City of Las Cruces®
PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 16 Ordinance/Resolution# 17-095

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of November 7, 2016 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: A RESOLUTION TO AMEND RESOLUTION NO. 16-203 TO SEPARATE LAS CRUCES CONVENTION CENTER EXPANSION AND FILM STUDIO SOUND STAGE DEVELOPMENT PROJECT FUNDING.

PURPOSE(S) OF ACTION:

Approve separation of project funding.

COUNCIL DISTRICT: ALL		
Drafter/Staff Contact: Mandy Guss	**Department/Section:** Administration / Economic Development	**Phone:** 575-541-2286
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City's current Economic Development 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 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, planning for the construction of a film sound stage, and dedications of Hold Harmless Gross Receipts Tax bond funds.

FLC, an established, private, not-for-profit group, has a mission to promote and develop the film and entertainment arts industries in Dona Ana County, including a film office, film liaison staff, production infrastructure, trained film and entertainment arts production workforce, and educational training. State Representative Jeff Steinborn, an advocate for film development in southern New Mexico, has been able to work with legislative colleagues and appropriate almost $1 million for a purpose built commercial film sound stage.

Resolution No. 16-203 indicated that the Las Cruces Convention Center (LCCC) expansion will include space built to film industry standards. FLC has identified alternate locations for consideration to accommodate a film studio and sound stage in Las Cruces that will better serve

(Continue on additional sheets as required)

film related activity within their draft business plan. The City of Las Cruces Economic Development Committee has reviewed various options for a film studio and sound stage and is recommending that the City Council approve separating the LCCC expansion and film sound stage projects and reallocate the film sound stage funding for use at an alternate location.

SUPPORT INFORMATION:

1. Resolution.
2. Attachment "A", FLC Draft Business Plan.

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?			
	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 approve separating the funding for the film studio and sound stage development from the LCCC expansion project.
2. Vote "No"; this will not approve separating the funding for the film studio and sound stage development from the LCCC expansion project.
3. Vote to "Amend"; this action will require direction from City Council to staff.

(Continue on additional sheets as required)

4. Vote to "Table"; this action will result in a delay in film infrastructure development and a potential loss of State legislature appropriated funds for this project.

REFERENCE INFORMATION:

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

1. Resolution No. 16-203.

(Continue on additional sheets as required)

City of Las Cruces®
PEOPLE HELPING PEOPLE

COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of November 7, 2016 (Adoption Date)

TITLE: A RESOLUTION TO AMEND RESOLUTION NO. 16-203 TO SEPARATE LAS CRUCES CONVENTION CENTER EXPANSION AND FILM STUDIO SOUND STAGE DEVELOPMENT PROJECT FUNDING.

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

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact	Mandy Guss	541-2286	
Department Director			
Other		541-2100	
Assistant City Manager /CAO Management & Budget Manager	Audrey Ts M Villa	541-2042 541-20~~42~~85	10/28/16 10/28/16
Assistant City Manager/COO	Daniel Curle	541-2506	10/31/16
City Attorney	[illegible]	541-2128	31 OCT 2016
City Clerk		541-2116	

Rev. 8/2011

RESOLUTION NO. 17-095

A RESOLUTION TO AMEND RESOLUTION NO. 16-203 TO SEPARATE LAS CRUCES CONVENTION CENTER EXPANSION AND FILM STUDIO SOUND STAGE DEVELOPMENT PROJECT FUNDING.

The City Council is informed that:

WHEREAS, the City's current Economic Development 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 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, planning for the construction of a film sound stage, and dedications of Hold Harmless Gross Receipts Tax 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 Dona 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 legislative colleagues and appropriate almost $1 million for a purpose built commercial film sound stage; and

WHEREAS, Resolution No. 16-203 indicates that the Las Cruces Convention Center (LCCC) expansion will include space built to film industry standards; and

WHEREAS, FLC has identified alternate locations for consideration to accommodate a film studio and sound stage in Las Cruces that will better serve film related activity; and

WHEREAS, the City of Las Cruces Economic Development Committee has reviewed various options for a film studio and sound stage and is recommending that the City Council approved separating the LCCC expansion and film sound stage projects and reallocate the film sound stage funding for use at an alternate location.

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

(I)

THAT the portion of Resolution No. 16-203 directing that a new exhibit hall be built to film industry standards at the LCCC be rescinded/eliminated.

(II)

THAT City Administration is authorized to separate the LCCC expansion and film sound stage development projects.

(III)

THAT City Administration is authorized to reallocate Hold Harmless Gross Receipts Tax bond funding and approximately $1 million of State legislative appropriated funding from the LCCC expansion project to the purchase and renovation of a film soundstage property.

(IV)

THAT City Administration is authorized to negotiate the purchase of property and/or facility for the development of a film sound stage to film industry standards that generally meets, but is not limited to, the following conditions:

- 6 – 15 acre site,
- 40,000 – 100,000 square foot facility (or with ability to construct such facility),
- 20 – 40 foot ceiling height clearance for studio and sound stage space.

(V)

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)

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

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

ATTACHMENT "A"

LAS CRUCES FILM STUDIO

DRAFT BUSINESS PLAN 9/26/16

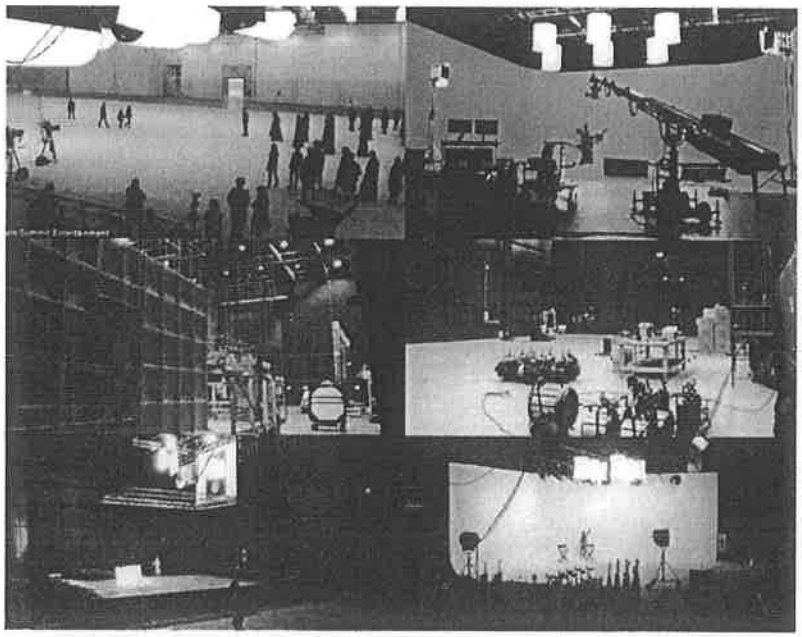
PREPARED FOR

FILM las CRUCES

Las Cruces Studios, Draft Business Plan 9/27/16

Table of Contents

1. **Executive Summary.....3**
2. **Business Description & Vision.....4**
3. **Definition of the Market.....8**
4. **Description of Products and Services.....11**
5. **Organization and Management.....13**
6. **Marketing and Sales Strategy.....12**
7. **Workforce Development Plan.....15**
   - **Workforce Development Plan**
   - **Workforce Development and Gap Analysis**
   - **Crew: Chain of Command**
8. **Financial Operations**
   a. **Capital Expenses.....19**
   b. **Revenues, Expenses and Cash Flow Projections..... 20**



