City of Las Cruces®
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Council Action and Executive Summary

Item # 10 **Ordinance/Resolution#** 2752

For Meeting of April 20, 2015 (Ordinance First Reading Date)

For Meeting of May 4, 2015 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: AN ORDINANCE IN ACCORD WITH THE CITY OF LAS CRUCES LOCAL ECONOMIC DEVELOPMENT PLAN, AUTHORIZING THE CITY OF LAS CRUCES TO ACT AS FISCAL AGENT FOR A LOCAL ECONOMIC DEVELOPMENT ACT PROJECT KNOWN AS THE CERTO PLAST NORTH AMERICA PROJECT.

PURPOSE(S) OF ACTION:

Approve a LEDA project.

COUNCIL DISTRICT: 4		
Drafter/Staff Contact: Gary Camarano	**Department/Section:** Administration / Economic Development	**Phone:** 541-2286
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

Economic development in its most basic sense means job creation by the private sector of the economy. Additionally, economic development is understood to refer to specific governmental efforts which are intended to encourage private investment.

One of the tools available to the City in its economic development efforts is the Local Economic Development Act. Known as LEDA (Act), the Act authorizes local government to use public resources for economic development projects. Public resources that may be used for an economic development project include land, buildings, infrastructure, and direct loans and grants for land, buildings and infrastructure. As required by the Act, the City has produced and adopted the Local Economic Development Plan 2013 that allows it to implement the authority provided by the Act.

The purpose of local economic development is to create a dynamic local economy with increasingly abundant and rewarding employment and investment opportunities for all Las Cruces residents and an economy diversified toward sectors and industries that are near the leading edge of technology, likely to thrive into the future, and likely to provide improved returns to employees and investors. Currently the City has an opportunity to advance its economic plan

(Continue on additional sheets as required)

and assist a qualified entity, Certo Plast North America, Inc. (CPNA). CPNA has applied for Act assistance from the City. The New Mexico Development Department anticipates assisting CPNA with a $75,000.00 grant with the City matching those funds with a $75,000.00 grant.

The Economic Development Project (Project) located at 9030 Advancement Ave., Las Cruces, New Mexico is expected to create over 50 full time jobs. CPNA utilizes state of the art equipment and techniques in their manufacturing facilities. It is in an industry sector (manufacturing/food processing) that the City desires to expand on. They are leaders in the specialty adhesives industry domestically and internationally.

Although the Project is expected to create over 37 jobs by the end of their second year of operation, and 50 jobs by the end of their third of operation, the job creation criteria to support this funding is (1) a total of 50 jobs to be created at the Advancement Ave. facility by CPNA's third consecutive year of operation and (2) the maintaining of 50 jobs for two full consecutive years. If CPNA meets these two conditions at any time during the first five years of operation, then any City Clawbacks against the $75,000.00 Act funding are removed.

The first step in completing the Project is to authorize the City to act as Fiscal Agent for the Project. This will allow the City to accept the grant funds from the State, provide a local match, disburse those funds to CPNA and monitor the Project for job creation.

SUPPORT INFORMATION:

1. Ordinance.
2. Exhibit "A", Project Participation Agreement.
3. Exhibit "B", Intergovernmental Agreement.
4. Attachment "A", City Letter of Commitment.
5. Attachment "B", State of New Mexico LEDA – Capital Outlay Project Application.
6. Attachment "C", Economic Impact Statement.

(Continue on additional sheets as required)

SOURCE OF FUNDING:

Is this action already budgeted? **N/A**			
	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue? **N/A**			
	Yes	☐	Funds will be deposited into this fund: _____ in the amount of $_____for FY__.
	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will allow the City to act as Fiscal Agent for this Project and to allow this Project to proceed and ultimately create jobs.
2. Vote "No"; this will deny the necessary economic development assistance required for the Project to be completed and create jobs for the community.
3. Vote to "Amend"; this could delay the Project or cause the Project to terminate.
4. Vote to "Table"; this could delay the Project and the desired economic development and job creation.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Ordinance No. 2697.

(Continue on additional sheets as required)

COUNCIL BILL NO. 15-033
ORDINANCE NO. 2752

AN ORDINANCE IN ACCORD WITH THE CITY OF LAS CRUCES LOCAL ECONOMIC DEVELOPMENT PLAN, AUTHORIZING THE CITY OF LAS CRUCES TO ACT AS FISCAL AGENT FOR A LOCAL ECONOMIC DEVELOPMENT ACT PROJECT KNOWN AS THE CERTO PLAST NORTH AMERICA PROJECT.

The City Council of the City of Las Cruces is informed that:

WHEREAS, the City of Las Cruces (City), New Mexico, a municipal corporation, considers economic development and job creation extremely important to the livability of the community; and

WHEREAS, the City Council passed Ordinance 2697 on October 21, 2013, adopting the Local Economic Development Plan 2013, allowing the City to use public resources for economic development projects that retain, create and attract jobs into the community; and

WHEREAS, Certo Plast North America Inc. (CPNA) is a qualifying entity under the Local Economic Development Act (Act) and has acquired a leasehold interest in the real property, building and improvements at 9030 Advancement Ave., Las Cruces, New Mexico, and is committed to developing a specialty adhesive tape (used in the automotive industry) production facility and has applied for Act assistance from the City; and

WHEREAS, the New Mexico Economic Development Department anticipates contributing a $75,000.00 grant to the CPNA Project; and

WHEREAS, the City intends to match those funds with a $75,000.00 grant; and

WHEREAS, the City is required to act as Fiscal Agent for any projects they are participating in.

NOW, THEREFORE, Be it Ordained by the Governing Body of the City of Las Cruces:

(I)

THAT the City is hereby authorized to act as Fiscal Agent for the Act Project known as the CPNA Project as set forth in the Project Participation Agreement attached hereto as Exhibit "A".

(II)

THAT the City will be prepared to accept a State grant at a future date when those funds are made available.

(III)

THAT the City shall execute, at the appropriate time, an Intergovernmental Agreement with the New Mexico Economic Development Department attached hereto as Exhibit "B".

(IV)

THAT this Ordinance has been published prior to its adoption and shall be published at least once after adoption, pursuant to Sections 3-2-1, et.seq., and 3-54-1, et.seq., NMSA 1978, as amended.

(V)

THE City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20___.

