address: P.O. Box 1898, Crownpoint, New Mexico
Phone: (505) 786-2120/2121 - Fax: (505) 786-2125
E-mail: littlewaterchapter@yahoo.com
<http://littlewater.nndes.org/>
- Baahaali Chapter, Breadsprings, NM
Address: P.O. Box 6118, Gallup, New Mexico 87305
Phone: (505) 778-5788 or 5796 - Fax: (505) 778-5915
E-Mail: baahaali@navajochapters.org
<http://breadsprings.nndes.org/>
- Cornfields Chapter, Cornfields, AZ
Address: P.O. Box 478, Ganado, Arizona 86505
Phone: (928) 755-5911or 5912 - Fax: (928) 755-5917
E-mail: cornfields@navajochapters.org
<http://cornfields.nndes.org/>
- Kayenta Township, Kayenta, AZ
Address: P.O. Box 1490
Kayenta, AZ 86033
Phone: (928) 697-8451 - Fax: (928) 697-8461
<http://www.kayentatownship.net/home.html>
- Nachitti Chapter
Address: P.O. Drawer I, Sheep Springs, New Mexico 87364
Phone: (505) 732-5400/5402 - Fax: (505) 732-5406
E-mail: naschitti@navajochapters.org
<http://naschitti.nndes.org/>
- Lupton Chapter
Laura Lee Yazzie, Chapter Manager
Address: P.O. Box 403, Lupton, Arizona 86508
Phone: (928) 688-2128 - Fax: (928) 688-3150
Email: lupton@navajochapters.org
<http://lupton.nndes.org>
- Tolikan Chapter (Sweetwater)
Address: P.O. Box 105, Teec Nos Pos, Arizona 86514
Phone: (928)429-0977
Email: sweetwater@navajochapters.org
<http://sweetwater.nndes.org>
- Bodaway/Gap
Address: P.O. Box 1546, Gap, Arizona 86020
Phone: (928) 283-3493 - Fax: (928) 283-3496
E-Mail: bodaway@nndes.org
<http://bodaway.nndes.org>

- Chinle Chapter
Address: P.O.1809, Chinle, Arizona 86503
Phone: (928) 674-2052 - Fax: (928) 674-2079
E-mail Address: chinle@navajochapters.org
<http://chinle.nndes.org>
- Dilkon Chapter
Address: HC-63 Box E, Winslow, AZ 86047
Phone:(928) 657-8100 - Fax:(928) 657-8103
Email: dilkon@navajochapters.org
<http://dilkon.nndes.org>
- Greasewood Springs Chapter
Address: P.O. Box 1260, Ganado, Arizona 86505
Phone: (928) 654-3239 - Fax: (928) 654-3232
E-mail: greasewoodchapter@hotmail.com or greasewoodsprings@navajochapters.org
<http://lowergreasewood.nndes.org>
- White Rock Chapter
Address: PO Box 660, Crownpoint, NM 87313
Phone: (505)786.2444/2443 - Fax: (505) 786-2447
Email: whiterockchapter87313@yahoo.com
<http://whiterock.nndes.org>
- Kinlichee Chapter
Address: P.O. Box 860, St. Michaels, Arizona 86511
Phone: (928) 755-3821 - Fax: (928) 755-6364
E-mail: kinlicheechapter@yahoo.com
<http://kinlinchee.nndes.org>
- Toadlena/Two Grey Hills Chapter
P.O. Box 7894, Newcomb, New Mexico 87455
Phone: (505) 789-3100 – Fax: (505) 789-3104
E-mail: twogreyhills@navajochapters.org
<http://twogreyhills.nndes.org>

Other Resources

Cooperatives

- Ramah Navajo Weavers Association
Location: RNWA Hogan off BIA Route 125
Pine Hill, NM
Phone: (505) 775-3254
E-mail: bobh@phwarriors.cc

Business Incubators

- Northern Arizona Center for Emerging Technology (NACET)
Address: 2225 N. Gemini Drive
Flagstaff, AZ 86001
Russ Yelton, President/CEO ---- ryelton@nacet.org
Phone: (928) 213-9234
<http://www.nacet.org/>
- Navajo Nation Shopping Center, Inc. (NNSCINC) Incubator
Address: Post Office Box 478
Window Rock, AZ 86515
Phone: (928) 871-2218 ----- Fax: (928) 871-4217
E-mail: bhoskie@nnsinc.com
http://www.nnsinc.com/index.php?option=com_content&task=view&id=56&Itemid=88.

Non-profit Organizations

- Bik'eh Hozho Community Development Corporation
Mailing Address: PO Box 3075
Tuba city, Az 86045
Location: 50 S Main St Bldg2 Ste108
Tuba City, AZ 86045
Phone: (928) 283-6351
E-mail: gary@rci-usa.org
- Diné be' liná, Inc. (The Navajo Lifeway)
Email: info@navajolifeway.org
<http://www.navajolifeway.org/>

Community College and University Programs

- Diné College Land Grant Office
Address: 1 Circle Drive PO Box 7B
Tsaile, AZ 86556
Phone: (928) 724-6941---- Fax: (928) 724-6949
<http://www.dinecollege.edu/institutes/lgo/lgo.php>
- Northern Arizona University Center for American Indian Economic Development
Address: PO Box 15066
Flagstaff, AZ 86011-5066
Phone: (928) 523-7320
E-mail: caied@nau.edu
<http://www.cba.nau.edu/caied/index.asp>
- Northland Pioneer College Small Business Development Center
Address: 2251 E. Navajo Blvd.
Holbrook, AZ 86025
Phone: (928) 524-7372
Email: tracy.mancuso@npc.edu
<http://www.azsbdc.net/center.aspx?center=93070&subloc=1>
- Additional SBDC's in AZ--<http://www.hud.gov/offices/osdbu/resource/guide/local/arizona.cfm>
- Additional Small Business Development Centers in New Mexico-- http://www.nmsbdc.org/nm_resources.html

APPENDIX B:

Business Site Lease Checklist and Application

BUSINESS SITE LEASE APPLICATION REQUIREMENT AND PROCEDURES CHECK LIST

FUNCTIONS BY APPLICANT

1. Submit Business Proposal (includes application, business plan and sources of funding)
1. of funding)
2. Location Clearance- ONLA-Secure land users (Customary/Permittee) consent.
3. Archaeological Clearance (AC)-Navajo Nation Cultural Resource Office.
4. Environmental Assessment (EA) Survey Clearance.
5. Navajo Business Procurement Act Clearance.
6. Sanitation Clearance-IHS/OEH-Sanitation Permit, Sanitation Evaluation Review.
7. Road Clearance (turnouts)-BIA/State.
8. Utility Clearance (electric, water and sewer)-NTUA.
9. UST Compliance Report-EPA, if required.
10. Official Chapter Resolution, if required.
11. Partnership Agreement, if required.
12. Articles of Incorporation, Corporate Leasing Resolution, if required.
13. Registration with Business Regulatory Department if foreign (not Navajo Nation) corporation.
14. Legal Land Survey

