



# City of Las Cruces<sup>®</sup>

PEOPLE HELPING PEOPLE

## Council Action and Executive Summary

Item # 14Ordinance/Resolution# 16-214For Meeting of \_\_\_\_\_  
(Ordinance First Reading Date)For Meeting of May 2, 2016  
(Adoption Date)

Please check box that applies to this item:

 QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

**TITLE: A RESOLUTION AMENDING THE CITY'S ADOPTED FY2016 BUDGET TO COMMIT HOLD HARMLESS GROSS RECEIPTS TAX (HHGRT) FUNDS TO THE DEVELOPMENT OF THE AMADOR PROJECT AS A JOINT PROJECT BETWEEN THE CITY OF LAS CRUCES, THE CITY OF LAS CRUCES DOWNTOWN TAX INCREMENT DEVELOPMENT DISTRICT (TIDD), AND GMB DEVELOPMENT NM, LLC (GMB).**

### **PURPOSE(S) OF ACTION:**

Amend budget.

<b>COUNCIL DISTRICT: ALL</b>		
<b><u>Drafter/Staff Contact:</u></b> David Dollahon, AICP	<b><u>Department/Section:</u></b> Administration/Office of the City Manager	<b><u>Phone:</u></b> 541-2078
<b><u>City Manager Signature:</u></b>		

### **BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

The City of Las Cruces (City), in partnership with the TIDD, has received a real estate development proposal from GMB for the redevelopment of the Amador Hotel site. Included in the proposal is the removal of the non-historic portion of the Amador Hotel itself, the redevelopment of the remaining property and the acquisition and redevelopment of the adjacent "My Brother's Place" restaurant site. If approved and completed, the redeveloped site will contain the historic Amador Hotel (less the non-historic additions) to be used as an event space; a newly-constructed building to house the Las Cruces Convention and Visitors Bureau (CVB) offices and visitors center; and newly-constructed, privately-developed and operated full-service restaurants and/or lounges.

GMB, as the developer and through this project, will remove the non-historic portions of the Amador Hotel and construct all the new buildings that will ultimately be owned by the City. The project is being completed within the TIDD's authority. A joint project should be undertaken between the City, the TIDD, and GMB. A separate resolution of the TIDD Board was considered and approved at their regular board meeting of Monday, April 25, 2016 authorizing the joint

(Continue on additional sheets as required)

project and approving an agreement between the TIDD and GMB. The budget adjustment is necessary to facilitate the financing from the City to the TIDD that will in turn agree to terms with GMB for the project's completion. The total amount of the budget adjustment is an amount not to exceed \$6.5 million, inclusive of tax and scale wages, as applicable.

The City has imposed increments of Hold Harmless Gross Receipts Tax (HHGRT) that are earmarked for specific purposes, including economic development and primarily for specific projects (not City operating expenses). Based on available fund balance within the HHGRT funds (i.e. those portion of funds not committed to existing projects or for existing and planned debt service obligations), the City Council must authorize a budget adjustment granting expenditure authority and transfer to the TIDD. With the agreement between the TIDD and GMB, performance milestones will be established and the money placed in an escrow account. Once GMB meets said milestones, the TIDD, through their designated agent or representative (i.e. the City Manager or designee), authorization for reimbursement of expenses will be made from the escrow funds. The funds within the HHGRT will be reimbursed over the next three fiscal years from unrestricted TIDD revenues for an amount equal to one-half of the project's overall development cost or \$3.25 million. This reimbursement from future TIDD revenues to HHGRT is because of the project's overall positive impact to the TIDD in creating a re-developed site, establishing a new entrance to the southern end of the Downtown TIDD, and the generation of increased tax increment to the district in the long-term for both gross receipts and property tax.

The rest of the funds from HHGRT are a direct contribution to the project's development due to recognized, positive impact to the City's overall economic development efforts. The proceeds from future rents from the CVB building's lease and the privately-operated development on the property will be provided either to the HHGRT or the City's General Fund, under conditions and terms to be determined later and within City authority (i.e. not a matter involving the TIDD or GMB).

