

**CITY of ALBUQUERQUE
TWENTY FOURTH COUNCIL**

COUNCIL BILL NO. O-21-62 **ENACTMENT NO.** _____

SPONSORED BY: **Brook Bassan, by request**

1 **ORDINANCE**

2 **APPROVING A PROJECT INVOLVING AFFORDABLE SOLAR INSTALLATION, INC.**

3 **PURSUANT TO THE LOCAL ECONOMIC DEVELOPMENT ACT AND CITY**

4 **ORDINANCE F/S O-04-10, THE CITY'S IMPLEMENTING LEGISLATION FOR THAT**

5 **ACT, TO SUPPORT THE ACQUISITION, RENOVATION, DEVELOPMENT,**

6 **IMPROVEMENT AND EQUIPPING OF A FACILITY FOR A RENEWABLE ENERGY**

7 **PRODUCTION AND STORAGE TECHNOLOGY RESEARCH AND DEVELOPMENT**

8 **COMPANY IN ALBUQUERQUE, NEW MEXICO; AUTHORIZING THE EXECUTION OF**

9 **A PROJECT PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN**

10 **CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND**

11 **FINDINGS RELATING TO THE PROJECT INCLUDING THE APPROPRIATION OF**

12 **FUNDS; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING**

13 **ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.**

14 **WHEREAS, the City of Albuquerque (the "City") is a legally and regularly**

15 **created, established, organized, and existing municipal corporation of the State of**

16 **New Mexico (the "State"); and**

17 **WHEREAS, pursuant to Sections 5-10-1 through 5-10-13 NMSA 1978, as**

18 **amended (the "Act"), the City is authorized to provide economic development**

19 **assistance to eligible entities for certain projects located within the corporate limits**

20 **of the municipality; and**

21 **WHEREAS, pursuant to the Act, the City has adopted Ordinance No. F/S 04-**

22 **10 (the "LEDA Ordinance"), approving an economic development plan for the City**

23 **and authorizing the City to assist economic development projects in any legally**

24 **permissible manner, subject to the terms of the LEDA Ordinance; and**

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1 WHEREAS, pursuant to the LEDA Ordinance, Affordable Solar Installation,
2 Inc. (the "Company"), has submitted to the Council and the Albuquerque
3 Development Commission (the "Commission") an application (the "Application")
4 requesting certain economic development assistance for the acquisition, renovation,
5 development, improvement and equipping of a facility for a renewable energy
6 production and storage technology research and development company, which will
7 include the addition of 65 new employees, within the City (the "Project"); and

8 WHEREAS, the City will administer and disburse to the Company funds
9 totaling up to \$625,000, of which \$500,000 is to be received by the City from the
10 State Economic Development Department and \$125,000 are to be City funds; and

11 WHEREAS, the Act and the LEDA Ordinance require that the City and the
12 Company enter into a project participation agreement meeting the requirements of
13 the Act and the LEDA Ordinance; and

14 WHEREAS, City staff has worked with the Company to prepare, and has
15 negotiated the terms of, a project participation agreement (the "Agreement") and
16 related documents that will govern the relationship between the City and the
17 Company with respect to the Project; and

18 WHEREAS, the form of the proposed Agreement has been filed with the City
19 Clerk and presented to the Council; and

20 WHEREAS, the proposed Agreement contains the provisions required by the
21 Act and the LEDA Ordinance and, among other things, provides that the Company
22 will grant to the City a security instrument to secure the Company's obligations
23 under the Agreement; and

24 WHEREAS, the City has obtained a cost-benefit analysis with respect to the
25 Project on the basis of information provided to the City by the Company, which
26 cost-benefit analysis shows that the City will recoup the value of its contribution
27 within ten (10) years; and

28 WHEREAS, the Application, together with the cost-benefit analysis,
29 demonstrates the benefits that will accrue to the community as a result of the
30 donation of public resources and demonstrates that the Company, by completing
31 the Project, will be making a substantive contribution to the community, as
32 required by the LEDA Ordinance; and