FUNCTIONS BY RBDO AND BIA

1. Completed Application Package Received (Review).
 - a. ONLA Site Clearance.
 - b. Archaeological Clearance.
 - c. EA Survey Clearance.
 - d. Road Clearance (turnouts)-BIA/State.
 - e. Utility Clearance (electric, water and sewer)-NUTA.
 - f. Navajo Business Procurement Act Clearance.
 - g. UST Compliance Report-EPA, if required.
 - h. Review Partnership Agreement and/or Corporation to Articles/Registration, if required.
 - i. Obtain current appraisal report from an Appraiser.
 - j. Obtain current and accurate survey of business site for use in lease documents.
2. Appraisal Report (Negotiates rental).
3. Negotiate Lease terms and conditions.

BUSINESS SITE LEASE PACKAGE (Assign SAS No.)

1. Executive Summary.
2. Request for Services-Department of Justice
3. Prepared Business Site Lease
4. Navajo Business Procurement Clearance
5. Official Chapter Resolution, if required
6. Appraisal Evaluation
7. Archaeological Report
8. Environmental Assessment
9. Negotiated Term and Conditions
10. Legal Survey
11. Any other required documents

LEASE REVIEW AND APPROVAL PROCESS (164 REVIEW PROCESS); ASSIGN SAS NO.

- a. Program Manager and Department Director.
- b. Division of Economic Development-Executive Director.
- c. Department of Justice (Economic Development Unit).

ECONOMIC DEVELOPMENT COMMITTEE OF THE NAVAJO NATION COUNCIL

RESOLUTIONS PROCEDURE

1. Staff request sponsorship by a Council Delegate
2. Legislative Counsel review and draft proposed Resolution
3. Legislative Services assign a number to the proposed Resolution
4. Speaker of the Navajo Nation Council assigns the proposed resolution to Economic Development Committee

FOLLOWING ECONOMIC DEVELOPMENT COMMITTEE RESOLUTION APPROVAL

- A. Prepare lease documents (six sets).
- B. Secure Lessee's Signature.
- C. Acquire appropriate documents / or fees

TRANSMIT LEASE DOCUMENTS TO OFFICE OF THE PRESIDENT FOR SIGNATURE

1. Official EDC Resolution.
2. Business Site Lease Agreement (6 sets).

AFTER SIGNATURE OF THE NAVAJO NATION PRESIDENT

Obtain:

1. Performance Bond.
2. Certificates of Insurance, if required.
3. Construction bond, if required.
4. Lease Filing Fee.

Transmit (all signed original) lease documents along With the required documentations to bia agency for their Review and approval

1. Approval by BIA Agency Superintendent.
2. Distribution of Lease Documents.

BUSINESS SITE LEASE REQUIREMENTS AND PROCEDURES

Navajo Reservation and Tribal Trust land

I. GENERAL LEASING INFORMATION

Prospective applicants inquiring about filing an application for a business site lease should contact their respective Regional Business Development Office (RBDO), which has responsibility over the area in which the proposed business site is to be located. General information and assistance will be given to the prospective applicant at the RBDO office when processing an application.

Each respective RBDO office should coordinate the leasing transactions with the Accounts Receivable Section of the Division of Finance, the Navajo Land Department, the Bureau of Indian Affairs (BIA) Agency of Real Estate Services (RES) offices (see page "3" for addresses).

Applicants can be an individual, a group of individuals, a partnership, or a corporation chartered under state or Navajo Nation law, although corporations formed under State law must register with the Navajo Nation as foreign corporations. Applicants can be Navajo or non-Navajo.

The BIA also has Agency offices which are under the jurisdiction of the Navajo Regional Office, headquarters located in Gallup, New Mexico. The Agency areas include the main reservation and Tribal trust lands that are located off the main reservation in Eastern Navajo Agency, such as Tohajilee and Alamo.

Alamo, Ramah, Tohajilee's leasing are done out of Albuquerque Pueblo region, depending on the land status. Leasing in the New Lands is usually handled by Office of Navajo and Hopi Indian Relocation, except for Pinta

Road (Road King). ONHIR is supposed to go out of business and the Navajo Nation will get leases. Authority to approve rights-of-way, business and surface leases, and revocable use permits has been redelegated to the Agency Superintendents in some cases, effective June 01, 1988. Consult RBDO for processing of application with appropriate BIA Office.

II. PRELIMINARY CONSIDERATION BY PROSPECTIVE APPLICANTS

- A. A sincere personal interest and a desire for a successful business venture on tribal lands.
- B. Business Plan which shows the feasibility of potential success of the proposed business (technical assistance available from DED Support Services, RBDO, and BIA Agency RES, If needed).
- C. Source of financing for business start-up, proposed improvements, insurance and bonding requirements.
- D. Land status of proposed business site.
- E. Site location compatible with type of business and existing or proposed infrastructure.
- F. Site plan which includes optimum use of land and protection of environment.