As an aside, any and all efforts related to the removal of the non-historic and restoration of the historic portions of the Amador Hotel will require the approval of the State of New Mexico Historic Preservation Division (HPD) that will be coordinated through City Facilities Management staff within the Public Works Department and GMB.

**SUPPORT INFORMATION:**

1. Resolution.
2. Exhibit "A", Budget Adjustment.
3. Attachment "A", draft TIDD Resolution of April 25, 2016 TIDD Board meeting.

**SOURCE OF FUNDING:**

<b>Is this action already budgeted?</b>	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" 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 checked="" type="checkbox"/>	Proposed funding is from fund balance in the 1500 Fund.
<b>Does this action create any revenue?</b>	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 n.

**BUDGET NARRATIVE**

Fund balance within the HHGRT (Fund 1500) will be authorized for expenditure and transfer to TIDD (Fund 2815) for an amount not to exceed \$6,500,000 to include applicable gross receipts tax and public wage decisions. Once deposited in the TIDD fund, the proceeds will be placed in escrow for use by GMB after completion of defined milestones and verified by City staff.

**FUND EXPENDITURE SUMMARY:**

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
TIDD Dedicated Revenue	28760010-722190	\$6,500,000	\$6,500,000*	\$0	N/A

\*Pending budget adjustment

**OPTIONS / ALTERNATIVES:**

1. Vote "Yes"; this will approve the budget adjustment to the FY2016 budget to authorize the expenditure of HHGRT funds for an amount not to exceed \$6.5 million and transfer to the TIDD fund for a joint project between the City, the TIDD, and GMB for the Amador Hotel site redevelopment.
2. Vote "No"; this will not approve the Resolution; no actions will be taken.
3. Vote "Modify"; this will require direction from the City Council to staff as to how to proceed with the financing for a joint project between the City, the TIDD, and GMB for the Amador Hotel site redevelopment.
4. Vote to "Table"; this will require direction from City Council to staff on how to proceed.

(Continue on additional sheets as required)

**REFERENCE INFORMATION:**

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

N/A

(Continue on additional sheets as required)

**RESOLUTION NO. 16-214**

**A RESOLUTION AMENDING THE CITY'S ADOPTED FY2016 BUDGET TO COMMIT HOLD HARMLESS GROSS RECEIPTS TAX (HHGRT) FUNDS TO THE DEVELOPMENT OF THE AMADOR PROJECT AS A JOINT PROJECT BETWEEN THE CITY OF LAS CRUCES, THE CITY OF LAS CRUCES DOWNTOWN TAX INCREMENT DEVELOPMENT DISTRICT (TIDD), AND GMB DEVELOPMENT NM, LLC (GMB).**

The City Council is informed that:

**WHEREAS**, the City of Las Cruces (City), in partnership with the TIDD, has received a real estate development proposal from GMB for the redevelopment of the Amador Hotel site; and

**WHEREAS**, GMB's proposal for the project includes the removal of the non-historic portion of the Amador Hotel itself, the redevelopment of the remaining Amador Hotel property and the acquisition and redevelopment of the adjacent "My Brother's Place" restaurant to create offices and visitors center for the Las Cruces Convention and Visitors Bureau (CVB), and to-be-privately-operated full-service restaurants and/or lounges in one or more buildings; and

**WHEREAS**, once completed, the Amador Hotel will remain and the newly constructed buildings will become the property of the City; and

**WHEREAS**, the project is being completed within the TIDD's authority and will be undertaken as a joint project between the City, the TIDD, and GMB and was approved by a separate TIDD Board resolution at their regular meeting of April 25, 2016; and

**WHEREAS**, the proposed budget adjustment is necessary to facilitate the financing from the City to the TIDD, that will in turn, agree to terms with GMB for the project's completion in a total budget amount not to exceed \$6.5 million, inclusive of tax and scale wages, as applicable; and