Executive Summary

Film Las Cruces is working with the City of Las Cruces to establish a 74,000 square foot studio at 2100 S. Valley, Las Cruces New Mexico for the purpose of attracting film and entertainment arts production spending to Doña Ana County. This will create permanent film and emerging media industry jobs and increase gross receipts and lodgers tax revenue within Las Cruces and the region. Las Cruces Studios will also provide a key facility for helping to grow the film and emerging media economic cluster at the Arrowhead Center Creative Campus.

Income potential for the City of Las Cruces from the Las Cruces Film Studio will come from rental fees by productions and increased gross receipts and lodgers taxes. The studio will have low overhead during times that are not actively rented. A comprehensive analysis of the market indicates that the movie industry is strong in New Mexico due significantly to a nationally competitive film tax incentive program. The Las Cruces Studio will take advantage of the varied regional filming locations including two nearby military bases and three national monuments. The Las Cruces region possesses a greater number potential outdoor filming days than existing northern New Mexico film production zones and less chance of losing production time to inclement weather, compared to competing locations.

The City of Las Cruces will benefit from increases in tax revenue through generating studio rental income as well as Gross Receipts and Lodger's Taxes. This would generate at least $48,172 of city revenue per month rented from a major production, and an additional $360,000 of direct spending in the community. This project will also benefit the local economy by creating jobs and business opportunities for both existing and new businesses.

In addition the Las Cruces Studios will provide a needed workforce training environment for individuals and partner organizations including CMI, CMT, Arrowhead Center Creative Campus, and film unions. Film Las Cruces will work to facilitate expanded opportunities for mentoring and training to showcasing work through local special events.

Business Description and Vision

Mission Statement

The mission of Film Las Cruces (FLC) is to promote and develop the film and entertainment arts industries in Doña Ana County.

Vision

Las Cruces Studios is an entertainment arts production facility (studio) which creates industry and community jobs and production spending, generating additional gross receipts and lodgers taxes for the city of Las Cruces.

Highlights/Objectives of Film Las Cruces

- To employ a film liaison, focused on the development and promotion of the film and entertainment arts industries in Las Cruces.
- Promote and assist in the development of film and entertainment arts production infrastructure in Las Cruces and Doña Ana County
- Collaborate with regional academic institutions, professional film workforce development organizations and the community to develop and sustain a trained film entertainment arts workforce
- Develop and maintain a comprehensive location, crew and vendor support database
- Support community education about the film and entertainment arts industries
- Support local filmmakers

Objectives of Film Las Cruces Studio Project

- To establish critical filmmaking infrastructure in Las Cruces
- To attract film and entertainment arts productions to southern New Mexico
- To create permanent regional jobs locally, filling the needs of productions
- To bring production spending to Las Cruces and to increase gross receipts and lodgers taxes within the region

Board Members Film Las Cruces:

Jeff Steinborn-President (State Representative and Southern New Mexico Director for the New Mexico Wilderness Alliance)

Irene Oliver-Lewis-Vice-President (Theater Artist, Arts Advocate, Founder Alma d 'arte)

Amy Lanasa – Secretary (Director of NMSU Creative Media Institute –CMI)

Russ Smith – Treasurer (Chair, Project Main Street)

Matt Byrnes – Member (Chair of DACC Digital Imaging and Design Technology-CMT)

Cathie Fern – Member (Regional Director Service Corps of Retired Executives – SCORE)

Derek Fisher – Member (Associate Professor, NMSU CMI, Animation and Visual Effects

Pepper Gallegos – Member (Professional Makeup/Hair and Special Effects, Makeup Artist/IATSE* Local 480 Trustee)

Ilana Lapid – Member (Director / Professor, CMI)

Ross Marks – Member (Director / Professor, CMI, Executive Director of the Las Cruces Int. Film Festival)

Bill McCamey – Member (Special Effects, Film Maker)

Mark Medoff – Member (Director, Actor, Screenwriter, Playwright)

Rajeev Nirmalakhandan – Member (Director / Professor CMI)

Stephen Osborn – Member (Filmmaker, Photographer, Instructor CMT)

Mark Vasconcellos – Member (Actor, Director, Bigbask Productions)

Lamaia Vaughn – Member, (Professor, CMT)

Dan Williams – Member (Writer, Grip, CMT, IATSE* Union Member, Instructor CMI)

Joan Woodward – Member (Landscape Architect, Location Scout)

Ex-Officio Member

Scott Murray FLC Film Liaison, (Set Design and Construction, IATSE* Union Member)