III. LEASE REQUIREMENTS

- A. Applicant must obtain a business site lease application and submit a completed signed application to RBDO office. Business site lease procedures and technical assistance will be provided by the RBDO staff and BIA if required.
- B. Applicant has six (6) months to diligently complete and file the application, including clearances. If no response or significant effort has been achieved during this time, the application shall be canceled and returned to the applicant and the client must resubmit a new application.
- C. RBDO shall request in writing from the appropriate tribal departments that applicant is in compliance with Navajo Business Procurement Act.
- D. Applicant shall furnish a location map of the proposed business site; Must have accurate survey of land, because it is recorded. It must comply with the Navajo Regional RES survey requirement policy.
- E. Applicant shall furnish a site plan showing the dimensions of the site including approximate acreage, location of proposed and/or existing improvement(s), parking areas, access roads, water and sewer layout and other existing utilities. Plan may be in sketch form, but must be as accurate as possible.
- F. Applicant shall furnish preliminary building plans with explanation of how proper sanitation will be provided. Lessee(s) shall comply with Federal and Tribal ordinances and regulations including, but not limited to, public restrooms, handicapped access, building safety, and sanitation requirements.
- G. If applicant is married, application is made in both parties name.
- H. If applicant is a corporation, furnish copies of (absolute prerequisite):
 1. Articles of Incorporation-certificate of good standing;
 2. License to do business in state, if a foreign corporation, registration as a foreign corporation with the Navajo Nation, if state corporation;
 3. Evidence of authority for officers to execute documents; and
 4. Resolution of Board of Directors authorizing entering into a lease agreement.
- I. If applicants are a partnership, submit copies of legally sufficient Partnership Agreement.
- J. Applicant shall present business proposal to local chapter and obtain a recommending resolution. Under 2 N.N.C. 724 (C), a chapter resolution is required only at the time a business site is withdrawn for commercial purposes.
- K. RBDO will request an appraisal report from the Agency RES with a copy of the request to BIA Regional Appraiser.
- L. Applicant shall secure and furnish the following clearances as required by Navajo Nation Business Site Leasing Regulations and Navajo Nation Business Site Leasing Act of 1987, or any amendments thereto:
 1. Location Clearance – Applicant obtains land users consent, with assistance of Project Review Office (PRO), Division of Natural Resources.
 2. PRO conducts onsite field investigations and files written report to RBDO. Applicant is responsible for the payment of any service charges.
Exceptions:
 - a) Eastern Navajo Agency. Contact Crownpoint Office of Navajo Land Administration. Also contact Eastern RBDO and RES to clarify land status to ensure that the proposed business site is on Tribal trust land.

3. Utilities Clearance (power, water and sewage) – NTUA or other utility service company; Provides statement to applicant that utilities will be available at business site.
4. Road Clearance (turnouts or rights-of-ways) – BIA or State Highway Department: Required only if a new road is planned or cuts will be made into existing roads or adjacent sites.
5. Sanitation Clearance – Contact local IHS Environmental Health Office. IHS issues clearances after review and approval of proposed site and building plans. IHS reviews sewage systems, potential health hazards and compliance with USPHS requirements, safety codes, and existing Tribal regulations.
6. Archaeological Clearance – It is the applicant’s responsibility to have an archaeological survey conducted by a qualified and approved archaeologist and submitted to Navajo Nation’s Cultural Resources Office for archaeological clearance. Applicant is responsible for the payment of any service charges.
7. Environmental Assessment – Applicant is responsible for obtaining of an environmental assessment. Applicant is responsible for the payment of service charges.
8. Ethics Clearance, if applicable – Federal employees, Tribal elected official and Tribal employees must comply with this requirement.
9. Underground Storage Tank (UST) Compliance report – applicant is responsible for obtaining a UST compliance report, from Navajo Nation Environmental Protection Agency.

IV. RBDO FUNCTIONS AT THE RESPECTIVE AGENCY. (Coordinated with assistance from BIA Agency RES).

- A. Upon receipt of the lease application package, RBDO will review for accuracy, completeness and compliance with Federal and Tribal laws and regulations.
- B. A complete lease application package must include the following:
 1. Archaeological Clearance;
 2. Environmental Assessment Report;
 3. Appraisal Report;
 4. Utilities Clearance;
 5. Sanitation Clearance Permit;
 6. Road Clearance;
 7. Location Clearance;
 8. Navajo Business Procurement Clearance;
 9. Executive Summary
 10. Underground Storage Tank Compliance Report, if required;
 11. Partnership Agreement, Corporation Documents, etc., if required.

NOTE: If there are no prior archaeological or environmental clearances for an existing business establishment, the potential Lessee must secure and furnish both clearances before obtaining a business site lease.

- C. Negotiates the Lease terms and conditions with the prospective Lessee. Request by justification letter to BIA Area or Agency approval of rental which is negotiated at less than the Fair Market value as determined by the BIA Area appraiser. This must be included in both resolution and SAS review.

- D. Prepare the proposed Executive Summary, the proposed lease instrument and supporting documents for committee’s action.
- E. Upon receipt of the Executive Summary and lease package from RBDO, Regional or Agency RES and RBDO staff will jointly review for accuracy and completeness. Regional/Agency RES may request legal review from the Solicitor’s Office, if necessary.
- F. Initiate Signature Authorization Sheet (SAS) Process and recommendation for 164 Review Process. The SAS package shall be reviewed for compliance with the guidelines by the Division of Economic Development, and requires Department of Justice’s legal review prior to obtaining a Council Delegate sponsor, as provided for in Navajo Nation Executive Order No. 01-2004.
- G. Obtain a Council Delegate to sponsor the proposed Business Site Lease with all supporting exhibits. The Office of Legislative Counsel shall review and draft the proposed Business Site Lease Resolution for the Council Delegate. The Executive Director for the Office of Legislative Services will assign a number to the proposed resolution, the Speaker of the Nation Council will assign the proposed resolution to the Economic Development Committee for their consideration.
- H. Economic Development Committee (EDC) requires the applicant to be present at their meeting during the approval process.
 1. If not previously submitted, RBDO notifies applicant that upon EDC approval, applicant must furnish six (6) copies of survey plat and legal description. The survey shall be performed by a licensed land surveyor, certified in the state said site is located. Applicant is responsible for the payment of any service charges.
 2. Finalize and prepare six (6) original sets of lease instruments and secure Lessee(s) signature on all documents.
 3. Forward lease instrument(s) with copy of resolution, including transmittal letter to the Office of the President for signature approval of the lease agreement on behalf of the Navajo Nation.
 4. Upon President’s signature approval, forward all original lease documents to BIA Agency Superintendent or Area Director for final approval.

V. FUNCTIONS PERFORMED BY THE BUREAU OF INDIAN AFFAIRS

- A. Agency/Regional RES office and RBDO staff will review the lease instruments after EDC approval.
- B. Upon satisfactory completion of all requirements, Agency/Regional RES will recommend approval to the RES Regional Director.
- C. Upon approval of the lease, assigns business site lease number and notifies Lessee of the requirements to be met, as follows:
 1. Performance Bond to be in an amount (not less than the minimum annual rental) as stated in the Lease, before lease goes for signature.
 2. Remittance of lease Fee (amount varies depending upon annual rental payable to the Bureau of Indian Affairs.
 3. Evidence of Public Liability, Personal Injury, and Property Damage and other Insurance coverage in the amounts stated in the lease. The Navajo Nation (Lessor) is included in the policy as additional insured.
 4. Copy of Fire and Casualty Insurance with extended coverage endorsements covering not less than full insurable value of all improvements on the leased premises, written jointly to protect Lessee, Lessor and the United States of America.