APPROVED:

_____

Mayor

ATTEST:

_____
City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Levatino: _____

PROJECT PARTICIPATION AGREEMENT

This Project Participation Agreement (this "**Agreement**") entered into on ____ May, 2015 by and between the City of Las Cruces, a New Mexico Municipal Corporation (the "**COMMUNITY**"), and Certo Plast North America, Inc., a New Mexico limited liability company (the "**PROJECT PARTY**").

1. Recitals:

A. Pursuant to the Local Economic Development Act, NMSA 1978, §§ 5-10-1 through 5-10-13, (**LEDA**); the COMMUNITY adopted the Ordinance No. 2697, authorizing the COMMUNITY to consider applications for economic development assistance; and Ordinance No. _____ approving an Economic Development Project with the PROJECT PARTY (collectively, the "**LEDA Ordinance**").

B. The PROJECT PARTY has submitted an application to the COMMUNITY for assistance under the LEDA Ordinance (the "**Application**"). In the Application, the PROJECT PARTY has represented that PROJECT PARTY has acquired a leasehold interest in the real property, building and improvements located at 9030 Advancement Ave., Las Cruces, New Mexico (the "**Site**") and committed to develop a specialty adhesives production factory facility (the "**Facility**") in accordance with the Application for Development Incentives Plan (the "**Plan**"). The application also proposes that the COMMUNITY act as Fiscal Agent for approximately five years, five years being the maximum period granted by the State of New Mexico through the Economic Development Department ("**EDD**") to achieve maintaining 50 full time jobs for two full consecutive years at the Facility. The PROJECT PARTY will then develop the Site using the grant monies ("**Grant Funds**") to build the Facility as described in the Plan.

C. The COMMUNITY finds that the PROJECT PARTY is a qualifying entity as defined in Section 5-10-3 (G) NMSA 1978 and that this Agreement meets the requirements of LEDA.

2. Substantive Contribution from the COMMUNITY: In order to implement the Plan Project, the COMMUNITY will act as Fiscal Agent for EDD Grant Funds provided for the Project. In addition, the COMMUNITY will provide $75,000 in local Grant Funds and act as Project Management to the Plan Project after certification.

3. Substantive Contribution from the PROJECT PARTY: The PROJECT PARTY will materially participate by acting as developer and taking responsibility for economic development. The terms and obligations of the parties under the LEDA Ordinance and Application are incorporated into this Agreement by reference, and identified in the listing attached hereto as Exhibit "A". The economic development substantive contribution requirement obligation of the PROJECT PARTY is as follows:

A. The applicable five year job creation period shall commence on the earliest first day of the calendar month that occurs 90 days or more after the date that the certificate of occupancy is issued for the Facility ("**Period Commencement Date**");

B. A total of 50 full time jobs to be created at the Facility by the completion of the Company's 3rd full year of operations (i.e., by the 3rd anniversary of the Period Commencement Date);

C. Maintaining 50 full time jobs for two full consecutive years at the Facility (a year for this purpose is a twelve calendar month period that commences with the Period Commencement Date month or anniversary month) (the "**Jobs Requirement**");

D. Upon satisfaction of the requirement set forth in C. immediately preceding this subparagraph D., within the five year job creation period <u>or shorter period</u>, the Clawback Provision (as hereinafter defined) will cease to be applicable;

F. If by the fifth anniversary of the Period Commencement Date, PROJECT PARTY has not achieved Jobs Requirement, PROJECT PARTY shall reimburse any percentage of the Grant Funds for the percentage of jobs that were not created and maintained (i.e., if only 90% of the requisite jobs were created and maintained, then 10% of the Grant Funds will be reimbursed; similarly if only 80% of the requisite jobs were created and maintained, then 20% of the Grant Funds will be reimbursed) (the "**Clawback Provision**").

4. <u>Security Provided to the EDD</u>: In order to safeguard the public resources dedicated to success of this project, COMMUNITY will require a security from PROJECT PARTY in the amount of the Grant Funds [$150,000, $75,000 for the State's security, and $75,000 for the City's security] to guarantee the Clawback Provision obligation of the PROJECT PARTY. If the PROJECT PARTY has fully satisfied all or a percentage of the Jobs Requirement such that the Clawback Provision obligation is terminated or reduced, the Bond requirement will cease or the bond amount will be correspondingly reduced commending on the 2nd anniversary of the Period Commencement Date, as the case may be. Any funds recovered by the COMMUNITY pursuant to the bond shall be shared equally with EDD, with EDDs share returned to EDD within thirty (30) days after they are received by the COMMUNMITY.

5. <u>Review:</u> COMMUNITY will review project timeline, progress and job creation bi-annually in May and November of each year until the earlier of the 6th anniversary of this Agreement, or until the PROJECT PARTY is confirmed to have fully satisfied the Jobs Requirement in full. Job creation reports shall include a copy of FORM ES-903 provided by the PROJECT PARTY to the COMMUNITY, on file with the New Mexico Department of Workforce Solutions to demonstrate compliance with this Agreement at each review cycle, and another at thirty (30) days prior to the anniversary date of this Agreement, for a period of ending on the earlier of the 6th anniversary of this Agreement, or until the

PROJECT PARTY is confirmed to have satisfied the Jobs Requirement in full.

6. Compliance with Statutes: COMMUNITY states that it has complied with the requirements of New Mexico Statutes and the Las Cruces Municipal Code and has authorization to enter into this AGREEMENT.

7. Governing Laws: This Agreement is be subject to the laws of the State of New Mexico.

8. Permits and Licenses: PROJECT PARTY agrees that COMMUNITY has no direct responsibility for PROJECT PARTY to make application and obtain required permits and/or licenses related to use of the site and facility and is not guaranteeing any particular outcome with respect to such application, other than that the COMMUNITY agrees to cooperate with PROJECT PARTY to expeditiously process the entitlements and other approvals required by the COMMUNITY to approve the Project.

9. Ratification: COMMUNITY and PROJECT PARTY hereby ratify all actions consistent with this Agreement that COMMUNITY or PROJECT PARTY or their respective agents may have taken in furtherance of the Plan Project.

10. Miscellaneous: The language of the Recitals shall have the same force and effect as the agreement provisions this Agreement. This Agreement binds and insures to the benefit of the COMMUNITY the PROJECT PARTY and their respective successors and assigns. This Agreement may be amended or modified, and the performance by any party of its obligations hereunder may be waived, only in a written instrument duly executed by the parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the laws of the State of New Mexico, without giving effect to its choice-of-law principles.