Greg Smith-City of Las Cruces, Mayor Pro Tem

Gill Sorg-City of Las Cruces, City Counselor

Cruz Ramos – City of Las Cruces Economic Development Specialist

*IATSE-International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts

History

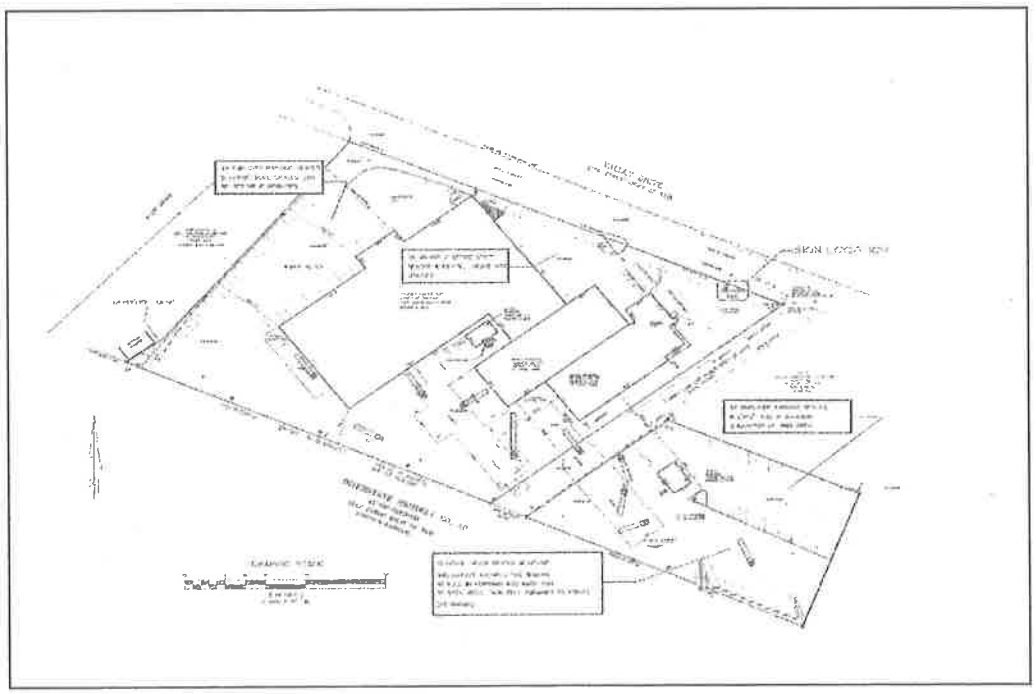
Film Las Cruces (FLC) was incorporated as a nonprofit organization in October 2015 and established an 18-person Board of Directors in December 2015. FLC's Board is comprised of film industry professionals, local and state elected officials, and educators who work with the focuses of economic development, film and entertainment arts. FLC focuses on promoting film, television and emerging media productions in Las Cruces New Mexico.

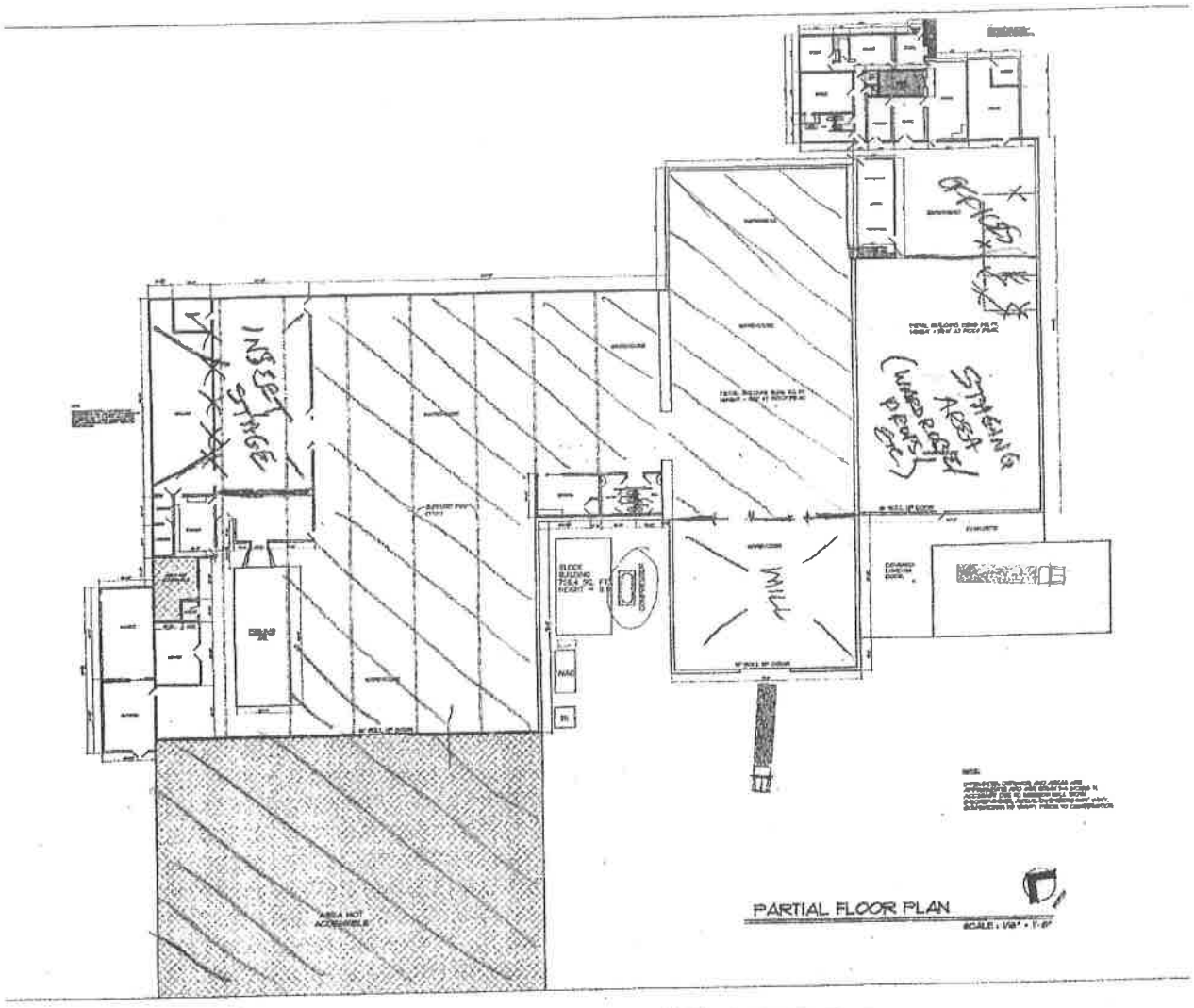
The organization has worked to help grow the industry in the southern part of the state and to identify key components necessary to be successful. Having educators and professionals on the board has helped to identify the key components necessary for the southern New Mexico film market. In partnership with the city of Las Cruces, the organization is working to facilitate bring film productions to Las Cruces. A key component of the plan is to create a state of the art film studio (soundstage) in Las Cruces.

Film Las Cruces has hired a full time film liaison, Scott Murray, who is an ex officio member of the board. This position is focused on the development and promotion of film and entertainment arts in Las Cruces as well as assisting in the development of the soundstage. The creation of a Las Cruces based studio will help production companies take advantage of the excellent year around weather and diverse filming locations, while helping to create jobs and to increase the gross receipts and lodgers' taxes for the city.

Business

This project began with the hiring of the Film Liaison for the City of Las Cruces. The next step will be the purchase of a studio location at 2100 S. Valley, Las Cruces. This location will host a flexible facility offering multiple soundstages, mill and offices. This rental space will have the primary purpose of bringing film and entertainment arts productions to the Las Cruces area.




INSERT STAGE
STAGING AREA (WARDROBE/ PROPS, ETC)
MILL
PARTIAL FLOOR PLAN

Definition of the Market

The Film and Entertainment Arts industry is big business in the United States and globally. New Mexico's Film Incentive Program captured some of this business in the past few years. In the last fiscal year, the film industry spent $387 million dollars in New Mexico, almost one hundred million more than the previous fiscal year. Forecasts predict that the film and entertainment arts industry will continue growing to over $679 billion U.S. dollars, nationwide, over the next four years. These types of studio jobs are projected to grow at 11 percent per year over the near term.