**WHEREAS**, the City has imposed increments of Hold Harmless Gross Receipts Tax (HHGRT) that are earmarked for specific purposes, including economic development and primarily for specific projects (i.e. not City operating expenses); and

**WHEREAS**, based on available fund balance within the HHGRT fund, the City Council must authorize a budget adjustment granting expenditure authority and transfer to the TIDD and under the terms of the agreement between the TIDD and GMB, performance milestones will be established and the monies placed in an escrow account for reimbursement to GMB upon milestone completion and verification by City staff; and

**WHEREAS**, one-half of the project's overall development cost, up to \$3.25 million, will be reimbursed to the HHGRT fund with unrestricted, planned revenue from the TIDD over the next three fiscal years (FY2017, FY2018 and FY2019) as the project will benefit the TIDD through the redeveloped site, establishment of a new entrance to the southern end of Downtown, and the generation of increased tax increment from gross receipts and property taxes; and

**WHEREAS**, the remaining \$3.25 million from HHGRT is a direct contribution to the project's development due to the recognized, positive impact to the City's overall economic development efforts; and

**WHEREAS**, the proceeds from future rents from the CVB building's lease and the privately-operated development on the property will be provided either to the HHGRT or the City's General Fund, under terms and conditions to be determined later and within City authority (i.e. not a matter involving the TIDD or GMB).

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

(I)

THAT the FY2016 budget is hereby adjusted as outlined in Exhibit "A", attached hereto and made part of this Resolution.

(II)

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

# CITY OF LAS CRUCES

## Fund Summary

**EXHIBIT "A"**

**Fund:** 1500  
**DFA:** 101

**Fund Name:** GROSS RECEIPTS TAX INCOME FUND  
**DFA Name:** General Fund

	2015-16 Budget			%
	Adopted	Adjustment	Amended	Inc. / Dec.
<b>Beginning Balance</b>	\$ 6,661,231	90	6,661,321	0.00%
<b>Resources</b>				
Revenue	\$ 7,933,738	0	7,933,738	0.00%
Proceeds	0	0	0	0.00%
Transfers In	0	0	0	0.00%
<b>Total Resources</b>	\$ 7,933,738	0	7,933,738	0.00%
<b>Expenditures</b>				
Salaries & Benefits	\$ 0	0	0	0.00%
Operating Costs	871,195	0	871,195	0.00%
Capital Outlay	7,300,000	(6,500,000)	800,000	-89.04%
Debt Service	3,000,000	0	3,000,000	0.00%
Grant / Projects	0	0	0	0.00%
Transfers Out	60,000	6,500,000	6,560,000	10833.33%
<b>Total Expenditures</b>	\$ 11,231,195	0	11,231,195	0.00%
<b>Ending Balance</b>	\$ 3,363,774	90	3,363,864	0.00%

**Fund:** 2815  
**DFA:** 299

**Fund Name:** TIDD DEDICATED REVENUES  
**DFA Name:** Other

	2015-16 Budget			%
	Adopted	Adjustment	Amended	Inc. / Dec.
<b>Beginning Balance</b>	\$ 5,404,916	(2,857)	5,402,059	-0.05%
<b>Resources</b>				
Revenue	\$ 2,544,170	0	2,544,170	0.00%
Proceeds	0	0	0	0.00%
Transfers In	0	6,500,000	6,500,000	0.00%
<b>Total Resources</b>	\$ 2,544,170	6,500,000	9,044,170	255.49%
<b>Expenditures</b>				
Salaries & Benefits	\$ 0	0	0	0.00%
Operating Costs	336,829	6,500,000	6,836,829	1929.76%
Capital Outlay	0	0	0	0.00%
Debt Service	0	0	0	0.00%
Grant / Projects	0	0	0	0.00%
Transfers Out	4,580,099	0	4,580,099	0.00%
<b>Total Expenditures</b>	\$ 4,916,928	6,500,000	11,416,928	132.20%
<b>Ending Balance</b>	\$ 3,032,158	(2,857)	3,029,301	-0.09%