11. Term of this Agreement: The termination date of this Agreement will be agreed upon by COMMUNITY and PROJECT PARTY within ninety (90) days after PROJECT PARTY has satisfied the Jobs Requirement in full, or, in any event, shall terminate on the sixth (6th) anniversary of this Agreement.

In witness whereof, the parties hereto set their hands as of the date first appearing above.

COMMUNITY:
City of Las Cruces

By _____
Robert Garza
City Manager

PROJECT PARTY:
Certo Plast North America, Inc.

By _____
Tomas Rey
President

EXHIBIT "A"

LISTING OF APPLICABLE LEDA ORDINANCES AND APPLICATION

LEDA Application submitted by Certo Plast North America, Inc.

Economic Impact Analysis

INTERGOVERNMENTAL AGREEMENT
NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT AND THE CITY OF LAS CRUCES, NEW MEXICO

This Intergovernmental Agreement ("Agreement") is entered into as of the date of the last signature affixed below by and between the New Mexico Economic Development Department ("EDD") and the City of Las Cruces ("City"), and collectively referred to as "the Parties," with reference to the following facts.

SECTION 1: RECITALS:

WHEREAS, the New Mexico State Legislature enacted Laws 2014, Chapter 63, Section 5, Subsection 33 which appropriated ten million dollars ($10,000,000) to EDD "[f]or economic development projects pursuant to the Local Economic Development Act" (the "Appropriation"); and

WHEREAS, the purpose of the Local Economic Development Act, NMSA 1978 §§ 5-10-1 through 5-10-13 (2007) ("LEDA"), is to provide "public support for economic development to foster, promote and enhance local economic development efforts...;" and

WHEREAS, the City has adopted LEDA by Ordinance No. 2697, which established the City's Economic Development Plan that promotes economic development within the City; and

WHEREAS, the City has adopted Ordinance No. _____ ("Ordinance") to approve the economic development project ("Project") to support the acquisition of real property to facilitate the expansion of the existing operations of Franco Whole Foods – Southwest, LLC ("FWFSW"); and

WHEREAS, the City has entered into a Local Economic Development Project Participation Agreement ("PPA") with FWFSW and, pursuant to the terms of that PPA, will provide a substantive contribution in exchange for the public contribution. A copy of the PPA and any amendments are attached hereto as Exhibit A; and

WHEREAS, EDD and the City desire to enter into this Agreement to facilitate disbursement of funds for the Project;

NOW THEREFORE, the Parties do hereby agree to the following terms and conditions to accomplish the Project.

SECTION 2. PURPOSE OF AGREEMENT:

The purpose of this Agreement is to place the primary responsibility on the City for overseeing and administering the appropriation for the Project. It is the intent of the Parties that EDD will transfer an amount not to exceed seventy-five thousand dollars ($75,000) from the appropriation to the City for expenditures made to implement the Project. The Parties agree that any and all State funds received will be accounted for by the City as the Fiscal Agent for EDD in accordance with the procedures the City will use to account for it own funds and property used to implement the project, or any properties acquired or developed by the City as a result of implementation of the Project will be used by the City for economic development purposes only.

SECTION 3. SCOPE OF WORK:

The City will act as Fiscal Agent for the appropriation supporting the Project. EDD will transfer an amount not to exceed seventy-five thousand dollars ($75,000) from the appropriation to the City for expenditures made to implement the Project, pursuant to Section 5-10-3(D) of LEDA. In exchange for the appropriation, FWFSW will create 50

jobs at its Las Cruces location during the two (2) years after the execution of this Agreement and maintain them for two (2) years thereafter. The City will review the project timeline and progress annually until the four-year anniversary of this Agreement or until it certifies to the City and EDD that the requisite substantive contribution has been provided.

EDD and the City agree that failure of FWFSW to make the required contribution will result in a violation of the terms and conditions of this Agreement. Such violation, after any cure period granted, will require that the City foreclose on the security interest. All the terms, conditions and requirements set forth under the PPA are incorporated into this Agreement by reference. Any funds recovered by the City pursuant to the PPA or this IGA shall be returned to EDD within 30 days.

SECTION 4. CITY OF LAS CRUCES RESPONSIBILITIES:

The City shall:

1. Submit all documentation supporting expenditures made to implement the Project in a format acceptable to EDD;
2. Notify EDD in writing of any default by FWFSW within 10 days of the event of default;
3. Serve as Fiscal Agent for the funds transferred to it under this Agreement;
4. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:
    a. Account for receipts and disbursements of reimbursed funds;
    b. Provide EDD with the required financial documentation pertaining to this disbursement;

c. Submit all required and reasonably requested documentation to EDD including the endorsed LEDA Ordinance approved by the City Council accepting the Project as a qualifying entity for LEDA, with the accompanying endorsed Project Application and PPA entered into by the City and Accurate, a fully executed copy of the security interest, and copies of invoices and other documentation as required by EDD within the time required; and

5. Not impose any obligations on EDD with respect to the administration of this Project, other than the reimbursement of funds described in this Agreement; and

6. Monitor job creation by FWFSW and report the number of jobs created twice yearly to EDD for a period of three years following completion of the Project. Job reports shall include a copy of FORM-903 provided by FWFSW to the City, on file with the New Mexico Department of Workforce Solutions.

The Parties shall create a schedule listing all such time limits which shall then be appended to this Agreement and thereupon incorporated into this Agreement and made a part hereof by this reference as though set forth in full.

SECTION 5. CITY CERTIFICATIONS:

As Fiscal Agent, the City hereby assures and certifies that:

1. It will comply with all applicable State laws, regulations, policies, guidelines and requirements with respect to the acceptance and use of State funds;

2. It has the legal authority to receive and expend the funds;
3. It will enforce the provisions of Ordinance No. _____ approving the Project;
4. It has exercised due diligence in certifying that the Project is a viable economic development initiative with potential long term economic development benefits;
5. It will provide EDD all documentation and references to expertise it has relied upon in approving this Project upon receipt thereof or reliance thereupon and copies of all reports and documentation it receives from Accurate;
5. It has entered into a PPA and has obtained all financial documentation necessary to protect the City's and the State's investments in this project;
6. It shall not at any time during the life of this Agreement convert any property acquired or developed pursuant to this Agreement to uses other than those within the Project description as defined in Section 2 - Purpose of Agreement and Section 3 - Scope of Work stated above;
7. It will notify EDD of any default within 10 days of the event of default. Further, the City shall provide the opportunity for any default to be cured by the Companies in accordance with the PPA prior to termination thereof.
8. No member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one

(1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The City shall incorporate in all contracts or subcontracts a provision prohibiting such interest pursuant to this certification; and

10. It has complied with Article IX, Section 14 of the New Mexico Constitution, known as the "anti-donation clause."

SECTION 6. EDD RESPONSIBILITIES:

EDD shall:

1. Transfer an amount not to exceed seventy-five thousand dollars ($75,000) from the appropriation to the City for expenditures made to implement the Project; and
2. At its discretion, review and audit the Project if it is deemed to be necessary or desirable.