According to the 2014 New Mexico Film Industry Study an estimated 15,848 full-time jobs were created by the industry during the previous 5 year period from 2010 to 2014. These industry jobs were shown to pay higher than the state average.

In 2016, the City of Las Cruces shows within its current Strategic Plan, a goal of expanding economic development opportunities and job creation through the establishment and expansion of film and film related activities. On April 18, 2016, the City of Las Cruces passed a resolution to establish a strategy for the development of a soundstage in Las Cruces, in addition to the expansion of the Las Cruces Convention Center being completed and compatible with film industry productions. (See Item City of Las Cruces Resolution Number 16-203 attached).

Film in New Mexico has a long history, starting with, ***Indian Day School***, produced by the Edison Company and filmed at Isleta Pueblo in 1897. New Mexico continues to lead as one of the first states to launch a Film Incentive Program. The Incentive began in 2003, and today New Mexico boasts a 25 to 30 percent refundable or transferrable tax credit on qualifying in-state spending. A second program offered by the State of New Mexico is the Film Crew Advancement Program (FCAP), a crew training incentive. A rolling cap of $50 million becomes available in July of each year for filed claims. There is no production cap and no minimum spending requirement. The incentive is directed towards pre-productions, production and post-production of various projects. The New Mexico Film tax incentive program qualifying projects include feature films, short films, television, national/internet commercials (with proof of media buy), regional commercials (with more than one media buy), documentaries, video games, animation, webisodes, infomercials, music videos or mobile apps intended for commercial exploitation and exhibition. As of June 30, 2016, Fiscal Year 2016, Film production refunds totaled 74 claims for $48,967,943. (http://www.tax.newmexico.gov/tax-professionals/film-production-tax-credit.aspx)

The New Mexico Film Office works to encourage productions throughout New Mexico. Support is based on available production infrastructure, dynamic outdoor and indoor filming locations, as well as filming support vendor supplies available throughout the state.

Film creates diverse jobs, depending on the type and size of production. There may be over 150 individuals engaged in various roles to assist with the production. Positions fall within the following categories:

- ***Key Creative Team***: The directors, producers and writers of a production or project.

- ***Performing Artists***: The cast of the production, including main talent (e.g. actors), non-featured artists (e.g. voice-overs), stunt performers and background/extras.

□ ***Production Office***: Positions that assist the directors and producers and ensure the production is delivered on time and on budget. Also responsible for managing day to day operations.

□ ***Camera***: Technical positions related to composing shots and operating the camera during shooting.

□ ***Technical Trade Workers***: A wide range of positions in departments such as accounting, art, casting, construction, grip, hair and makeup, lighting, location, property ("props"), set, sound, special effects and wardrobe.

□ ***Post Production***: Positions that are involved once filming is complete and that assist with developing the final product. Includes post-production sound/music and visual effects.

□ ***Other Support Services***: Other positions that are hired to support the production, including positions related to transportation, catering, first aid, security and computer/information technology systems.

Potential Film Labor Market for Southwestern New Mexico

Current film industry spending is focused in New Mexico's central part of the state earning 73.1 percent of the market. (New Mexico Film Production Tax Incentive Study, Oct. 2015) Southwestern New Mexico currently has about .5 percent share of film shoot expenditures. When Las Cruces Studios is establishhed, we would anticipate a total of 10 percent of the market share in the first five years.

(http://www.nmfilm.com/uploads/files/Phase%202%20Final%20Report%20(October%205,%202015).pdf Table 14) This industry is a powerful economic development driver; it is a great opportunity for Las Cruces to join the movement to engage filmmakers and help them see the opportunity for year-round filming capability in southern New Mexico. The largest additional expenditure categories for film include spending on equipment rentals, lodging and accommodations, rolling equipment including trucks, trailers, cranes and other vehicles, food and catering services, and construction. These represent almost half of total spending on goods and services by production companies. While Las Cruces and Doña Ana County have a robust supplier base of services used by the film industry, (hotels, restaurants, hardware stores, etc), it will be necessary to train and develop companies specializing in a variety of services, from film equipment to transportation, will need to service our region. It is expected that over time, opportunities for new start-up local businesses will be created to service these niches.

Individuals and non-film related industries will benefit significantly by having productions spend within the region. Increased business to retailers, hotels, and catering are examples of how productions can produce financial return to a community. Between 2008 and 2013 the very successful tv show Breaking Bad spent more than $52.5 million of direct spending in the Albuquerque region. (http://www.newmexiconewsport.com/how-has-breaking-bad-affected-new-mexicos-economy/)

Target Clients for Las Cruces Studio

A general profile of the target client would include production companies, producers and scouts who are interested in a quality studio location and dedicated service at affordable cost. All this in a region that is climate friendly and provides a diverse setting for shooting in studio and outdoors in remote locations.

Southern New Mexico currently has about 0.5 percent share of film shoot spending. (Phase 2 Study NMTI). Since a soundstage/studio location is not present in these figures, we would anticipate a total of 10 percent of the market share within the first five years.

New Mexico Film Studios and Size

ABQ Studios	171,000 sq. ft.
I-25 Studios	136,331 sq. ft.
Santa Fe Studios	38,450 sq. ft.
Santa Fe University	24,200 sq. ft.
Las Cruces Studio	50,000 sq. ft.
The Studio, El Paso, TX	No actual Studio space, but they do
	Post production amenities and production equipment (grip gear)

Financial Analysis

Purchasing the building and land at 2100 S. Valley is estimated at $1,900,000. This former manufacturing and distribution facility has many aspects that make it useful for a film studio, but some additional capital improvements will be made at an estimated cost of $898,810. This would include sound conditioning, electrical upgrades, air chillers and lighting grids that will meet industry standards and create a flexible studio that can serve the needs of many types of productions.

Estimated Land and Building Purchase Price	$1,900,000
Capital Improvements	898,810
TOTAL PROPOSED CAPITAL ASSETS	2,798,810
3 Years Operating Costs	274,500
Total Requested	3,073,310
Less: State Funding	**- 957,000**
Net City Funding	**$2,116,310**

The City of Las Cruces will benefit from increases in tax revenue through generating studio rental income as well as Gross Receipts and Lodger's Taxes. This would generate at least $48,172 of revenue to the city per month rented from a major production, and an additional $360,000 of direct spending in the community. This project will also benefit the local economy by creating jobs and business opportunities for both existing and new businesses. According to the Phase 2 Study by New Mexico Film Office, "Spending on hotel accommodation can comprise a significant share of expenditures incurred by film and

television productions…it is estimated that Crew spending by100 persons for 15 nights at $60 per night would result in Lodgers Tax of 5 percent or $4,500 per month.