5. Lessee(s), if non-Navajo, must comply with provision of 25 CFR, Part 141, as follows:
 - a. File application for Trader's License with BIA Licensing.
 - b. Obtain and submit \$10,000 Trader's License Bond.
- D. Upon receipt of required documents, Regional RES will distribute two approved lease document as follows and will transmit three approved lease documents to RBDO for distribution.
 1. Lease is distributed as follows by Regional RES.
 - a. Lessee.
 - b. Regional Real Estate Services (copy shall be recorded in Albuquerque Land Titles and Records Office.)
 2. Lease is distributed as follows by RBDO
 - a. Lessor (RBDO).
 - b. Office of Navajo Land Administration.
 - c. Financial Service Department/Accounts Receivable Section.
- E. Regional RES will coordinate lease compliance action with appropriate RBDO who has jurisdiction over the area in which the business site lease is located.

VI. LESSEE(S) RESPONSIBILITY

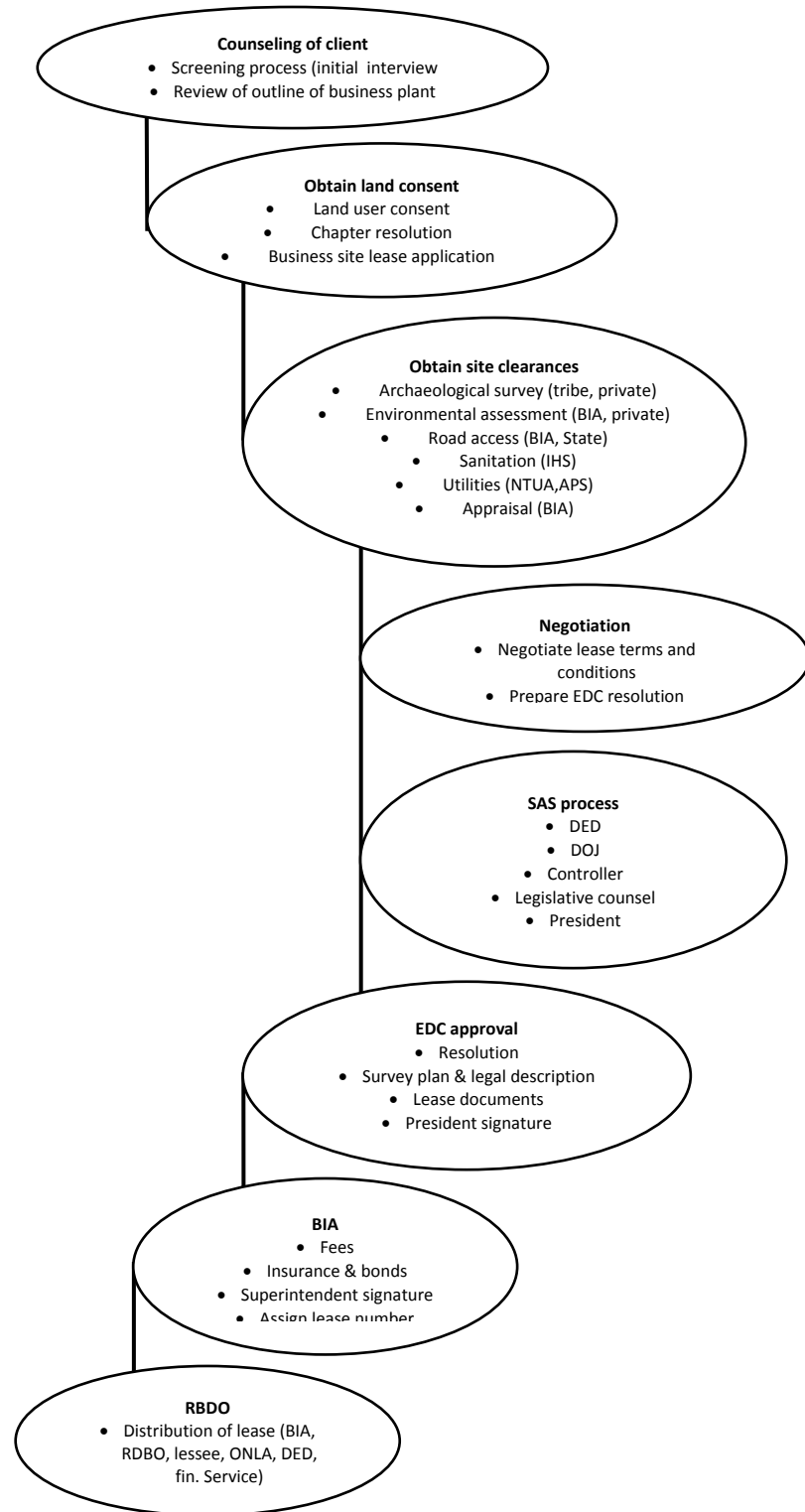
- A. Make final arrangements for financing the proposed permanent improvements.
- B. Submit general plans and architect's design for approval by Navajo Nation within 180 days or otherwise stipulated in the Lease after approval of the Lease.
- C. Submit guaranteed minimum annual rental in advance, and pay rental covering percentage of gross receipts promptly when due, as required by the Lease. All Lease payments shall be made to the following address:
 - D. The Navajo Nation, Accounts Receivable Department, Division of Finance,
 - E. Post Office Box 3150, Window Rock, Arizona, 86515.
- F. Submit evidence of fire insurance with extended coverage endorsements before commencement of improvements.
- G. Submit annual certified financial statements of gross receipts when due.
- H. Shall not modify, sublease, transfer, mortgage the leasehold interest, or enter into a management agreement without prior written approval of the Lessor, Secretary and Surety of the Lease.
- I. Comply with all the terms and conditions of the Lease.
- J. Maintain liaison with Regional Branch of Real Estate Services and Regional Business Development Offices.

VII. MODIFICATION OF GUIDELINES

These guidelines may be modified from time to time as the need arises upon written recommendation from the Executive Director and Small Business Development Director. Visit the Navajo Nation's SBDD website to download a copy (<http://www.navajobusiness.com/doingBusiness/Programs/ProgramsLsng3>) or visit your local RBDO to pick up a copy. This copy does not include the page of addresses for RBDO and RES offices. See Appendix A for their contact information.