**BUDGET ADJUSTMENT REQUEST (BAR)**

598

<u>Department and Section</u> ADMINISTRATION / OCM	<u>Permanent or Temporary</u>  Temporary	<u>Council/Board Resolution No.</u>
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**Justification for Request**

A RESOLUTION AMENDING THE CITY'S ADOPTED FY2016 BUDGET TO COMMIT HOLD HARMLESS GROSS RECEIPTS TAX (HHGRT) FUNDS TO THE DEVELOPMENT OF THE AMADOR PROJECT AS A JOINT PROJECT BETWEEN THE CITY OF LAS CRUCES, THE CITY OF LAS CRUCES DOWNTOWN TAX INCREMENT DEVELOPMENT DISTRICT, AND GMB, INC.

**MUNIS Comment:** AMADOR HOTEL PROJECT

<u>Prepared by</u> ERIKA JAQUEZ	<u>Phone No.</u> 541-2102	<u>FY to be Adjusted</u> FY 2016	<u>Date</u> 5/2/2016
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Fund	Org	Object	Project	Object Name	Increase \$	Decrease \$
1500	1500	952815		TRNFR TO TIDD	6,500,000	
1500	15100010	854320		INFRASTRUCTURE		6,500,000
2815	2815	921000		TRNFR FROM GENERAL FUND	6,500,000	
2815	28760010	722190		PURCHASED SERVICES GENERAL	6,500,000	
<b>Totals</b>					\$19,500,000	\$6,500,000

<i>By signing, I verify balances and accounts are available in MUNIS.</i>			<i>For use by Administration and Office of Mgmt &amp; Budget</i>		
<u>Administrator / Manager</u>	<u>Date</u>	<u>David Dollahon, ACM / CAO</u>	<u>Date</u>		
<u>Director</u>	<u>Date</u>	<u>Daniel Avila, ACM / COO</u>	<u>Date</u>		
<i>For use by Office of Mgmt &amp; Budget Revised 5/05/2015</i>					
<u>Budget Adjustment Number</u>	<u>Posted By</u>	<u>Date</u>			
<u>Period:</u>	<u>JE#</u>	<u>Budget and Grant Manager</u>	<u>Date</u>		

**TIDD BOARD RESOLUTION NO. 16-004**

**A RESOLUTION APPROVING A JOINT PROJECT BETWEEN THE CITY OF LAS CRUCES, THE CITY OF LAS CRUCES DOWNTOWN TAX INCREMENT DEVELOPMENT DISTRICT (TIDD), AND GMB, INC. FOR THE REDEVELOPMENT OF THE AMADOR HOTEL SITE, AMEND THE FY2016 TIDD BUDGET, AND AUTHORIZING THE EXECUTION OF THE ASSOCIATED DEVELOPMENT AGREEMENT BETWEEN THE CITY MANAGER, ON BEHALF OF THE TIDD, AND GMB, INC.**

The TIDD Board is informed that:

**WHEREAS**, the City of Las Cruces' (City), in partnership with the Las Cruces Downtown Tax Increment Development District (TIDD), has received a real estate development proposal from GMB, Inc. (GMB) for the redevelopment of the Amador Hotel site; and

**WHEREAS**, GMB's proposal for the project includes the removal of the non-historic portion of the Amador Hotel itself, and the redevelopment of the remaining Amador Hotel property and the acquisition and redevelopment of the adjacent "My Brother's Place" restaurant to create offices and visitors center for the Las Cruces Convention and Visitors Bureau (CVB) and to-be-privately-operated full-service restaurant, and/or lounges in one or more buildings; and

**WHEREAS**, once completed, the historic Amador Hotel will remain and the newly constructed buildings will become the property of the City; and

**WHEREAS**, the project is being completed within the TIDD's authority and will be undertaken as a joint project between the City, the TIDD, and GMB and is subject to the necessary Budget Adjustment for the FY2016 Budget for the project's financing as scheduled for City Council's consideration at their regular meeting of May 2, 2016; and