SECTION 7. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate when FWFSW documents that the required substantive contribution has been provided.

SECTION 8. LIABILITY:

No party shall be responsible for liability incurred as a result of the other party's acts or omissions. Any liability incurred in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1, et seq. The Parties may agree to reimburse one another under these liability

provisions, subject to sufficient appropriation by the New Mexico Legislature or sufficient funds being available to the Party, as determined by the Party responsible for payment.

SECTION 9. DISPOSITION OF PROPERTY; RECORDS; RETURN OF SURPLUS FUNDS:

1. Property purchased under this Agreement for the Project shall remain with the purchasing Party unless otherwise agreed upon.
2. The City shall keep such records as will fully disclose the amount and disposition of the total funds from all sources budgeted for the Project, the purposes for which such funds were used, and such other records as EDD may require.
3. If, upon the expiration of the Project or the termination date of this Agreement, any surplus funds are possessed by the City, the City shall return said funds to EDD for disposition in accordance with law.

SECTION 10. STRICT ACCOUNTABILITY:

The City shall be strictly accountable for receipts and disbursements relating hereto and shall make all relevant financial records available to EDD and the New Mexico State Auditor quarterly or upon request, and shall maintain all such records for a period of six (6) years following completion of all the records and any audits.

SECTION 11. REPORTS:

The City shall submit bi-annual reports in May and November of each year during the life of this Agreement to EDD respecting direct and indirect job creation and retention attributable to the State appropriation and a Final Report EDD on or before the termination of this Agreement. The Final Report shall contain a description of work

accomplished, the methods and procedures used, a detailed budget breakdown of expenditures, a description of any problems or delays encountered and the reasons therefore, and such other information as may be requested by EDD.

SECTION 12. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to a Party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. Mail, either first class or certified, return receipt requested, postage prepaid, as follows. The Parties hereby designate the individuals named below as their representative responsible for overall administration of this Agreement.

To EDD:
Juan Torres
Financial Development Team Leader
Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505
juan.torres@state.nm.us

To the City:
Gary Camarano
Economic Development Coordinator
City Hall
700 North Main St.
Suite 3300
Las Cruces, NM 88001
gcamarano@las-cruces.org

SECTION 13. AMENDMENTS:

This Agreement shall not be altered, changed, or amended, except by instrument in writing executed by all of the Parties hereto.

SECTION 14. GOVERNING LAW:

This Agreement shall be governed by the laws of the State of New Mexico.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the last date of signature below,

CITY OF LAS CRUCES, NEW MEXICO

By: _____

Its: _____

Date: _____

APPROVED AS TO FORM

By: _____

Attorney for the City of Las Cruces

ECONOMIC DEVELOPMENT DEPARTMENT

By: _____

Jon Barela

Its: Cabinet Secretary

Date: _____

By: _____

Wade Jackson

Its: General Counsel, certifying legal sufficiency

April 8, 2014

Mr. Tomas Ray
CertoPlast
2013 Shadowridge Drive
El Paso, TX 79938

RE: CertoPlast

Dear Mr. Ray:

Thank you for your interest in locating your company to Las Cruces, NM. The City of Las Cruces is excited to welcome you as a new member of our business community and assist in any way possible to help your business grow and succeed here.

In order to demonstrate our commitment to your project, and combined with the commitments by the State of New Mexico, we are prepared to offer to CertoPlast the following Local Economic Development Act (LEDA) funding from the City of Las Cruces:

- $75,000 in LEDA funding to be granted to CertoPlast upon the approval by our City Council.
- As City Manager, I can pledge $50,000 in LEDA funding to CertoPlast on a very quick timeline. I am further willing to expedite a request to our city council for the remaining $25,000.

In order to receive the above LEDA funding, CertoPlast will need to commit to the following job creation criteria over its first five years of operations with in Las Cruces, NM:

- A total of 50 jobs will be created at the Las Cruces, NM facility by the end of CertoPlast's 3rd full year of operation.
- CertoPlast will need to maintain 50 full time jobs for two full consecutive years thereafter at this same facility.
- At the end of this five-year period if both conditions have been met at all times during the first five years then we will remove the claw-back provisions of our LEDA agreement.
- We will require a security for the value of the funding we are proposing. This will need to be by a bond or other suitable financial instrument.

If CertoPlast does not achieve the job creation goals outline above for the five year period outlined above, it agrees to the following terms:

- The Company shall revert any percentage of LEDA investments for the percentage of jobs that were not created.

- For example: If the company only meets 90% of these job creation goals, then 10% of LEDA commitments will be paid back, if the company only meets 80% of these job creation goals than 20% of LEDA commitments will be paid back and so forth.

This is a general outline of our commitment, which would be converted to a formal agreement if you want to proceed. Once again, we are excited that you have chosen Las Cruces, NM for your new plant location, and will do everything possible to ensure its success.

Sincerely,

Robert L. Garza, PE
City Manager

NEW MEXICO
ECONOMIC
DEVELOPMENT DEPARTMENT

LEDA- Capital Outlay

PROJECT APPLICATION

CertoPlast

APPLICANT INFORMATION

Legal Name	Certoplast North America Inc.
Trade Name (dba)	Certoplast
Project Name if different from above	Project Duct Tape
Address	1900 West Loop S #880
City, State, Zip	Houston, TX 77027
Phone	+1 832 354 1244
Fax	575-524-2264
Primary Contact Person	Tomás Rey - +19154946164
Federal Tax ID #	90-0929679
NM State Tax and Rev. #	CRS: 03-300894-00-9
City/County Business License #	4916697
NAICS Code	423120
This business is organized as a:	x_C-Corporation __S-Corporation __LLC __Partnership __Proprietorship

Please attach copies of:

___X____ Incorporation Papers

_____ By-laws (Working on getting them to you)

___X____ Resumes of all principals (owners, partners, directors or officers)

A) Project Information:

A1. Description of Proposed Development, its product and its timeline.