Appendix C: Business Site Leasing Flowchart

<http://navajobusiness.com/doingBusiness/Programs/ProgramsLsng3.htm>



Appendix D: Sample Business Plan

RENEWABLE ENERGY BUSINESS PLAN TEMPLATE

Composed by Anil DeSouza

NAME OF THE COMPANY
Company Address
Company Phone Number
[LOGO]
Name of Owner, Title of Owner
Address and Phone number of Owner
Plan Prepared Date
Plan Prepared by:

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- Statement of Purpose
- The Business
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 - Description of the Business
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 - + Wind
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 - Growth Potential
 - Current Providers
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 - Pricing
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PLAN FOR A SUSTAINABLE ENERGY INSTALLATION BUSINESS STATEMENT OF PURPOSE

The purpose of the business is to provide residents of the Navajo Nation with an alternative source of electrical power. The business will accomplish this by installing, maintaining, and repairing solar photovoltaic power systems. The business owner will need to add his/her vision for the company and the company's mission statement to this section.

THE BUSINESS

Legal Structure:

The business will be a sole proprietorship run by a resident of the Navajo Nation. The reason for this is to help keep money earned by the Navajo people a part of the reservation's economy. In order to set up a sole proprietorship on the Navajo Nation, the owner must apply to the Navajo Nation Division of Economic Development.

Description of the Business:

The business will install, maintain, and repair solar photovoltaic power systems. The business will concentrate on providing solar energy to the unelectrified homes on the Navajo Nation. The business will be located on the reservation and be operated solely by residents of the Navajo Nation.

The solar system components will be ordered in lots from a manufacturer and installed in individual homes on the Navajo Nation by employees of the business. After installation, the business will provide scheduled maintenance and necessary repairs on the systems. The business will have installation crews that install new solar photovoltaic energy systems and maintenance/repair crews that work on the systems after they are installed. Each crew will consist of one electrician and one journeyman. The business owner should try to avoid being a crewmember because he/she will need to devote his/her time to overseeing the general operations of the business as a whole.

It is estimated that it will take each installation crew approximately two and a half days to complete the installation of one solar energy system. Some systems may take slightly longer to install because the house needs to be retrofitted with electrical wiring. Maintenance and repairs should take less than one day per system. The vast distances present on the Navajo Nation also need to be accounted for when scheduling projects. As the number of installed systems increases, maintenance schedules need to take into account the geographic clustering of the systems.

Services:

The service rendered by the business will be the installation, maintenance, and repair of solar photovoltaic power systems to un-electrified homes on the Navajo Nation. The business will work with the system and its components. The components of these systems include solar modules (to convert energy into electrical current), batteries (to receive and store electrical current), a converter (to convert DC energy captured from the solar modules to AC energy), a charge regulator (to regulate the solar current into the battery) and use loads (anything that runs on electricity, such as lights). In some instances, existing houses may also need to be retrofitted with electrical wiring and outlets.

Solar

The components of these systems include solar modules (to convert energy into electrical current), batteries (to receive and store electrical current), a charge regulator (to regulate the solar current into the battery) and loads (anything that runs on electricity).

The business will mainly concentrate on installing three different sizes of photovoltaic solar power units. The first is relatively small, 500watts. The daily output of this system 2.75 kWh, which can support the use of two light bulbs, a radio or small clock, a range oven, color TV and VCR or DVD, and a washing machine (one load of laundry a day). The second system is 1,000 watts and produces 5.51 kWh a day. This system can support the same things that the 500-watt system can support as well as a small stovetop burner and a freezer. The largest system is 1,500 watts and produces 8.26 kWh daily. This system can support all of the above as well as a space heater (used for four hours a day) or a computer and printer, and microwave. These are just examples of items that the system(s) will support. There is also the possibility that large installations will also be done. These installations will be for clusters of housing, where there is more than one single dwelling (or other needs) at a location. The needs will vary depending upon the size of the housing cluster. There may also be a need for a meter at each housing unit.

Wind

Performance: 500 - 1,500 Kilowatt-hours (kWh) per month (depending on wind resource). This is recommended for: Large remote homes or facilities, using at least 700 kWh per month. Locations where delivering or storing diesel fuel is a problem. Retrofit to existing diesel-only power system to provide 24-hour power availability Wind Class 2 or higher. This is suitable for larger remote homes, facilities, or communities that need more than 500 kWh of alternating current (AC) energy per month. These systems are often retrofitted to existing diesel-only systems in order to save fuel and provide 24-hour power.

The system stores excess energy in batteries for use during low wind periods. It can also charge the batteries from a back-up generator. With a backup generator the remote system can provide reliable 24-hour power with minimal attention from the operator. The towers are approximately 100 ft. tall and suitable for enough for most locations. Shorter towers reduce performance.

Equipment costs typically include the following costs: shipping, sales tax, permit costs, foundation and anchoring, wire run, turbine and tower erection, battery racks or vault, electrical hook-up, and inspection fees. For budgeting purposes, these costs typically range from \$4,000 (customer installed, no sales tax, etc) to \$20,000 (Certified Dealer, sales tax, diesel generator, etc).

Residential Off-Grid Systems:

In order to meet the needs of different customers, highly versatile stand alone solar electric power systems were designed for individual houses. The main features of the systems are that they can be expanded in output capacity to meet the increase in energy requirements of customers. There are two designs offered: System I meets the basic lighting and refrigerator (2.9 cubic feet) loads of a one bedroom dwelling and System II meets the requirement of System I and the additional loads of a personal computer, radio, and television. The two systems are designed to be stand alone power systems without a back-up power source. For ease of installation and to offer reliable and efficient operation, the system designs are standardized for all customers based upon local irradiation, weather data, and a generalized power consumption model (see Appendix A).

There is also the possibility that large installations will be done. These installations would be for clusters of housing, where there is more than one single dwelling (or other needs) at a location. The system needs will vary depending upon the size of the housing cluster. There may also be a need for a meter at each housing unit.

Location:

The business will be located at a site on the Navajo Nation. This will provide the business with easy access to the installation/maintenance locations. The sole proprietor may choose to begin the business out of his/her home.

If the owner decides to operate the business using a store-front, a business site lease will have to be obtained from the Navajo Nation's Division of Economic Development.

The Division of Economic Development will supply the owner with any and all documents required to complete the business-site lease application. The business site lease process can be a very protracted one.

Management:

In this section, the owner of the business must describe him/herself. He/she must describe his/her skills in relation to this business (how he/she will bring value to the business). He/she must also describe his/her weaknesses, and how he/she plans to improve him/herself in those areas. If he/she is not planning on improving him/herself, he/she must explain how he/she will hire other people to take care of those tasks. The owner should take business courses either through a college or in a seminar in order to get complete training in running a small business. The courses that the owner plans to take should be described in this section. The owner must include a resume in the supporting documents section of the business plan. It is also a good idea for the owner to include personal letters of reference from past associates.