Potential Financial Benefit to City of Las Cruces				
	1 Month of Rental	6 Months of Rentals	12 Months of Rentals	60 Months of Rentals
Stage Rental	$36,000	$216,000	$432,000	$2,160,000
GRT@ 1.9375% on Stage Rental & Direct Spend	$ 7,672	$ 46,035	$ 92,070	$ 460,350
$10 + Local Direct Spending per Dollar of Stage Rental	$360,000	$2,160,000	$4,320,000	$21,600,000
Lodgers Tax - 5% (for 15 days)	$4,500	$27,000	$54,000	$270,000
Total Annual City Revenue	$48,172	$289,035	$578,070	$2,890,350

Description of Products and Services

Product

The Las Cruces Studio will provide the following facilities at 2100 S. Valley Drive, Las Cruces, New Mexico, 88005

- Studio with flexible 50,000 sq. ft. soundstages
- Studio with lighting grid and portable power
- Mill Space for set construction
- Business Office Space 7,500 square feet including 14.3' by 27.2' Reception area, five private offices and 30' x 31.5' (945 sq. ft) open space
- Wi-fi available throughout studio and office facility
- Meltric Power Distribution System 90 Amp/3 phase
- Secured Lot and Parking
- Truck access by 3 bay ramp with dock height.
- Additional access to facilities through roll up doors at ground level.
- Potential Green Screen Studio

Services

Film Liaison

Film Studio Manager

Database of Southern New Mexico film locations, vendors, talent, and related services.

Production and post production service including those eligible for the New Mexico film incentives.

Organization and Management

Organization Structure

Film Las Cruces will oversee this project with the support of the City of Las Cruces and the Las Cruces Film Liaison. The studio property will be purchased by the city under their procurement rules. The board of Film Las Cruces will help facilitate the remodel of the facility to meet current film industry standards.

A Request for Proposal for Management of the studio will be put out by the city of Las Cruces. This contracted entity will oversee the direction and operations of the facility working under the direction of Film Las Cruces. The facility manager will coordinate the needs of the production companies during pre-production, shooting and post-production, making sure the facility is back to rentable standards before the next occupant takes over.

No special licenses or permits will be necessary to open this soundstage studio location.

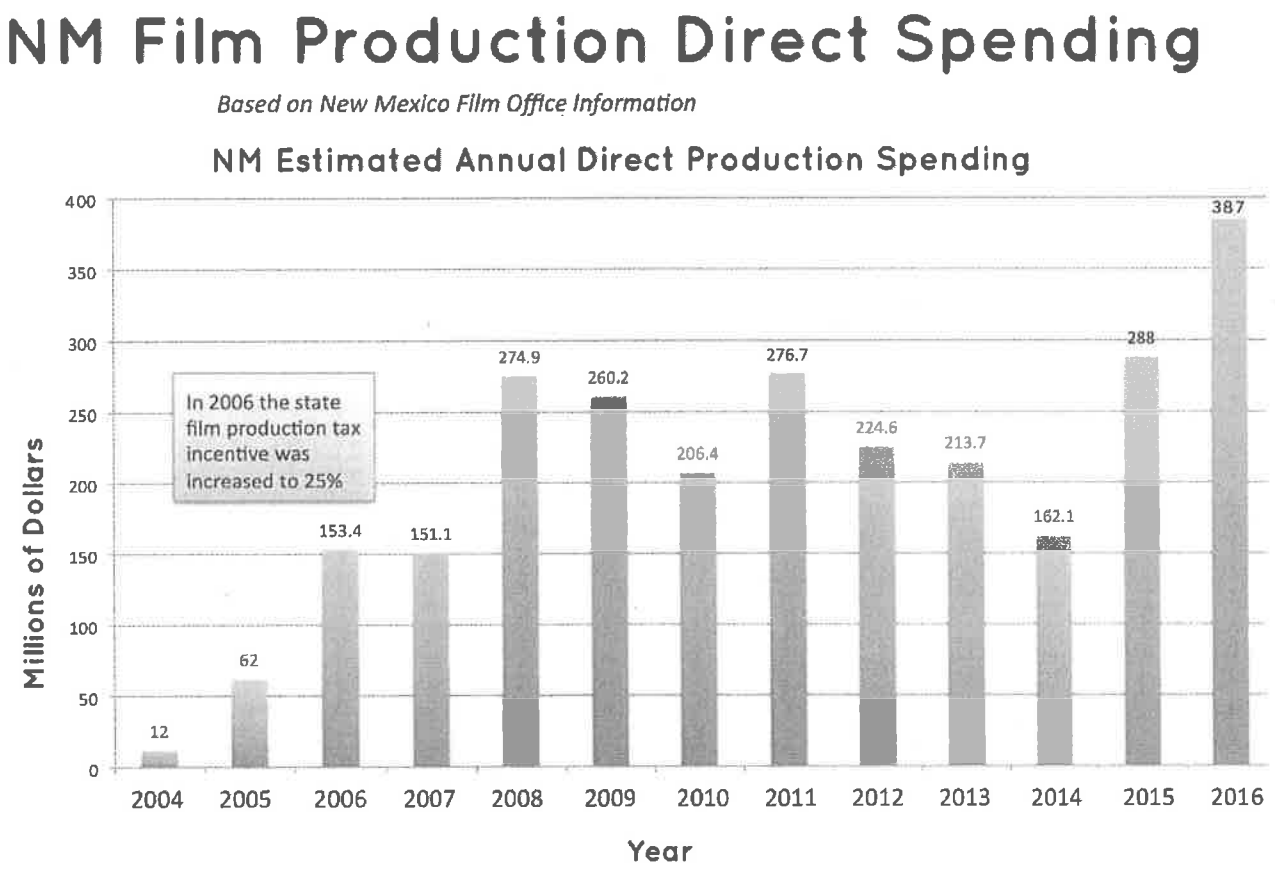
Management Structure

The Studio Manager will be hired by and report to the Film Las Cruces Board. The Studio Manager will oversee operations and manage the work flow of the facility. They will work with any temporary staff in handling of production and post-production of the various products, and developing and implementing strategic plans, budgets, work flows and informational documents. The Stage Manager, or their delegated co-manager, will be in attendance when any production personnel are on-site to facilitate production needs and to monitor safety protocols.

Marketing and Sales Strategy

The marketing and sales stream of Las Cruces studios is significantly connected to New Mexico's film tax incentive program. The $50 million a year tax incentive program has seen consistent annual growth in the recruitment of film and television productions to New Mexico. Fiscal year 2016 saw a record $387 million of film production spending in New Mexico, almost $100 million more than the previous year. A general profile of the target market would include local and national production companies, producers and scouts who are interested in a studio location and dedicated service at affordable costs. Based in a region that is climate friendly for shooting with a diverse set of locations, a robust service sector, and a growing professional workforce, Las Cruces Studios will become a strategic addition to New Mexico's growing film industry.