**WHEREAS**, the proposed budget adjustment is necessary to facilitate the financing from the City to the TIDD, that will in turn, agree to terms with GMB for the

project's completion in a total budget amount not to exceed \$6.5 million, inclusive of tax, and scale wages, as applicable; and

**WHEREAS**, the City has imposed increments of Hold Harmless Gross Receipts Tax (HHGRT) that are earmarked for specific purposes, including economic development and primarily for specific projects (i.e. not City operating expenses); and

**WHEREAS**, based on available fund balance within the HHGRT fund, the City Council must authorize a budget adjustment granting expenditure authority and transfer to the TIDD. The TIDD and GMB must approve an agreement for the completion of the Amador Hotel site's redevelopment; and

**WHEREAS**, one-half of the project's overall development cost, up to \$3.25 million, will be reimbursed to the HHGRT fund with unrestricted, planned revenue from the TIDD over the next three fiscal years (FY2017, FY2018 and FY2019) as the project will benefit the TIDD through the redeveloped site, establishment of a new entrance to the southern end of Downtown, and the generation of increased tax increment from gross receipts and property taxes; and

**WHEREAS**, the remaining \$3.25 million from HHGRT is a direct contribution to the project's development due to the recognized, positive impact to the City's overall economic development efforts; and

**WHEREAS**, the proceeds from future rents from the CVB building's lease and the privately-operated development on the property will be provided either to the HHGRT or the City's General Fund, under terms and conditions to be determined later and within City authority (i.e. not a matter involving the TIDD or GMB); and

**NOW, THEREFORE**, Be it resolved by the governing body of the City of Las Cruces Tax Increment Development District:

(I)

**THAT** the agreement between the TIDD and GMB, Inc. for the joint project with the City for the redevelopment of the Amador Hotel site, as shown in Exhibit "A," attached hereto and made part of this Resolution, are hereby approved.

(II)

**THAT** the City Manager is hereby authorized to negotiate the agreement between the TIDD and GMB on the TIDD's behalf, for the joint project with the City for the redevelopment of the Amador Hotel site.

(III)

**THAT** the FY2016 TIDD budget is hereby approved for amendment as shown in Exhibit "B," attached hereto and made part of this Resolution, subject to the City Council's approval of their budget adjustment resolution related to the joint project that is scheduled for consideration at their regular meeting of Monday, May 2, 2016.

(IV)

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

**DONE AND APPROVED** this 25 day of April 2016.

APPROVED:

\_\_\_\_\_  
TIDD Chair

ATTEST:

\_\_\_\_\_  
City Clerk

(SEAL)

VOTE:

Chair Miyagishima:  
Board Member Gandara: \_\_\_\_\_  
Board Member Smith: \_\_\_\_\_  
Board Member Pedroza: \_\_\_\_\_  
Board Member Eakman: \_\_\_\_\_  
Board Member Sorg: \_\_\_\_\_  
Board Member Levatino: \_\_\_\_\_

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney



# City of Las Cruces<sup>®</sup>

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## COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of \_\_\_\_\_  
(Ordinance First Reading Date)

For Meeting of May 2, 2016  
(Adoption Date)

**TITLE:** A RESOLUTION AMENDING THE CITY'S ADOPTED FY2016 BUDGET TO COMMIT HOLD HARMLESS GROSS RECEIPTS TAX (HHGRT) FUNDS TO THE DEVELOPMENT OF THE AMADOR PROJECT AS A JOINT PROJECT BETWEEN THE CITY OF LAS CRUCES, THE CITY OF LAS CRUCES DOWNTOWN TAX INCREMENT DEVELOPMENT DISTRICT (TIDD), AND GMB DEVELOPMENT NM, LLC (GMB).

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

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter		541-2078	4/9/2016
Department Director			
Management & Budget Manager		541-2107	4-19-2016
Assistant City Manager /CAO			
Assistant City Manager/COO			4-20-16
City Attorney		EXT 2128	21 April 2016
City Clerk		x2115	4-25-16