The key purpose of this project is to localization of the production of our productions in the NAFTA region.

Our products are specialty adhesive tapes for the bundling and protection of wireharnesses mainly in the automotive industry. The scope of our production is the coating of a carrier material and the slitting into roles of adhesive tape.

By November 2014 we want to start the slitting operation in the NAFTA region. By end of Q 2 2015 we want to have full production capabilities established.

A2. Provide a detailed scope of work that is specific to the funding request/award

The preferred location for localizing the production in Las Cruces, Dona Ana County is an existing facility, which we are planning to lease, which an option to buy within two years.

In order to make the facility ready for our operation several modifications/build-outs need to be done (key-topics, planning not yet finalized):

- Lighting upgrade (55k USD)
- Foundation for cranes 21.5k USD (Install only)
- Cranes 1500 lb. 2 ea Jib Cranes 17.5k USD (Fixed to Steel and anchored to 4ea 6foot deep Foundations) not moveable
- Electricity distribution to machine positions 15k USD
- Climate control of quality laboratory 17.5 USD

A3. Business Plan or detailed information such as:

- Executive Summary;
- Business description and history

certoplast Vorwerk & Sohn GmbH is a producer of speciality adhesive tape. The focus lies on adhesive tapes to bundle and protect wire harnesses mainly for the automotive industry. Vorwerk & Sohn started the production of cloth tape for insulation of cables in the 1920s. In 1991 certoplast Vorwerk & Sohn GmbH was spun out of Vorwerk & Sohn and Peter Rambusch entered the company as associate and manageing director. Since then certoplast Vorwerk & Sohn has focused its efforts on improving its ability to serve the automotive industry.

For this reason a subsidiary was founded in Suzhou, China in 2004. Thus today, certoplast Vorwerk & Sohn GmbH is the only company in its sector that has fully equipped productions sites in more than one mayor automotive region/continent.

- Infrastructure Development/Needs

N/A

- Market analysis and strategy

The NAFTA automotive market is among the top two markets for cars and light trucks together with China. Currently we are substantially underrepresented in this market measured by turnover per produced car compared to Europe and China. All global top ten wire harness producer are present in the NAFTA market. The majority of their production sites for the NAFTA market – our direct customers are located in Mexico. By localizing production in the NAFTA region we will be able to provide our customers a more reliable and flexible service contributing to reducing the risk profile of their supply chains.

- Summary of competition

There are six main competitors in the market located in Germany, China, Japan and Korea. None of them has currently a production site in the NAFTA region.

- Tax Reporting Status

?

- Effect on Existing Industry and Commerce during and after Construction

?

- Land Acquisition

The primary goal is to lease an existing facility with the option to buy after 2-3 years once the operation will have been fully established. The target size of the building is 30.000 to 40.000 sqft with ~ 2000 sqft of office/laboratory space. For further expansion available land next to the primary site is required. A suitable object has been identified in Las Cruces and negotiations are progressing well.

- Local Purchasing

Raw material for the production is not available in the US and will have to be imported. All other materials and services such as auxiliary materials/items, services such as electrical or

mechanical maintenance, IT hardware and support will be sourced locally (availability permitting).

- Water Conservation

There is only minimal water used and consumed in the process. The use of water is limited to closed loop cooling. Thus, there is no waste water. The process does not produce any other liquid waste.

- Relocation of Individuals or Businesses

Our HR strategy is to recruit our employees locally, if available. Transferring employees from other sites is only a contingency plan to quickly start operations.

- Construction Schedule

Electrical Lighting (Attachment A)

- Target Close Date: Completed
- General Contract Signed:8/10/14
- Construction Start:8/18/14
- Construction End: 9/20/14
- New Facility Operational Date: 1/30/15

JIB CRANES (Attachment B)

- Target Close Date: 12/15/14
- General Contract Signed:10/29/14
- Construction Start: 11/25/14
- Construction End: 12/15/14
- New Facility Operational Date: 1/30/14

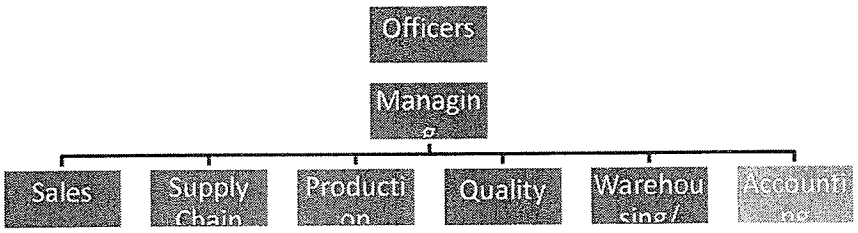
Kaiser Compressor systems (Attachment C)

- Target Close Date: 11/30/14
- General Contract Signed: 10/8/14
- Construction Start: 12/5/14
- Construction End: 12/27/14
- New Facility Operational Date: 1/30/14

The lease agreement closed on May 16, 2014. (Attachment D) The operation in the new facility will ramp up in three steps. Warehousing, slitting of roles from coating jumbo roles that will

be imported from one of the two sites and adding coating capabilities to the North American site.
The target for the start of the warehouse operation is the end of Q3 of 2014. The target for the start of the slitting operation is end of Q4 2014 and the target for starting the coating operation is end of Q2 in 2015.

- Operations plan; Organizational chart



- Any document or record that the local governing body, in its sole discretion, deems necessary.

B) Financial Information

B1. Detailed assumptions for business and proposed projects; pro---forma cash flow analysis; three year projected income statements, whichever is applicable
Based on existing contracts certoplast North America will have at least revenues of $ 6 Mio. within 24 month from start of operation. The operational Break-Even for the corresponding operation at the preferred location in Las Cruces NM is estimated to be between $ 5.5 Mio. and $ 6 Mio. Correspondingly, we are expecting to run the operation profitably from year 3 on.
As the project is strategic in its nature we do not expect a full project payback before year 7 of the engagement.
B2. Financial statements with independent audits, if available, or Tax returns, for the past three years.
N.A. We have no US entity before this one. I will get a proforma
B3. City/County business license number/proof or statement that registration will pursued or secured.
TBD
B4. Does the amount requested reasonably represent the money needed to complete the project?
It closes the disadvantage compared to other locations outside of New Mexico.
B5. If a gap exists, please define/explain options being pursued or solution to fund that gap.
N.A.
B6. Provide schedule of funding commitments. Provide copies of any term/commitment letters
N.A.
B7. What is the equity investment from the applicant?
TBD – 100% of funding will come from the parent company. The distribution between equity and loans is not finalized yet.
B8. What is the collateral/security to be pledged to the funds awarded?
Guaranty of the parent company Surety Bond in the amount of 150k USD
B9. What is the method of appraisal for stated security?
N.A.

