



City of Las Cruces[®]

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 9Ordinance/Resolution# 16-203For Meeting of _____
(Ordinance First Reading Date)For Meeting of April 18, 2016
(Adoption Date)

Please check box that applies to this item:

 QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION TO ESTABLISH A STRATEGY FOR THE DEVELOPMENT OF A SOUND STAGE IN LAS CRUCES AND TO ADVANCE THE EXPANSION OF THE LAS CRUCES CONVENTION CENTER.

PURPOSE(S) OF ACTION:

To establish a strategy.

COUNCIL DISTRICT: ALL		
<u>Drafter/Staff Contact:</u> Robert L. Garza, PE	<u>Department/Section:</u> Administration/Office of the City Manager	<u>Phone:</u> 541-2076
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City of Las Cruces (City) within its current Strategic Plan has established a goal of expanding economic development opportunities and job creation through the establishment and expansion of film and film related activities. There are many initiatives underway including a Memorandum of Understanding (MOU) with Film Las Cruces (FLC), acceptance and planned use of State legislative appropriations, strong desire for collaboration to develop a creative campus concept at New Mexico State University (NMSU), planning for the construction of a film sound stage, and dedication of Hold Harmless Gross Receipts Tax (HHGRT) bond funds.

FLC

FLC is a private not-for-profit group whose primary focus is to advocate for film development opportunities in Las Cruces. FLC's mission is to promote and develop the film and entertainment arts industries in Doña Ana County, including a film office, film liaison staff, production infrastructure, trained film and entertainment arts production workforce, and educational training. They are in the first year of a projected three-year relationship per the approved MOU.

State Legislative Appropriations

State Representative Jeff Steinborn has been an advocate for the film development programs in southern New Mexico and has worked with his legislative colleagues to appropriate almost \$1

(Continue on additional sheets as required)

million to help plan, design, and construct a film sound stage in Las Cruces. The funding has been allocated from two separate legislative cycles and is now available to put to its intended use. The State Department of Finance and Administration has timelines under which these funds must be used or they will be subject to a claw-back into State coffers. That timeline is three years for each allocation, which puts the expenditure timeline not to exceed the summer of 2018.

Collaboration with NMSU

Film education and development is not a new concept to NMSU. Through programs such as Creative Media Technology (CMT) (at Doña Ana Community College) and Creative Media Institute (CMI) (at the NMSU main campus), a great deal of expertise and passion for a full continuum of workforce training and development is in place. The City and other community partners have a strong desire to integrate their educational processes into a real-life work opportunity for their program graduates in several complementary areas of study.

HHGRT Dedication

The City has imposed increments of HHGRT that are earmarked for specific purposes, including economic development. In 2015, the City issued bonds to enable the first series of economic development projects that are intended to include a film sound stage, expansion of the Las Cruces Convention Center (LCCC), build-to-suit manufacturing or commercial buildings, and possible improvements at the Las Cruces International Airport. When municipal bonds are issued to the City, there are requirements to spend bond proceeds within a certain period of time. When the bonds were issued in 2015, one series of bonds was taxable and projected to be used for projects that would be occupied by private interests, such as a film sound stage or convention center addition. Proceeding as proposed will enable these bond funds to be put to productive use.

Sound Stage Document and Convention Center Planned Expansion

There are a number of elements to establishing a quality film sound stage; related size, scope, scale, location, operational plans, marketing programs, partnership agreements, and potentially equity partnerships if located on NMSU property. A business plan that illustrates the potential uses and investment returns must also be completed before ground can be broken and commitments are made by any of the potential partners. It will take additional time to properly accomplish these tasks; time that could cost the community in loss of momentum and economic enrichment, as well as loss of funding sources.

When the LCCC was originally constructed in 2010, its size was reduced from a planned 80,000 square feet to a more affordable 55,000 square feet. The kitchen and service corridors were developed to serve the full size center but much of the meeting space and expanded event space was scaled back due to this limited funding. The City has planned to undertake an expansion of the center to bring it to its original planned size and footprint and to do so in conjunction with a proposed adjacent hotel on NMSU property.

As a way to move forward to carefully consider all of the variables with the film sound stage and allow sufficient time to establish the final programming, as City Manager, I am recommending to the City Council the following approach to evaluating, programming, and developing the film infrastructure in Las Cruces. The plan has two phases.

Phase One

In the short-term, the development of final plans and cost estimates to enable the procurement of construction services to expand the LCCC to its fullest extent. This expansion would include several elements providing for more break-out rooms, a large exhibit hall, expansion of parking, and a new south facing front entrance. If planned correctly, the new exhibit hall can be constructed with sufficient ceiling height, other film friendly production amenities for film production and training (such as sound control enhancements), as well as small concert/event usage. If the City uses currently available HHGRT bond funds and the State legislative appropriations to undertake these improvements, the expansion will complete the convention space making it a more desirable location to book conventions while providing a large film ready space to begin to grow the private film development activity that is being sought by all parties.