1 WHEREAS, the Commission has considered the Project and the proposed
2 Agreement and has recommended that the Council approve the Company's
3 proposal; and

4 WHEREAS, the total amount of public money expended and the value of
5 credit pledged in each fiscal year in which money is expended by the City for the
6 Project (and any other approved projects) pursuant to the Act does not and will not
7 exceed ten percent of the general fund expenditures of the City in such fiscal year;
8 and

9 WHEREAS, the City anticipates that the State will transfer to it, for
10 subsequent transfer to or on behalf of the Company pursuant to an
11 intergovernmental agreement between the City and the State, certain funds of the
12 State that are available for the Project; and

13 WHEREAS, after having considered the Application and the Agreement, the
14 Council has concluded that the economic and other benefits of the Project to the
15 City will be substantial, that it is desirable and necessary at this time to authorize
16 the City to enter into the Agreement, and that the City's provision of the assistance
17 contemplated by the Agreement will constitute a valid public purpose under the
18 Act; and

19 WHEREAS, there has been published in The Albuquerque Journal, a
20 newspaper of general circulation in the City, public notice of the Council's intention
21 to adopt this Ordinance, which notice was published at least fourteen (14) days
22 prior to hearing and final action on this Ordinance.

23 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
24 ALBUQUERQUE:

25 Section 1. RATIFICATION. All actions not inconsistent with the provisions
26 of this Ordinance previously taken by the Council and the officials of the City
27 directed toward the provision of economic development assistance in connection
28 with the Project be approved and the same hereby are ratified, approved and
29 confirmed.

30 Section 2. GOALS AND OBJECTIVES. The goals and objectives of the
31 Project are, as set forth in the Agreement, to create and support an economic
32 development project that fosters, promotes and enhances local economic

1 development efforts and that provides job growth and career opportunities for
2 Albuquerque-area residents and otherwise makes a substantive contribution to the
3 community.

4 Section 3. THE PROJECT. The Project will consist of the acquisition,
5 renovation, development, improvement and equipping of a facility for a renewable
6 energy production and storage technology research and development company, the
7 addition of 65 new employees, and the operation of the facility within the City for
8 a minimum of ten years.

9 Section 4. FINDINGS. The Council hereby declares that it has considered
10 all relevant information presented to it relating to the Project and the Agreement
11 and hereby finds and determines that the provision of economic development
12 assistance for the Project is necessary and advisable and in the interest of the
13 public and will promote the public health, safety, morals, convenience, economy,
14 and welfare of the City and its residents.

15 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE
16 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project
17 and the Agreement, which provides, among other things, that the City will
18 administer and disburse to the Company funds totaling up to \$625,000, of which
19 \$500,000 is to be received by the City from the State Economic Development
20 Department and \$125,000 are to be City funds, in exchange for which the
21 Company will complete the Project as specified in the Agreement. There is hereby
22 appropriated for the Project up to \$500,000 of funds received from the State
23 Economic Development Department and up to \$125,000 of City funds.

24 Section 6. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.

25 (A) The form, terms, and provisions of the Agreement in the form
26 presented to the Council with this Ordinance are in all respects approved,
27 authorized, and confirmed, and the City is authorized to enter into the Agreement in
28 substantially the form thereof, with only such changes as are not inconsistent with
29 this Ordinance or such other changes as may be approved by supplemental
30 resolution of the Council.

31 (B) The Council authorizes the Mayor or the Chief Administrative
32 Officer of the City to execute and deliver the Agreement in the name and on behalf

1 of the City, with only such changes therein as are not inconsistent with this
2 Ordinance or such changes as may be approved by supplemental resolution of the
3 Council.

4 (C) The Mayor, Chief Administrative Officer, Chief Financial Officer,
5 City Treasurer, and City Clerk are further authorized to execute, authenticate and
6 deliver such certifications, instruments, documents, letters and other agreements,
7 including an intergovernmental agreement with the State Economic Development
8 Department and any appropriate security agreements, and to do such other acts
9 and things, either prior to or after the date of delivery of the executed Agreement,
10 as are necessary or appropriate to consummate the transactions contemplated by
11 the Agreement.