The Center for American Indian Economic Development at NAU holds workshops several times a year that may meet the needs of an entrepreneur who does not have the necessary business skills to run a business. The Center can be contacted for information on these workshops and other technical assistance.

Personnel:

This section is used to describe each job required by the business, the estimated number of employees, and the business hiring procedures. A job description for all personnel is required, as well as the wage and hiring procedures for each position. The business will employ licensed electricians and journeymen trained in the installation, maintenance, and repair of solar photovoltaic systems. The business will also have a manager, presumed to

To be the owner, and at least one support staff person. How the employees will be trained, what courses they must take, etc. should be described in this section. This section may also be used to describe any employee benefits that the company will be offering and how the company will handle extremely busy and/or slow times with regard to personnel.

Methods of Record Keeping:

Record keeping methods will vary. Part of the business plan will be to train either the business owner or an employee in appropriate business practices.

An accounting software program such as QuickBooks can provide the record keeper with a template of commonly used financial documents, such as invoices, receipts, income statements, etc. These templates can be customized to suit the needs of the business.

Insurance:

The business will be required to obtain full coverage motor vehicle insurance for its work trucks under its automobile loan provisions. Under Navajo Nation rules, the business owner will not be required to purchase liability bonding and insurance unless the department contracting the business work requires it.

Additionally, the business owner may choose to purchase employer's liability or workmen's compensation insurance to protect the business owner from liabilities that may arise as a result of employee injury while on the job. He or she may also wish to obtain public liability or general liability insurance to protect him/her from liability to third parties who may be injured during the operation of the business. However, neither of these types of insurance is strictly required for conducting business on the Navajo Nation.

Legal Aspects:

Since the business will be owned and operated by Navajos on the Navajo Nation, state laws and requirements do not apply to the business. However, the business and its employees must abide by the laws and regulations set forth by the Navajo Nation. The business will need to obtain licensing and certification from the Navajo Nation's Business Regulatory agency in order to perform electrical work on tribal lands. There is no fee associated with the license and certification. Additionally, if the business begins to operate outside of the Navajo Nation, it will then have to follow the rules and regulations set forth by Arizona law for electrical contractors.

In order to start a sole proprietorship on the Navajo Nation, an application must be filled out and presented to the Navajo Nation's Division of Economic Development. The Division of Economic Development will explain any and all supplemental laws that the business must follow.

Security:

Bonding and insurance are both appropriate.

MARKETING

Summary of Marketing Plan

Target Market:

The target market that the business will want to focus on during its startup stage is the un-electrified homes on the Navajo Nation. According to the United States Year 2000 Census data, there are a total of 41,041 homes on the Navajo Nation. Historical data has shown that approximately 37% of all homes on the reservation do not have electricity. Therefore, the target market includes the approximately 15,185 homes that are currently un-electrified.

Note that this is an estimate projected from the Census data and current housing markets. In addition to the un-electrified homes, the business should also consider targeting homes that are going to be built on the reservation in the near future.

It is possible that some homes will be built with access to electricity, and others may be cluster dwellings that may be serviced through larger solar systems.

An economic development conference sponsored by the Navajo Nation in 2000 reported a need for 30,000 new homes on the Navajo Nation. It is estimated that approximately 10 percent, or 3,000, of the newly built homes will be outside of the APS distribution area (often referred to as off-grid). The business should have a plan to market their services to the companies that are planning to build these new homes. This creates a demand potential of about 18,185 homes that should be a part of the target market. Note that while all of these homes may not use solar, (some may be close enough for conventional electrical lines to be run, or for other renewable energy sources to be utilized) all of these homes are potential customers.

It must be pointed out that given the income demographics of the Navajo Nation, few families will be able to independently afford to purchase the systems outright. The recommendations in the main body of this report include having the Navajo Nation finding alternative funding for the electrification program. Unless the secondary funding is found, the demand potential shrinks considerably. But if secondary funding is indeed found, then the pro forma statements in the later appendices show a good potential for a profitable business enterprise.

Growth Potential:

Although the business will begin with only installation crews, it will become necessary to expand its operations to include maintenance and repair crews within three months due to the photovoltaic system's quarterly maintenance schedule. Using the demand potential of 18,185 homes, it will take 10 installation crews many years to fulfill the possible need for solar power. This creates a large potential for business growth.

As the business expands, its customer base should also grow. In the future, the business may plan to market its services to all homes on the Navajo Nation, including ones with access to electrical power. It may begin servicing other remote regions of Arizona as well. Additionally, other uses for solar systems may develop such as water pumping for animal tanks, remote signage, and water heating.

Current Providers:

The only existing providers of solar photovoltaic power on the Navajo Nation are NTUA and Native American Photovoltaic (NAPV). NTUA has a 200 home solar test program currently in process. Sandia Laboratories is collaborating with NTUA on the program and

have plans to assist them in developing a maintenance program for the solar electric systems. There is also currently a program being run by NAPV in which Native Americans residing on reservations have the opportunity to own a solar generator system after leasing it. The systems installed provide one kilowatt of power and are priced at approximately \$10,000 each. The NAPV is a non-profit organization that began this endeavor with funding from a federal grant.

NAPV's program also includes a plan for maintaining the solar generator systems that it installs by training Navajo workers how to perform the required maintenance.

APS is the electrical provider for Arizona, including the Navajo Nation. It provides electric service to homes on the reservation by hooking them up to a grid. The cost of electricity itself is not higher on the reservation than elsewhere in Arizona; however, the price to be hooked up to the grid can become substantial for some homes on the reservation. This is due to the home's distance from the grid and the difficulty of getting the electric lines to remote locations.

Competition:

Currently, the competition for this business is from the established power companies. However, in remote locations where accessibility to the power grid is difficult there competition diminishes. The cost of electricity itself is no higher in these remote locations will be no higher than anywhere else, however the price to be hooked up to grid can become outrageous for some homes. This is because of the homes distance from the grid and the difficulty of getting to the remote locations.

Methods of Distribution:

This business will be working primarily from customer orders. The business will have to work with the supplier to set up a system where the solar power systems are delivered to the business as quickly as possible after being ordered. Since sufficient time must be allowed for the units to be shipped, the business will have to keep an adequate inventory of solar system components on hand. The installation crews will drive company vehicles to each customer's location in order to install the systems.