Phase Two

As a way to clear the path for a long term film infrastructure development to include a stand-alone purpose built film sound stage, set aside \$5 million of HHGRT funds, equal to the currently anticipated \$5 million (\$1 million legislative and \$4 million City HHGRT bond) funding allocation. This approach will take the pressure off of a quick decision on the film sound stage while discussions continue to develop the best potential plan for the City and its partners. These set aside funds would not be bond funds and would not have any other time sensitive strings attached, which will enable the City Council to pursue a stand-alone film studio at the appropriate time.

This Resolution has been developed to provide a positive path forward while taking the pressure away from making a decision before all appropriate steps have been taken.

SUPPORT INFORMATION:

1. Resolution.

SOURCE OF FUNDING:

Is this action already budgeted? N/A	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____.
	No	<input checked="" type="checkbox"/>	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 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 approve the plan for a two phase film sound stage development and final plans to be developed for the LCCC expansion.
2. Vote "No"; this will result in deferred project development for both a film sound stage and the LCCC while also failing to use bonds issued for economic development activities.
3. Vote to "Amend"; the City Council can condition or otherwise direct changes to the proposed approach.

REFERENCE INFORMATION:

N/A



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COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of _____
 (Ordinance First Reading Date)

For Meeting of April 18, 2016
 (Adoption Date)

TITLE: A RESOLUTION TO ESTABLISH A STRATEGY FOR THE DEVELOPMENT OF A SOUND STAGE IN LAS CRUCES AND TO ADVANCE THE EXPANSION OF THE LAS CRUCES CONVENTION CENTER.

Purchasing Manager's Request to Contract (PMRC) {Required?} Yes No

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact		Ext. 2076	
Department Director			
Other			
Assistant City Manager /CAO Management & Budget Manager		Ext. 2100 Ext. 2107	4-6-2016 4-6-2016
Assistant City Manager/COO		Ext. 2271	4-7-16
City Attorney		Ext. 2128	7 April 2016
City Clerk		Ext. 2116	4-11-16

RESOLUTION NO. 16-203**A RESOLUTION TO ESTABLISH A STRATEGY FOR THE DEVELOPMENT OF A SOUND STAGE IN LAS CRUCES AND TO ADVANCE THE EXPANSION OF THE LAS CRUCES CONVENTION CENTER.**

The City Council is informed that:

WHEREAS, the City of Las Cruces' (City's) current Strategic Plan has established a goal of expanding economic development opportunities and job creation through the establishment and expansion of film and film related activities; and

WHEREAS, there are many initiatives underway including a Memorandum of Understanding (MOU) with Film Las Cruces (FLC), acceptance and planned use of State legislative appropriations, continued desire for collaboration to develop a creative campus at New Mexico State University (NMSU), planning for the construction of a film sound stage, and dedication of Hold Harmless Gross Receipts Tax (HHGRT) bond funds; and

WHEREAS, FLC, an established, private not-for-profit group, has a mission to promote and develop the film and entertainment arts industries in Doña Ana County, including a film office, film liaison staff, production infrastructure, trained film and entertainment arts production workforce, and educational training; and

WHEREAS, State Representative Jeff Steinborn, an advocate for film development in southern New Mexico, has been able to work with his legislative colleagues to appropriate almost \$1 million for a purpose built commercial film sound stage; and

WHEREAS, this proposed two phase sound stage development plan enables the City and FLC to stay invested in the film development arena while taking the necessary

time to conduct the appropriate due diligence and planning in the execution of the second phase; and

WHEREAS, the City is soliciting feedback from the film production industries in New Mexico to assess the demand and feasibility of successfully operating a film sound stage in Las Cruces; and

WHEREAS, the City is committed to constructing a dedicated purpose built film sound stage if the City's research and business planning indicate a likelihood of usage and beneficial community economic development; and

WHEREAS, in the short-term, the City Manager recommends the development of final plans and cost estimates to enable the procurement of construction services to expand the LCCC to its fullest extent, providing for more break-out rooms, a large exhibit hall, expansion of parking, and a new south facing front entrance; and

WHEREAS, if planned correctly, a new convention center exhibit hall could be constructed with sufficient ceiling height, other film production friendly amenities, as well as small concert/event usage and with use of currently available HHGRT bond funds and the State legislative appropriations to undertake these improvements, the expansion will complete the convention space making it a more desirable location to book conventions while providing a large film ready space for film production and training activity that is being sought by all parties.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT City Administration will be authorized to proceed with the development of

the LCCC expansion project to include a new exhibit hall capable of providing film development activities.

(II)

THAT any contracts for the LCCC expansion will be brought to the City Council for consideration of approval.

(III)

THAT funds in the amount of \$5 million for the future development of a stand-alone, purpose built, film sound stage will be set aside within the HHGRT Fund and also included in the Capital Improvement Plan.

(IV)

THAT 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)

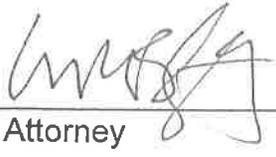
Moved by: _____

Seconded by: _____

VOTE:

- Mayor Miyagishima: _____
- Councillor Gandara: _____
- Councillor Smith: _____
- Councillor Pedroza: _____
- Councillor Eakman: _____
- Councillor Sorg: _____
- Councillor Levatino: _____

APPROVED AS TO FORM:



City Attorney