

Dineh Cooperatives, Incorporated

The Organization

Dineh Cooperatives was organized in 1971 by residents of the Navaho Nation, which covers 25,000 square miles in the Four Corners area of northeastern Arizona, northwestern New Mexico, and southeastern Utah. Dineh, which means “the People” in the Navaho language, grew out of an effort to develop Navaho owned businesses and to employ Navaho people. This was in response to the white owned trading posts on the reservation that charged high prices and provided poor quality products.

Until Dineh Cooperatives was created, residents of the reservation often drove 100 miles each way to shop for groceries and other basic supplies in Gallup, New Mexico and other off reservation sites. Given the remote and isolated location, the reservation suffered from extremely high unemployment. In addition, due to the lack of retail services, local residents spent their income elsewhere, which drained capital out of the reservation’s economy.

In the mid-1970s, the federal government offered grants to non-profits classified as community development corporations, through the Community Services Administration. In response, Dineh Cooperatives decided to become a CDC and focus on bringing private sector capital onto the reservation to create jobs for local residents.

Retail Development

Responding to the most urgent need of local residents, Dineh selected a retail shopping center as its first economic development project. Funding for the project came from a combination of \$2 million from the Community Services

Administration and \$1 million in Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development.

As its first task, Dineh set out to identify an anchor tenant for their newly established Tséyi Shopping Center to help attract people to the location and increase its appeal to other retailers.

Obtaining a supermarket for the shopping center was Dineh’s first and highest priority. They approached several supermarket chains about their interest in locating a store on the reservation. Most of the grocery stores showed no interest in opening a store in what they viewed as a remote location.

Ultimately, a family owned chain from Phoenix, Bashas’, agreed to open a store in the new retail complex. In addition to opening the store, Bashas’ has shown a strong commitment to Dineh and its Navaho customers. Bashas’ returns 25 percent of its profits from the store to Dineh each year. They also worked with Dineh to design the store to meet the needs of its Navaho customers. The design of the store uses traditional Navaho motifs and food sections are identified in the Navaho language. Within two years, the supermarket was one of the top performing supermarkets in the chain, with all but a few employees drawn from among local residents.

The Shopping Center opened in 1981 and now includes a small department store, two fast food restaurants, a post office, a Wells Fargo Bank branch, a laundromat, a sporting goods store, and a movie rental store. Two of the businesses are Navaho owned. Since there is no home delivery of mail, the post office serves as a daily draw for the retail stores in the complex. Several government agencies rent space in the center, which also draws customers to the retail outlets. Agencies located at the center include the Social Security Administration, USDA Natural Resources Conservation Service, US Probation Office, Arizona’s long-term health care program, Diné College and the tribal child support enforcement agency.

Current tenants employ more than 190 people and occupy 65,000 square feet of retail and office space. The shopping center has been profitable since the day it opened and has expanded four times. Annual sales exceed \$18 million per year. There are still three acres left of the 15 acre site for future development.

Manufacturing

Dineh Cooperatives formed a wholly owned subsidiary in 1983, Tooh Dineh Industries, when the Packard Electric Division of General Motors expressed an interest in establishing a tool and die manufacturing operation in the southwest.

Tooh Dineh started by producing cutting and stripping blades for wire processing equipment in an unused boarding school dormitory. The manufacturing facility was started with used machinery and was given a three-year contract from Packard Electric. In 1984, production was extended to include electronic modules for GM automobiles. In 1989, Tooh Dineh began production of equipment for GM diesel electric locomotives and in 1990 for Saturn automobiles.

The factory operates two shifts daily and employs approximately 100 people, 88 percent of whom are Navajo. The core business remains contract electronic assembly of printed circuit boards and Tooh Dineh is the largest electronics manufacturer in northern Arizona. While General Motors has remained the major customer, Tooh Dineh also has performed electronic assembly for Motorola, Hewlett Packard and Apple Computer. The unemployment rate in Leupp, where the facility is located, has dropped from 98 percent to 20 percent.

Due to the recent economic downturn and competition from low-cost labor in Mexico and east Asia, Tooh Dineh is attracting smaller customers who might be less likely to rely on overseas manufacturing facilities. As a selling point, Tooh Dineh markets its products to as: "Made in America by Native Americans."

As with the Tséyi' Shopping Center, early funding for Tooh Dineh came from HUD's Community Development Block Grant program and from the successor to the Community Services Administration, the Office of Community Services, which is part of the Department of Health and Human Services. In 1987, HUD presented Dineh with the *Award for National Excellence* and the *Certificate of National Recognition* in order to honor its public/private partnerships.

Hospital

Another critical need on the Navaho Reservation was health care. One clinic served over 60,000 people with no overnight accommodations, no medical specialists, and very few staff in general. As with access to retail shopping, local residents in need of health care had to travel to areas far away, off the reservation.

Dineh saw health care as an issue where they could both provide a critically needed service and also create new jobs on the reservation. Despite initial roadblocks from the Indian Health Service, which didn't want a new medical complex in Chinle, the community was committed to the creation of a hospital and Dineh made it a high priority.

By working with the Arizona Congressional delegation, Dineh succeeded in getting a \$32 million appropriation earmarked for the hospital. Dineh also encouraged Navahos to donate the land necessary to build the hospital and 161 units of rental housing for hospital staff. Ground was broken for the hospital in 1979 and it opened in 1982. Today the hospital has 60 beds, extensive outpatient care, an intensive care unit, and a staff of 638.

Dineh's latest endeavor is a pilot project to construct 15 – 30 homeownership units for hospital staff, a unique project never before undertaken in Indian Country.

Other Projects

Dineh has also helped the local community through the creation of a fire department in Chinle and a 50-bed Navaho Youth Corrections Center. The Navaho Youth Corrections Center was planned to keep Navaho youth out of federal penitentiaries and in a culturally-appropriate rehabilitation setting closer to home and family.

Program Outcomes

Community Impacts.

Dineh Cooperatives' impact on the Navaho Reservation has been very impressive. As of December 2003, Dineh has brought in over \$68 million in investments from outside the

reservation, created 835 jobs, and generates close to \$28 million in increased annual household income for reservation residents

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