This method of distribution will require several things. First, it will require a good working relationship with a supplier of the solar power systems. Second, it will require the service of a reliable shipping company, as well as a good working relationship with the shipper. Finally, it will require well maintained trucks, preferably with four-wheel drive, in order to get the systems to customers located in remote places.

Advertising:

During the start-up phase of the business, little capital should be spent on advertising. In fact, the business should only advertise enough to let the owners of un-electrified homes know about the business. This can be done through the use of advertisements that are sent to homes through the mail or displayed in local market places or Chapter Houses. The advertisements should be brief, but include information about the business, what the business does, how to contact the business, and possibly a general price. This will effectively inform the target market of the business's purpose. In the future, the business may decide to expand its customer base. In order to do this, the business will need to increase advertising. The business should plan to advertise in local newspapers or newsletters and on local radio stations in order to access a larger customer base on the reservation and elsewhere.

Partial day workshops for educational purposes may also be a viable advertising medium. Working with local Chapter Houses will be a critical component in educating the Navajo people about the costs and benefits of solar energy systems. Working with NTUA will also provide the business owner with additional information about the potential market.

The business may also advertise in statewide newspapers, on television, and over the radio in order to increase their customer base throughout the state.

Pricing:

The business should price installations to include the cost of the system components, labor costs and overhead. It takes approximately two and a half days for a two person crew to install a solar system. Using an assumed labor rate of \$35.00 an hour per crew, labor costs will be around \$700 per system.

The cost of the system itself varies depending on the size of the system and the manufacturer. The components for a complete 720 watt system will cost about \$7,200 and \$12,400 for a 1,440 watt system. Some houses will also need to be retrofitted with electrical wiring and the business could charge an additional \$1,000 for this service. The financial implications of charging different prices are explored in the financial documents section and shown in Appendix D.

The price ultimately paid by customers will decrease if they apply for a utility credit buy down. One of the programs offered by APS is the EPS Credit

Purchase Program. Customers in APS service territory that live in remote areas without access to electricity from APS's distribution system (the grid) and who purchase and have installed complete solar systems to provide their electricity are eligible for the EPS Credit Purchase Program. Customers purchasing a new solar electric system of 5 kW or less for their remote (off-grid) homes can receive an EPS Energy Purchase rebate of \$2.00 per photovoltaic watt of DC electricity. For example, a 1,000-watt solar system qualifies the customer to receive \$2,000 from APS. In order to receive the credit, remote solar customers must sign an EPS Credit Purchase Agreement assigning APS access to the EPS credits for 12 years.

Estimates of customer's monthly loan payments for purchasing either a 720 watt or a 1.44 kW solar power system are presented in Appendix B. This includes the APS EPS discount for the system, \$2,880 for 1.44 kW and \$1,440 for 720 watts, and shows possible monthly payments based on different interest rates and different system costs.

TRAINING:

Training encompasses many aspects of the overall business. The business owner may need to learn more about entrepreneurship, operating a business, or using business software. The record keeper may need to be trained on the use of an accounting software system or other computer systems.

One member of each crew must be a trained electrician, meaning that he/she must have some formal education and apprenticeship. The journeymen will also have had some formal training. All installation and maintenance/repair workers must be trained on solar photovoltaic energy systems. Due to the nature of the job, the maintenance/repair crews may require more training than the installation crews.

FINANCING METHODS

Start-up Costs:

The start-up costs associated with this business may be significant because a work truck and toolkits must be purchased for each crew. The business will need to have a sufficient inventory of solar system components in order to allow time for more to be ordered and delivered from the manufacturer.

Current estimates indicate that the lead time for component delivery may be as much as six to eight weeks. Also, the business should have enough cash on hand to pay for 100 days worth of operating expenses while waiting for customer payments to come in. This is essential because some customers may be slower to pay than others and the business must have enough funds available to continue operating.

Funding:

There are two primary means of financing the business: loans and grants.

Loans must be repaid and generally accrue interest, whereas, grants do not have to be repaid. Loans and grants may be pursued through a variety of venues including: the Small Business Administration, the United States Department of Agriculture, the Department of Energy, the Department of Labor, the Bureau of Indian Affairs, and the Navajo Nation. The Center for American Indian Economic Development provides technical assistance on loan and grant applications.

DISCLAIMER

The College of Business Administration, Sustainable Energy Solutions and Northern Arizona University does not warrant or assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, or process disclosed in this plan. This business plan template is meant to provide a guide for prospective entrepreneurs. The financial data presented in this plan are based on general assumptions and the accuracy of said assumptions is in no way promised or guaranteed. It is recommended that professional guidance be sought prior to starting this or any business.

FINANCIAL DOCUMENTS

For the purposes of this plan, it is recommended that the business owner obtain funding in the amount of approximately \$400,000 to finance the start-up of the business. This will cover the costs of purchasing three electrician toolkits, three work trucks equipped with racks for storing tools and equipment, enough solar units for six weeks worth of work, 100 days worth of wages and operating expenses, and office supplies. This recommendation is slightly inflated to ensure that the business will have enough cash on hand to pay for expenses as they come due while waiting for customer payments to come in.

The income statement shows the revenues and expenses of the business for the first two years. The bottom line of the income statement tells how much total profit the business produced that year. The pro forma income statement (see Appendix D) details the most common expenses associated with this type of business. Undoubtedly, the business will incur other expenses that cannot be anticipated and are not included in the income statement provided.

Sales:

Assuming that there are 40 weeks available for work in a year, given disruptions due to weather, demand, and financial capabilities, each crew should be able to install 80 solar units per year. If the business prices the systems using a percentage markup of cost including labor, revenue would be approximately \$10,000, \$11,000, \$12,000, or \$13,000 on each 720 watt system sold at respective markups of 25%, 30%, 40%, and 50%. The revenue from sales would be \$16,500, \$17,000, \$18,000, and \$19,000 for the same markups for a 1.44 kW system. The income statements in Appendix D show the results of the different markups assuming that 75% of the systems installed are 720 watts and 25% are 1,440 watts. This revenue figure is reported as sales on the income statement.

Cost of Goods Sold:

The cost of goods sold will depend on the size of the systems installed. For simplicity, it will be assumed that 75% of the ones installed are 720 watt systems costing approximately \$7,200 each and 25% are 1.44 kilowatt systems costing \$12,400 each. The cost of goods sold amount includes only the price of the system components to the business. It does not include the cost of labor or transportation associated with the installation, maintenance, and repair of the systems.

Operating Expenses:

Operating expenses include any costs necessary for the business to function. This category includes selling, general, and administrative costs. It is assumed that the entrepreneur will begin the business out of his/her home and therefore not incur expenses associated with a separate office or warehousing facility.