Funding Type	Source	Amount
Equity Investment	Certoplast Vorwerk & Sohn GmbH	Tbd – together with other loans approx. 5 mio. $ over 5 years
City funding	NM State	$ 150.000 for build outs
Bank Loans	0	
Cash down and % it represents of the total project costs	Tbd	
Other Loans	certoplast Vorwerk & Sohn GmbH	Tbd – together with other loans approx. 5 mio. $ over 5 years
Other Sources	0	
	TOTAL	Approx. 5 mio. $ over 5 years

C) History and Background

C1. Track record with projects of this type?
Certoplast Vorwerk & Sohn GmbH built up a wholly owned subsidiary in China with the same scope of operation. The subsidiary is now among the top 2 companies in our segment in the Chinese market.
C2. Explain the commitment to build, operate, manage the project?
?
C3. Any officers ever filed for bankruptcy?
No
C4. List Current officers and directors
Peter Jürgen Rambusch
Dr. René Volker Rambusch
C5. Applicant or any of its officers ever defaulted on any loans or financial obligation?
No
C6. Does the applicant have any loans or other financial obligations on which payments are not current?
No

D) Community Aspects

D1. What are the infrastructure needs at the community level, not yet in place or in process that will affect this project's application?
N.A.
D2. What specific incentives are being REQUESTED from the COMMUNITY (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

Property Tax Abatements YES: 3 years
Infrastructure Improvement_____
Tax Increment Financing_____
Grey Water_____

Industrial Revenue Bonds _____
Access to Loan Funds _____
Public Improvement Districts _____
Other Customized Incentives _____

Other _____ Waiver of FTZ operators fee for 2nd and 3rd year

D3. What specific incentives are being PROVIDED from the COMMUNITY (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

E) Job Creation/Performance

E1. Outline the number and types of jobs to be created.
E2. Outline the proposed pay scale and payroll proposed by the entity
E3. Outline the benefits offered to the employees, including but not limited to health care and retirement?
E4. Outline any efforts being made or proposed by the applicant to employment opportunities to people within the local employment pool

SAMPLE			Number of Jobs Created	
Job Title or Type	Estimated Pay Scale (annual in $)	At Start-up	End of Year 2	End of Year 3
Production				
Skilled				
Production Management	74.000,00		1,00	1
Process Planning	45.000,00		-	1
Maintenance	38.666,67	1	2,00	3
Semi-skilled			-	0
Machine Operators, Skilled	25.933,33	1	6,00	9
Quality Control Workers	25.000,00	1	2,00	2
Unskilled			-	0
Production Workers, other	16.500,00	2	12,00	18
Warehouse Workers	18.666,67	1	5,00	6
			-	0
Administraiton			-	0
Executive			-	0
CEO	100000-150000	1	1,00	1
Management			-	0
Sales Manager	45.000,00		2,00	2
Office			-	0
Accounting & Bookkeeping	34.500,00		1,00	2
HR Manager	50.000,00		1,00	1

SAMPLE			Number of Jobs Created	
Job Title or Type	Estimated Pay Scale (annual in $)	At Start-up	End of Year 2	End of Year 3
Purchasing	48.000,00		1,00	1
Sales	59.000,00		2,00	2
Assistance	37.000,00	1	1,00	1
		Total No. of Jobs Created	37	50
		Total Estimated Payroll	1,150,000	1,460,000

Please indicate in the above chart which jobs will be:

- Fill locally (L)
- Fill by transfer from other facilities or recruit from outside the COMMUNITY (T) or (R)

Target is to fill all positions locally (if skill-set is available) except for the Managing Director, who will be from a neighboring community.

F) Impacts (environmental, fiscal, economic, etc.)

F1. Outline any impacts to the environment
Process does not have emissions, water is only used as cooling water in a closed loop and the amount of other process waste is limited:
- Scrap of carrier material 100% Polyester
- Residue of hot melt adhesive (acrylic polymer based or styrene-isoprene polymer based)
- Scrap of semiproduct of adhesive tape material (Polyester coated with either above mentioned hotmelt adhesive),
- Packing material
- Scrap of process interliner
- Residue of cleaning agents (partly solvents based or pure solvents)

First five elements of the resulting scrap can be either incinerated or landfilled
Sixth element can be incinerated

F2. Status of permitting/regulatory matters needed for project: Permits are already applied for through the City of Las Cruces Electrical Planning Division

CBP meeting with Port Director to be held 3 November 2014 for activation purposes and permitting

F3. By request, NMEDD can provide the Economic Impact Analysis to address the impact to the local tax base, the school system, etc.) ____Yes _____No

Commented [AG1]: EDD will compile. Requested Data sheet completion. 1/7/15

Any supplemental documents that are submitted to support the application are to be included with this application and noted as "exhibit 1, 2" etc.

A review of the application and its contents will be done; applicant will be advised of any missing or supplemental information needed.

ATTACHMENT A ORDERED

B & M Machinery Co.
7170 Copperqueen Dr.
El Paso, TX 79915
Phone: 915-772-9007 / Fax: 915-772-3357

Invoice

Invoice No.: 4002389
Invoice Date: 09/25/14
Page: 1

Sold To:
Customer Number: 104615
CERTOPLAST NORTH AMERICA INC.
1900 WEST LOOP S #880
HOUSTON, TX 77027