Film Las Cruces will market Las Cruces Studios through the New Mexico Film Office, its studio management partner, and existing and emerging media venues.



Workforce Development

The Film Las Cruces (FLC) mission includes the on-going development of a workforce base for the film, media, and the entertainment arts industries in Las Cruces and Doña Ana County. In partnership with the City of Las Cruces, FLC collaborates with regional academic institutions, professional film/media/entertainment arts workforce (workforce) development organizations, and the community, to develop and sustain this trained workforce in our community. Concentration on this workforce development adds to the enhancement of the creative economy in relationship to a comprehensive economic development strategy.

The immediate focus of the FLC Workforce Development Plan is to concentrate on the "Below-the-Line" (BTL) crew base jobs that develop into future opportunities for advancement to higher positions. BTL in regards to job positions, means "technical crew" who do not have direct creative or financial control of the project or receive residuals. (Title 5-Post Secondary Education, Part 51-Development Employment Funding for Film and Multimedia Production Companies.5.5.51.7B).

According to the New Mexico Film Office, the state's film commission office and a state agency, some 20 categories are included in BTL jobs: Accounting, Art, Camera, Catering, Costumes, Construction, Craft Service, Electric, Grip, Locations, Make-up and Hair, Property, Script Supervisor, Set Decoration, Set Medics, Sound, Script Supervision, Special Effects, Stunts, and Transportation. These 20 categories can comprise of a 70-150 jobs per production. The total number of jobs is dependent on the production and its budget. The following page shows the typical crew breakdown of a production.

The U.S. Bureau of Labor Statistics show BTL categories with a projected national growth rate of 10-19% (7% being the average) over the next 10 years with the 2015 median pay at $35,000 - $54,999. New Mexico Department of Workforce Solutions Employment Projections for 2010 - 2020 reflect a 21% projected growth rate in this sector.

The other definition that applies to a film/media/entertainment arts industry project includes "Above-the Line" categories where money is budgeted for creative talent, writers, directors, and producers. This term means job positions that are associated with the creative or financial control of a film or multimedia project, generally not the technical aspects.

These categories show a projected growth rate from 6-11% with the 2015 median pay at $55,740 - $89,760.

RECRUITMENT/TRAINING

The film/media industry workforce is comprised of a broad group of demographics, skill sets, degrees of education, and experience. The recruiting and training process needs to be all-inclusive and FLC uses five strategies to build this workforce.

1. ACADEMIC PROGRAMS

Promote current academic offerings as offered by the Doña Ana Community College (DACC) Creative Media Technology (CMT) Program and the New Mexico State University (NMSU) Creative Media Institute (CMI).

The DACC's program offers two degree options and provides a foundation for students who seek professional opportunities in filmmaking, computer animation, digital video production, and crew member training and certification. The program focuses on creating BTL job opportunities in the film/media workforce development.

a. Associate of Applied Science Degrees:

Creative Media Technology and Digital Graphics Technology.

b. Certificates of Completion:

Creative Media, Digital Audio, Digital Graphics, Digital Video, Film Crew Training, Game Design, Graphics and Animation, Web Design.

The NMSU CMI program develops and nurtures the artistic endeavors of student filmmakers through industry-standard education, research, and collaboration in the art, craft, and production of the moving image through storytelling, resulting in a Bachelor's of Creative Media degree. The program has a major emphasis in developing writers, directors, and producers or Above-the-Line jobs in the film/media industry.

To enhance development of crew and other needed workers for this industry we will:

Augment NMSU/DACC class experiences with real-world production exposure by creating hands-on opportunities like public service announcements, training videos, and digital projects for Backlot development.

Add additional BTL industry-specific classes to CMT program as interest grows.

Promote employment potential to academic programs from K-12 to higher education curriculums to build awareness that almost every profession is needed for the workforce.

2. CMT & CMI GRADUATES

Recruit recent CMT and CMI graduates as well as those currently employed in the industry when a film project is available in the area. These are industry professionals who have established themselves in the industry and are working full-time in the film/media industry as experienced crew members.

Promote development of a "Production Incubator" with members of the local film/media community (especially recent CMI & CMT graduates) to pool their skills and resources for producing their own productions. With members rotating from craft to craft, learning or improving skill sets and creating a workforce that would be able to cross-over department lines to fill production needs.

3. CERTIFICATION WORKSHOPS

Develop and implement on-going, non-academic paths to become a film worker through a series of public presentations, workshops, and trainings. The participants include, but not limited to, self-employed individuals; small business owners whose products and services support the film/media industry; displaced workers; veterans; early retirees; individuals with a dis-ability; and those that already have an income or partial income.

IATSE Local 480 (trade union for Studio Mechanics of New Mexico) certified instructors will teach a series of workshops, from one to three day courses (perhaps subsidized), that are required of any individual to be considered for a BTL crew member position. These are:

Safety Certification (OSHA based)

Set Readiness

Production Assistant

In addition a number of workshops are developed for individuals who have experience in a number of professions that can be integrated into the film/media industry. Some of these include:

Aerial Lift Operators

Location Scouting

Carpentry/Stage Craft

Catering/Craft Services

Greens

Art Departments

Tutoring

Accounting

4. PUBLIC AWARENESS

Develop a publicity campaign to reach out to the entire county with the BTL jobs and job descriptions of a film crew with the tag line: "What are you already qualified to do and/or what would you like to do?"

Launch FLC 411—This program is comprised of orientation workshops with a 30-45 minute presentation about film/media production, the job opportunities and paths, expectations of the film industry and the community when there is a production. This program will reach out to surrounding communities of Doña Ana County and may include K-12 content for academic offerings.