12 (D) City officials shall take such action as is necessary in
13 conformity with the Act, the LEDA Ordinance and this Ordinance to effectuate the
14 provisions of the Agreement and carry out the transactions as contemplated by this
15 Ordinance and the Agreement, including, without limitation, the execution and
16 delivery of any documents deemed necessary or appropriate in connection
17 therewith.

18 Section 7. SEVERABILITY. If any section, paragraph, clause or provision
19 of this Ordinance shall for any reason be held to be invalid or unenforceable, the
20 invalidity or unenforceability of that section, paragraph, clause, or provision shall
21 not affect any of the remaining provisions of this Ordinance.

22 Section 8. REPEALER. All bylaws, ordinances, resolutions, and orders, or
23 parts thereof, inconsistent with this Ordinance are repealed by this Ordinance but
24 only to the extent of that inconsistency. This repealer shall not be construed to
25 revive any bylaw, ordinance, resolution, or order, or part thereof, previously
26 repealed.

27 Section 9. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE
28 DATE. This Ordinance, immediately upon its final passage and approval, shall be
29 recorded in the ordinance book of the City, kept for that purpose, and shall be there
30 authenticated by the signature of the Mayor and the presiding officer of the City
31 Council, and by the signature of the City Clerk or any Deputy City Clerk, and notice
32 of adoption thereof shall be published once in a newspaper that maintains an office

- 1 in, and is of general circulation in, the City, and shall be in full force and effect five
- 2 (5) days following such publication.

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CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

May 10, 2021

TO: Cynthia Borrego, President, City Council

FROM: Timothy M. Keller, Mayor

A handwritten signature in black ink, consisting of a stylized capital letter 'K'.

SUBJECT: Approving an Ordinance Involving Affordable Solar Project Pursuant to the Local Economic Development Act (LEDA-21--4)

Attached for your consideration and approval is an Ordinance Involving Affordable Solar Project, Pursuant to the Local Economic Development Act (LEDA-21--4)

This legislation allows for the City to administer and disburse funds to Affordable Solar Installation, Inc., totaling up to \$625,000. The State has agreed to provide \$500,000 and the City proposes to provide \$125,000. LEDA funds will help the Company reimburse LEDA eligible expenses for renovations and improvements following execution of the Project Participation Agreement ("PPA"). The funds will support the redevelopment, renovation, and rehabilitation of the subject parcel. The proposed project is located at 3900 Singer Blvd., NE in Albuquerque, New Mexico within the North I25 corridor in between Jefferson St. and Chappell Dr. The company intends to increase their employment by adding a minimum of 90 new employees over ten years, and potential up to 100 new jobs, primarily consisting of technicians, electricians, and fabricators. These positions pay from \$37,400 to \$70,000.

Recently, the City Council approved \$7.578 million in City-issued industrial revenue bonds, for which the company is solely responsible for repayment of all debt, to assist with the purchase and improvement of an existing vacant site and building to accommodate their growth. The Company will consolidate their operation at the new location, which will hold their corporate headquarters, as well as their research and development, warehousing, logistics and light manufacturing or assembly of component parts. The LEDA ordinance represents the final element needed for the project to move forward.

Established in 1998, Affordable Solar is headquartered in Albuquerque, New Mexico. The company's primary services are large scale solar and energy storage integration in 12 states. The firm has developed products and methods designed to reduce cost and allow for rapid deployment of solar and energy storage projects in response to national renewable energy

adoption. The company has a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products. Additionally, the company’s intellectual property creates a consistent advantage that is leveraged to allow for a robust renewable energy workforce. The Albuquerque facility will house their component fabrication as well as their corporate headquarters. The goals of the project are to further create and foster economic growth in the Albuquerque. One of the primary project goals is to create new jobs in the community and to create job growth opportunities for existing staff.