Ship To:
Ship To Number: 000001
CERTOPLAST NORTH AMERICA INC
9030 ADVANCEMENT AVE
LAS CRUCES, NM 88007

Order Order Date Sales Code Ship Date Ship Via Terms
E-J402170 08/18/14 100 09/25/14 NET 30 DAYS
Customer PO: PO Release: Misc Number:
Line Order Ship B/O Item #/Description/Notes Unit Price Extension
SUPPLY & INSTALL 90 HI BAY FIXTURES,
INSTALL 480V, 240V PANEL & TRANSFORMER.
1.0 1.0 0.0 ELECTRICAL LABOR & MATERIALS $28671.00 $28,671.00
1.0 1.0 0.0 LOT COMPONENTS FOR RACKS FOR PHASE 1 INCLUDE $15687.04 $15,687.04
80.0 80.0 0.0 16 FOOT BY 42 INCH DEEP 18K LBS CAPACITY UPRIGHTS
0.0 0.0 0.0 12 FOOT BY 42 INCH DEEP 15.7K LBS CAPACITY UPRIGHTS
288.0 288.0 0.0 96 INCH 4L LBS CAPACITY RACK BEAMS
80.0 80.0 0.0 12 INCH SPACERS
4.0 4.0 0.0 8 FOOT COLUMN PROTECTORS
192.0 192.0 0.0 ANCHOR BOLT KITS
1.0 1.0 0.0 FREIGHT CHARGE $2076.10 $2,076.10
1.0 1.0 0.0 INSTALLATION OF COMPONENTS QUOTED AND INCLUDE $5212.50 $5,212.50
LABOR, RENTAL EQUIPMENT AND BE AVAILABLE TO OFFLOAD
COMPONENTS ON SCHEDULED ARRIVAL

Sub Total 51,646.64
Discount .00
Tax 2,646.89
Freight .00
Total 54,293.53

ATTACHMENT B ORDERED

REV 2014 0324

QUOTATION
Electrical

B & M MACHINERY CO.

Supply & Service
to Industry

7170 Copperqueen
El Paso, TX, 79915
Ph: (915) 772-9007 Fax: 778-6507

TO: ***Certoplast*** **No.** **2060-S** Please indicate this no. when ordering

Date: ***9030 Advancement Las Cruces N.M.*** *7/15/2014*

Terms: *Net 30 days*

Your Inquiry No.

ATTN:

F.O.B Point: ***Tomas Rey***

Salesman: Rick Hartley

Item #	Description	Unit Price	Amount
Thank you for requesting the following:			
1)	*Supply labor, materials, and rental equipment to saw cut, excavate, and pour (2) 6'x6'x4' deep concrete footings for (2) 1/2 ton jib cranes.*		
2)	*Assemble, level, and grout jib cranes.*		
3)	*Electrical installation of (1) 30A circuit from 480V panel board to (2) 30A service disconnects with 15A fuses. We will use customer supplied disconnects. Supply and install (1) 480V 15A circuit from disconnect to a ceiling mounted J-box above each jib crane. Drop down to jib crane with s.o. cord.*		
4)	*Load test and certify jib crane and hoist on completion.*		

Customer to supply jib crane, hoist , and hardware.
TOTAL LABOR AND MATERIALS ***21,427.00$***
PLUS TAX IF APPLICABLE
FREIGHT NOT INCLUDED

Notes:

1) *This quote is based on straight time which is an 8 hour day Monday thru Friday. Weekends and or holidays at an extra charge.*

2) *Price Of copper & steel in effect @ time of delivery*

This quote valid for *30* Days BY: Rick Hartley

ATTACHMENT C ORDERED

B&M MACHINERY CO.

QUOTE SUMMARY

Item Description Material QTY UM Unit price Total USD USD
10 SK 20 T 125 psi SCB TriVolt. US
101984.0 1.000 PC
$13,288.00
Model SK 20 T
Electrical connection 208/230/460V / 3 / 60Hz
Max. work.press. (g) [psi] 125.0 psi
Control version Sigma Control Basic
Wired 460V

30 **Particulate Filter KPF-100** USKPF100BF 1.000 PC
$ 485.00

40 **Oil Removal KOR-100** USKOR100BF 1.000 PC
$ 522.00

50 **KCF-50 Condensate Treatment System**
ANKCF50 1.000 PC
$ 777.00

60 **240 gal Vertical Tank 200 PSI**
ANTANK240 1.000 PC
$ 2,005.00

70 **Manometer GI.0-16/10 Ø63 G1/4A**
8.0139.0 1.000 PC
$ 122.00

80 **Safety valve 1/2NPT 155psi** AN820611 1.000 PC
$ 40.00

Quotation valid until
12/07/2014

Estimated delivery time: 1-2 weeks from order confirmation
ATTACHMENT D SIGNED

SIGNED LEASE DATED MAY 16 2014

(Attached to this email)

Economic Impact of Certoplast in Las Cruces, NM

Executive Summary

March 25, 2015

Prepared by:
Ndem Tazoh Tazifor
New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505

This summary was prepared by the New Mexico Economic Development Department using Total Impact by Impact DataSource. Please consult the full economic impact report for additional details and assumptions used in this analysis.

Disclaimer: These calculations use estimates and assumptions; actuals may be different. Neither this document nor the information contained herein, prepared for the Economic Development Department by a contract service provider, binds the State of New Mexico.

EXECUTIVE SUMMARY

Introduction

This report presents the results of an economic impact analysis performed using Total Impact™, a model developed by Impact DataSource. The report estimates the economic and fiscal impact that a proposed project may have on the state and local taxing districts. The report estimates the additional costs and benefits for the state and specified local taxing districts over the first 10 years.

City*	Las Cruces
County	Dona Ana County
School District	Las Cruces Public Schools
Special Taxing District	Special Taxing Districts

*The firm is located near the Las Cruces but in an unincorporated area of the county.

Description of the Project

CertoPlast is a German Company expanding its operations to Las Cruces, NM. The company manufactures adhesive tapes for automotive wire harnesses. The company will lease a building, and invest in capital outlay improvements, which will include a $75k LEDA capital outlay allocation. The company will initially hire 100 workers.

Summary of the Economic Impact of the Project

The project will have the following economic impact on the State of New Mexico over the first 10 years:

Economic Impact Over the First 10 Years	
Economic Output:	
Direct	$312,357,572
Indirect & Induced	$137,406,096
Total Economic Output	**$449,763,668**
Jobs:	
Direct	100
Indirect & Induced	143
Total Jobs	**243**
Workers' Earnings:	
Direct	$20,771,370
Indirect & Induced	$15,746,776
Total Workers' Earnings	**$36,518,146**
Market value of property on tax rolls in Year 1	
The Project's property	$150,000
New residential property constructed	$0
Total market value of new property	**$150,000**
Taxable Sales/Purchases	
The Project activities	$130,150,535
New direct and spin-off workers	$9,129,537
Visitors	$0
Total taxable sales and purchases	**$139,280,071**

The year-by-year economic impacts can be found in Appendix B.