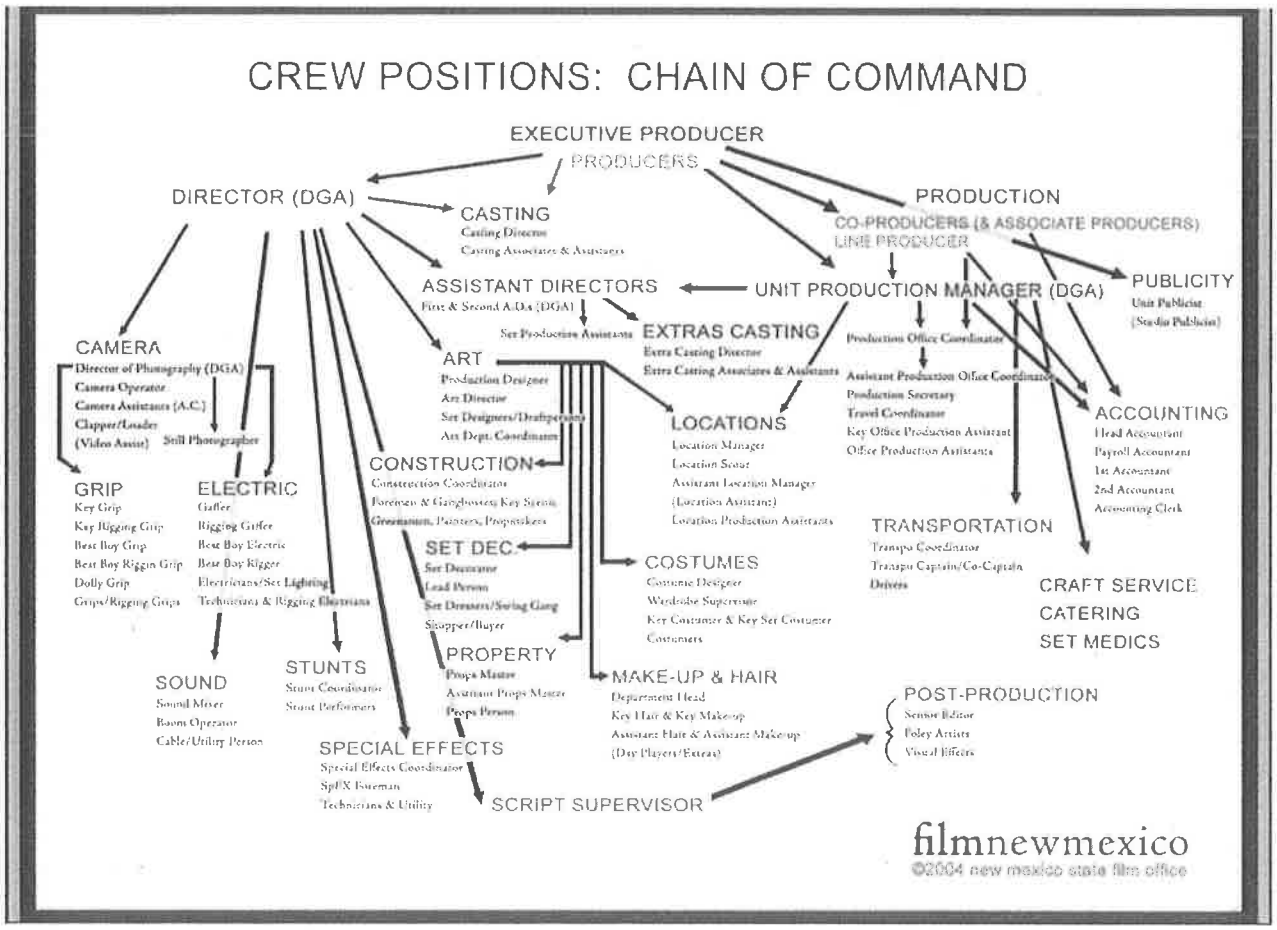
Union "Tune Up" Events—These workshops are sponsored by IATSE Local 480 to offer a monthly workshop on a variety of BTL trainings and com-munity forums. The Local 480 is currently offering these workshops in Albuquerque and Santa Fe and will include Las Cruces starting in September on the third Tuesday of the month.

5. FILM CREW ADVANCEMENT PROGRAM (FCAP)

Encourage productions to contract with IATSE Local 480 to take advantage of the state's FCAP for training crew members to advance to higher paying positions.

FCAP is an incentive for production companies to help create more job opportunities for New Mexican film and television crew professionals. A production company is reimbursed 50% of a participant's wages for up to 1040 hours physically worked by the qualifying crew member in a specialized craft position where they are being trained for their next position up the experience ladder. This on-the-job training program is in addition to the 25-30% film production tax rebate.

As an example, a New Mexico Grip who is ready to move up to the Best Boy position and has no credits as a Best Boy or only one credit as a Best Boy from a film or television project (that has a budget over one million) would qualify. The Key Grip would be that crew member's mentor" (from the New Mexico Film Office website).



PARTERNSHIP OPPORTUNITIES AND A NEW MEDIA CLUSTER

By establishing a soundstage complex, Las Cruces Studios will provide a central ingredient in establishing a film and emerging media cluster in Doña Ana County. In conjunction with the planned Creative Campus at Arrowhead Center, Las Cruces Studios will help attract both film and television productions to Las Cruces, as well as ancillary businesses that will utilize this facility. In addition, the

Las Cruces Studios will enable CMI, CMT, and other academic film programs to gain significant hands on experience in a studio environment and accelerate the rate of workforce training in this industry.

Financial Operations

CAPITAL ASSETS

Proposed Capital Improvements

DESCRIPTION		TOTAL COST
AC Chiller	2 portable 25 ton AC Sleds (2 Trailers @ $15K) with ancillary equipment	45,000
Electrical	Soundproof transformers and misc.	12,500
	Metric Power Distribution System aka Shoot Can 90 Amp/3 phase	176,000
Sound	Sound conditioning to deaden interior space and reduction of outside sound	280,000
	Sound barrier along the 350' easement facing 1-10	21,000
Office Space	Buildout additional 3,000 Sq. ft. of office	210,000
Plumbing	Bathrooms, kitchen and misc.	25,000
Lighting Grid	Materials and labor for studio space	17,600
	Landscaping and fixing facade	10,000
Other	Cleaning and painting	10,000
	Signage	10,000
Contingency	at 10%	81,710
TOTAL PROPOSED CAPITAL IMPROVEMENTS		898,810
Add: Estimated Land and Building Purchase Price		1,900,000
TOTAL PROPOSED CAPITAL ASSETS		2,798,810
3 Years Operating Costs		274,500
Total Requested		3,073,310

MONTHLY EXPENSES

	Month 1	Notes
Electricity	200	
Natural Gas	100	
Telecom	250	
Security	75	
Maintenance Contract etc	200	maybe city provided
Insurance	300	maybe city provided
Landscaping	100	
Trash collection	50	
Water	100	
Janitorial	250	
Stage Mgr. and Mentor	6,000	Maybe cost share w DACC, NMSU
TOTAL MONTHLY EXP.	7,625	

Note: Monthly expenses are not impacted in any significant way by occupancy. Film production companies will be required to pay additional expenses such as electrical, water, and maintenance as per industry standards.

Revenue Based on I-25 Studios
Estimates:

Mr. Rick Clemente, principal of I-25 Studios suggested that the proposed studio could be rented out at $40,000 per month, with the facility rented 2 months in year one, 4.5 months in year two, and 7 months in year three.