It is assumed that a small business such as this, operating with 2-person installation crews consisting of one electrician and one journeyman, will begin with three crews. Electricians and journeymen earn approximately \$20/hour and \$15/hour, respectively. The work crews should receive a raise in year two because they will be experienced. A 5% raise would be the equivalent of approximately \$1.00 per hour. In addition to the work crews, the business will need a business manager, assumed to be the entrepreneur, and support staff to work with clients and suppliers. It is assumed that the business will begin with one part-time support staff person to perform general bookkeeping and secretarial duties, who will be paid a wage of \$9 per hour.

The business owner's salary is equal to the amount of profit after taxes generated by the company in a year. As a sole proprietor, the business owner is entitled to withdraw money out of the business throughout the year as his/her salary. It is important to note that the business owner cannot withdraw more money from the business than the business has available. Also, the business owner should try to keep the business' cash balance at least equal to 100 days worth of operating expenses. It would be appropriate in this scenario for the business owner to withdraw a salary of \$35,000 from the business.

The business is required to pay certain federal taxes and benefits associated with payroll. The company is responsible for paying an amount equal to 6.2% of the employee's first \$84,900 (for 2002) of gross wages for Social Security, an additional 1.45% on all wages for Medicare, and 6.2% of the first \$7,000 of gross wages for federal unemployment. Consequently, the figure that appears on the income statement is an estimate based on the assumptions already made.

The business will not be required to pay any state unemployment tax if all employees are residents and members of the Navajo tribe. If the business owner were to purchase three new work vans (Ford Econoline or similar) they would cost approximately \$81,000 or \$27,000 each. It is currently possible to finance many automobile loans with zero percent interest.

Assuming the business owner is able to obtain zero percent financing, with a \$1,000 down payment, the loan for each van will cost about \$750 per month for 36 months.

Transportation costs are based on the average cost of maintenance and repairs to own such a work van on a per mile basis, plus the cost of fuel. The assumption was made that each of the three vans would be driven approximately 25,000 miles per year. It is important to note that these estimates are for normal driving conditions. Many of the roads in the Navajo Nation are not well-maintained causing excessive wear and tear, which may decrease the useful life of the automobile. The business will also incur expenses associated with maintaining insurance on the work vans. Motor vehicle insurance is estimated at \$4,000, assuming full coverage is necessary due to financing requirements.

Depreciation expense is based on the assumption that tools and equipment have a useful life of seven years, while the trucks or vans have useful lives of three years and that neither asset has a salvage value. The amount of depreciation expense presented is an estimate based on the straight-line method.

The amount of miscellaneous expenses will vary from year to year depending on the business operations. For the first year, the business is estimated to incur \$5,000 in office supplies expense to purchase a computer, a printer, a desk, and all of the necessary materials to perform the administrative functions of the business.

Interest Expense:

If the business owner obtains a loan to finance the start-up of the business, he or she will have to pay back the loan plus any associated interest. The amount of interest paid on the loan for one year will appear as interest expense on the income statement. The amount shown on the income statement is an estimate for a 15-year loan in the amount of \$400,000 at 7% interest.

Taxes:

The business owner is responsible for paying the taxes (both federal and Navajo business activity) associated with the business. The amount of federal income tax to be paid will vary depending on the amount of income generated by the business. The business owner will pay the federal income taxes on his/her own personal tax return.

The Navajo Nation business activity tax will be 3% of gross sales. Given the conditions set forth above, the owner will be in the 39% marginal tax bracket according to the current federal tax rates. The federal tax amount shown on the income statement includes the self-employment tax for social security, Medicare, and federal unemployment.

Balance Sheet

The balance sheet shows the company's assets, liabilities, and owner's equity account balances at the end of the year. The account balances are shown at historical cost for assets and future costs for liabilities (see Appendix E).

Assets:

It is recommended that the business have at least enough cash on hand at any given time to pay for 100 days worth of expenses. For the first year of business, this is estimated to be \$75,000 based on the assumption given above. The business should have at least six weeks' worth of inventory on hand at any given time as well. This would be the equivalent of 36 complete systems.

The business' fixed asset account consists of the assets that are expected to have useful lives beyond one year. These items are also referred to as capital assets. In the beginning, the business' fixed asset account will consist of its work vans and electricians' toolkits. Included in the value of the work vans are the \$1,000 tool racks they must be equipped with. These assets are valued according to how much they were worth when the business acquired them, minus any accumulated depreciation. The business may also have other assets such as accounts receivable and pre-paid expenses, depending upon the business' financial policies.

Liabilities:

The business' liabilities account consists of amounts that are to be paid in the future for goods or services the business already received. The note payable for the work vans is a long-term liability, while the portion of the loan due within the next year is classified as the current portion of the long-term liability. If the business owner funds the business start-up with loans, the total amount of payments remaining at the end of the year will be classified as liabilities. At the end of the first year of operations, the business would have long-term liabilities in the amount of \$275,000 for the start-up loan and \$51,000 for the automobile loans. It would also have current liabilities for these loans in the amount of \$13,000 for the start-up loan and \$27,000 for the automobile loans. The business may also have additional liabilities such as accounts payable and wages payable depending upon its financial policies.

Owner's Equity:

The owner's equity account is the difference between the asset account and the liability account. It reflects the amount of income earned by the business and the amount of capital invested by the owner. This account also tracks the owner's ongoing deposits and withdrawals with respect to the business (see Appendix F). This account may also be referred to as the net worth of the business.

Appendices not included in this reproduction.

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Navajo Green Jobs

HISTORY

In the spring of 2008, a Navajo Green Jobs Coalition was formed to organize a Green Jobs Initiative for the Navajo Nation. The Coalition is made up of Navajo citizens and supporters who want to help transition and diversify the Navajo economy to one that is long-lasting, sustainable and healthy. We are Navajo mothers, fathers, students, community members, veterans and grandparents. In addition, the Navajo Green Jobs Coalition consists of several organizations throughout the Navajo Nation including but not limited to the following: the Speaker of the 21st Navajo Nation Council, Black Mesa Water Coalition, Sierra Club, New Energy Economy/1Sky NM, Grand Canyon Trust, New Mexico Youth Organized and Dine C.A.R.E. The Navajo Green Jobs Coalition strives to create energy efficient, low or non-polluting jobs for the Navajo Nation.

The Coalition's three priorities:

1. Community Outreach
2. Green Schools
3. Green Business Incubator