EXECUTIVE SUMMARY

The project is not expected to result in a consequential increase in the state's population. A majority of newly hired employees would likely be current New Mexico residents. However, it is estimated that approximately 10% of the new workers may be new residents to Dona Ana County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Estimated Local Population Impacts Over the First 10 Years			
	Direct	Indirect & Induced	Total
Number of direct and indirect workers who may move to the County	12.0	11.0	23.0
Number of new residents in the County	32.8	30.0	62.8
Number of new residential properties that may be built in the County	0.5	0.5	1.0
Number of new students expected to attend local school district	5.9	5.4	11.3

Summary of the Fiscal Impact of the Project

The project will generate additional benefits and costs for the state and local taxing districts. A summary of the additional benefits, costs and net benefits is provided below. A discussion of the source of specific benefits and costs are provided in more detail for each taxing district on subsequent pages.

Net Benefits Over the First 10 Years for Local Taxing Districts and the State				
	Additional Benefits	Additional Costs*	Net Benefits	Present Value of Net Benefits**
State of New Mexico	$12,683,997	($884,987)	$11,799,010	$8,929,287
Las Cruces	$2,854,764	($260,812)	$2,593,952	$1,978,843
Dona Ana County	$1,712,785	($28,466)	$1,684,318	$1,288,183
Las Cruces Public Schools	$532,841	($212,651)	$320,190	$229,467
Special Taxing Districts	$1,917	$0	$1,917	$1,458
Total	**$17,786,304**	**($1,386,917)**	**$16,399,387**	**$12,427,238**

The project may result in local and state population impacts. Therefore, some additional costs are estimated for the state and local taxing districts. Additional costs represent the additional cost to provide state, municipal, county, or school district services to new residents, businesses or new school students. The calculation of costs are estimated based on recent budget expenditure information and the projected change in residents, employees and school students in the community. The Methodology section has additional information on these fiscal impact calculations.

** Additional costs were estimated for the state, city, county, and school district as the result of population changes and the provision of government services to new residents. The area population changes result from the portion of the new jobs being filled by workers moving to the area. A majority of the new jobs are expected to filled by current New Mexico residents so the project is expected to have a small effect on additional costs on a statewide basis.*

*** The Present Value of Net Benefits is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.*

EXECUTIVE SUMMARY

Benefits for the State of New Mexico

The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years . The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the state. Appendix C contains the year-by-year calculations.

State of New Mexico: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	$5,431,923	$0	$5,431,923
Property Taxes - Commercial/Industrial - Real	$571	$0	$571
Property Taxes - Commercial/Industrial - BPP	$89	$0	$89
Property Taxes - New Residential	$644	$0	$644
Personal Income Taxes	$1,161,277	$0	$1,161,277
Corporate Income Taxes	$3,836,447	$0	$3,836,447
Miscellaneous Taxes & User Fees	$2,253,047	$0	$2,253,047
Cost of Providing State Services	$0	($884,987)	($884,987)
Total	**$12,683,997**	**($884,987)**	**$11,799,010**

Gross receipts taxes are estimated on new taxable gross receipts resulting from the project. Property taxes are estimated on the firm's property and new residential property constructed. Personal income taxes are estimated based on an effective income tax rate and the earnings of new direct and indirect workers. Corporate income taxes on the direct activity is based on the net taxable income projected by the company. Corporate income taxes on the indirect activity is estimated on a per indirect worker basis and the observed statewide corporate income tax collections per worker.
To the extent that the project will result in an increase in new households in the state, additional miscellaneous taxes and user fees have been estimated for the state. Additionally, the costs to provide state services to these new households were also estimated based on recent state expenditure data as detailed in the Appendix.

Benefits and Costs for Las Cruces

The table below displays the estimated additional benefits, costs and net benefits to be received by the city over the first 10 years of the project.

Las Cruces: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	$2,591,060	$0	$2,591,060
Property Taxes - Commercial/Industrial - Real	$0	$0	$0
Property Taxes - Commercial/Industrial - BPP	$0	$0	$0
Property Taxes - New Residential	$3,219	$0	$3,219
Utility Revenue	$156,949	$0	$156,949
Utility Franchise Fees	$17,368	$0	$17,368
Lodgers Tax	$0	$0	$0
Building Permits and Fees	$0	$0	$0
Miscellaneous Taxes & User Fees	$86,168	$0	$86,168
Cost of Providing Municipal Services	$0	($103,863)	($103,863)
Cost of Providing Utility Services	$0	($156,949)	($156,949)
Total	**$2,854,764**	**($260,812)**	**$2,593,952**

EXECUTIVE SUMMARY

Benefits and Costs for Dona Ana County

The table below displays the estimated additional benefits, costs and net benefits to be received by the county over the first 10 years of the project.

Dona Ana County: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	$1,689,536	$0	$1,689,536
Property Taxes - Commercial/Industrial - Real	$5,010	$0	$5,010
Property Taxes - Commercial/Industrial - BPP	$780	$0	$780
Property Taxes - New Residential	$4,380	$0	$4,380
Building Permits and Fees	$0	$0	$0
Miscellaneous Taxes & User Fees	$13,079	$0	$13,079
Cost of Providing County Services	$0	($28,466)	($28,466)
Total	**$1,712,785**	**($28,466)**	**$1,684,318**

Benefits and Costs for Las Cruces Public Schools

The table below displays the estimated additional benefits, costs and net benefits to be received by the school district over the first 10 years of the project.

Las Cruces Public Schools: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Property Taxes - Commercial/Industrial - Real	$4,203	$0	$4,203
Property Taxes - Commercial/Industrial - BPP	$654	$0	$654
Property Taxes - New Residential	$0	$0	$0
Additional State Funding	$527,984	$0	$527,984
Cost of Educating New Students	$0	($212,651)	($212,651)
Total	**$532,841**	**($212,651)**	**$320,190**

Benefits and Costs for Special Taxing Districts

The table below displays the estimated additional benefits, costs and net benefits to be received by other special taxing districts over the first 10 years of the project.

Special Taxing Districts: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Property Taxes - Commercial/Industrial - Real	$839	$0	$839
Property Taxes - Commercial/Industrial - BPP	$131	$0	$131
Property Taxes - New Residential	$947	$0	$947
Total	**$1,917**	**$0**	**$1,917**

EXECUTIVE SUMMARY

New Mexico Economic Development Department Notes

0