An executive of Albuquerque Studios suggested that the proposed studio could be rented out at $40,000 **PER WEEK,** but gave no indication of occupancy rate over time.

To be conservative, we will use the I-25 Studio estimates.

Year 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenues	0	0	0	0	0	36,000	0	0	0	36,000	0	0

Year 2	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenues	18,000	0	36,000	0	0	36,000	0	0	36,000	0	0	36,000

Year 3	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenues	0	36,000	0	36,000	0	36,000	0	36,000	0	36,000	36,000	36,000

Note: While gross rental fee will be $40,000 per month, it is estimated that as much as 50% of revenues in early years will be subject to commissions of as much as 20%. Net rental revenue has been projected at $36,000 to account for this deduction.

PROJECTED CASH FLOW

YEAR 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	YEAR TOT.
Beginning Cash	0	(7,625)	(15,250)	(22,875)	(30,500)	(38,125)	(9,750)	(17,375)	(25,000)	(32,625)	(4,250)	(11,875)	
Revenues	0	0	0	0	0	36,000	0	0	0	36,000	0	0	72,000
Expenses	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	91,500
Surplus/(Shortfall)	(7,625)	(7,625)	(7,625)	(7,625)	(7,625)	28,375	(7,625)	(7,625)	(7,625)	28,375	(7,625)	(7,625)	(19,500)
Ending Cash	(7,625)	(15,250)	(22,875)	(30,500)	(38,125)	(9,750)	(17,375)	(25,000)	(32,625)	(4,250)	(11,875)	(19,500)	

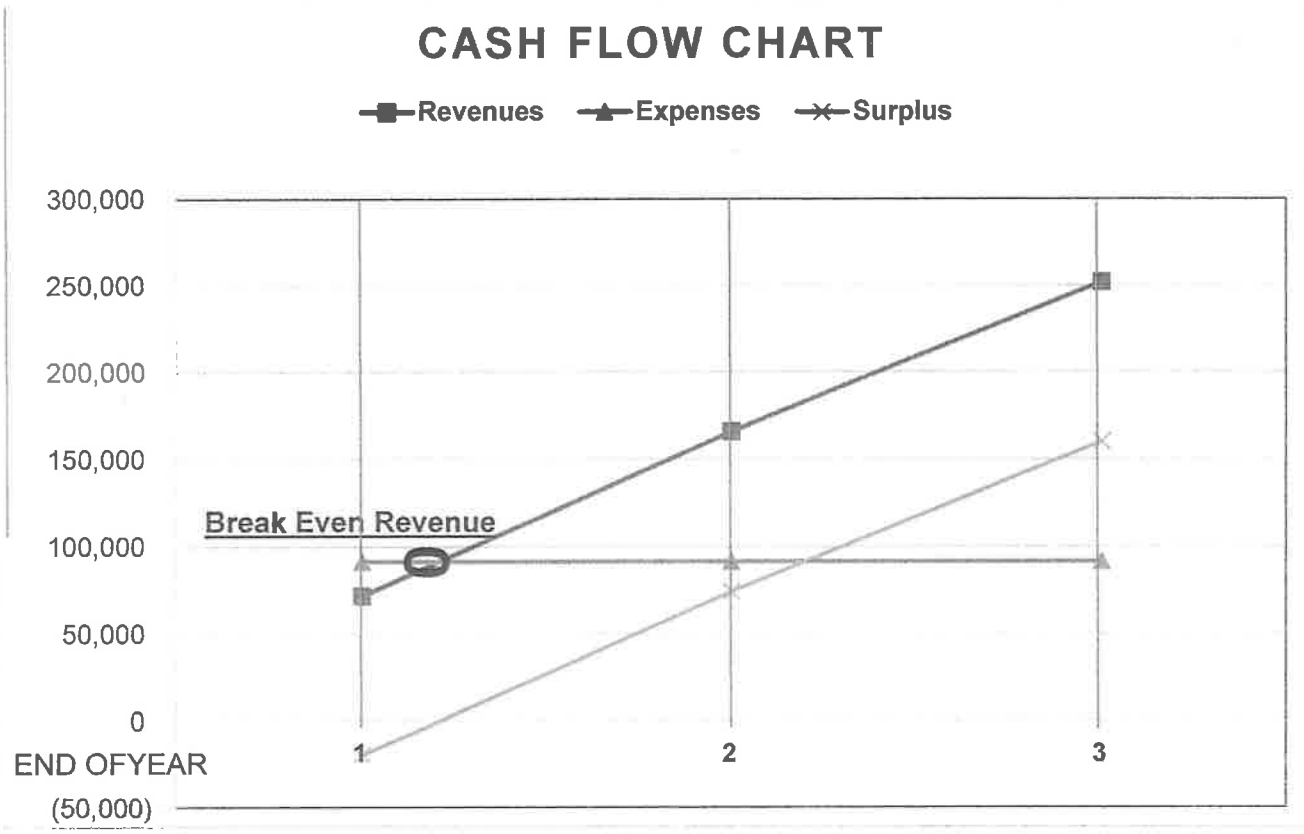
YEAR 2

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	YEAR TOT.
Beginning Cash	(19,500)	(9,125)	(16,750)	11,625	4,000	(3,625)	24,750	17,125	9,500	37,875	30,250	22,625	
Revenues	18,000	0	36,000	0	0	36,000	0	0	36,000	0	0	36,000	162,000
Expenses	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	91,500
Surplus/(Shortfall)	10,375	(7,625)	28,375	(7,625)	(7,625)	28,375	(7,625)	(7,625)	28,375	(7,625)	(7,625)	28,375	70,500
Ending Cash	(9,125)	(16,750)	11,625	4,000	(3,625)	24,750	17,125	9,500	37,875	30,250	22,625	51,000	

YEAR 3

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	YEAR TOT.
Beginning Cash	51,000	43,375	71,750	64,125	92,500	84,875	113,250	105,625	134,000	126,375	154,750	183,125	
Revenues	0	36,000	0	36,000	0	36,000	0	36,000	0	36,000	36,000	36,000	252,000
Expenses	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	7,625	91,500
Surplus/(Shortfall)	(7,625)	28,375	(7,625)	28,375	(7,625)	28,375	(7,625)	28,375	(7,625)	28,375	28,375	28,375	160,500
Ending Cash	43,375	71,750	64,125	92,500	84,875	113,250	105,625	134,000	126,375	154,750	183,125	211,500	

With ending cash shortfall peaking at (38,125) in Month 5, a minimum of $40,000 in beginning cash would be needed.


CASH FLOW CHART
Revenues
Expenses
Surplus
300,000
250,000
200,000
150,000
100,000
50,000
0
(50,000)
END OFYEAR
1
2
3
Break Even Revenue