The project represents a significant private sector investment and benefit to the community. The building has been vacant for four (4) years and is showing signs of disrepair. To accommodate Affordable Solar’s rapid growth, the prevailing site which consists of approximately 3.522 acres of land and a single office building, approximately 29,555 sq. ft., will be critical for their planned expansion. The existing office building will be rehabilitated and has no historic properties/elements. Of the 29,555 sq. ft. of office space, approximately 12,510 sq. ft. will be converted to warehouse/ fabrication/assembly space. The external expansion plans include significantly modifying the existing loading dock adding two (2) new overhead doors and a 38’x94’ ramp. A fenced yard, meeting all the primary building codes as well as being aesthetically pleasing, would be approximately 38’x130’. A roof-top solar PV array will also be constructed. Plans also include installing a Battery Energy Storage System (BESS) to maximize the energy efficiency of the solar Photovoltaic (PV) array.

Affordable Solar Installation Inc. intends to increase their employment by adding a minimum of 90 new employees over ten years, and potential up to 100 new jobs, primarily consisting of technicians, electricians, and fabricators. These positions pay from \$37,400 to \$70,000.


The property located in the JEFFERSON COMMONS II at 3900 Singer Blvd., NE.

Approved:

Approved as to Legal Form:

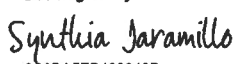


Sarita Nair Date
Chief Administrative Officer

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Esteban A. Aguilar, Jr. Date
City Attorney

Recommended:

DocuSigned by:
 5/11/2021 | 2:36 PM MDT

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Synthia Jaramillo Date
Director

Cover Analysis

1. What is it?

This is an ordinance for LEDA funding in the amount of \$125,000 from the City for the Affordable Solar Project (Applicant— Affordable Solar Installation, Inc.). The State has agreed to provide \$500,000 for which the City would act as fiscal agent; however, as usual, that transaction is not under review for approval as part of this process and the City proposes to provide \$125,000.

The building is located at 3900 Singer Blvd., NE in Albuquerque, New Mexico within the North I25 corridor in between Jefferson St. and Chappell Dr. The LEDA funds will help the Company reimburse LEDA eligible expenses for renovations and improvements following execution of the Project Participation Agreement (“PPA”). The Company will hire 90 additional employees for a total employee count of 230.

2. What will this piece of legislation do?

The ordinance provides \$125,000 in City LEDA funds for the project and allows the City to act as fiscal agent for State of New Mexico LEDA funds in the amount of \$500,000. The funds will be used for the redevelopment, renovation, and rehabilitation of the site which consists of approximately 3.522 acres of land and a single office building, approximately 29,555 sq. ft.

The project represents a significant private sector investment and benefit to the community. The building has been vacant for four (4) years and is showing signs of disrepair. To accommodate Affordable Solar’s rapid growth, the prevailing site which consists of approximately 3.522 acres of land and a single office building, approximately 29,555 sq. ft., will be critical for their planned expansion. The existing office building will be rehabilitated and has no historic properties/elements. Of the 29,555 sq. ft. of office space, approximately 12,510 sq. ft. will be converted to warehouse/ fabrication/assembly space. The external expansion plans include significantly modifying the existing loading dock adding two (2) new overhead doors and a 38’x94’ ramp. A fenced yard, meeting all the primary building codes as well as being aesthetically pleasing, would be approximately 38’x130’. A roof-top solar PV array will also be constructed. Plans also include installing a Battery Energy Storage System (BESS) to maximize the energy efficiency of the solar Photovoltaic (PV) array.

3. Why is this project needed?

The company intends to increase their employment by adding a minimum of 90 new employees over ten years, and potential up to 100 new jobs, primarily consisting of technicians, electricians, and fabricators. These positions pay from \$37,400 to \$70,000.

4. How much will it cost and what is the funding source?

\$125,000. General Fund.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

No. There is no direct revenue to the City.

6. What will happen if the project is not approved?

If the Company is not able to continue to expand, the result would be loss of new jobs, a loss of revenue and a much slower growth schedule. The Company would not be able to realize its planned growth because of the limited capacity of their current facilities.

7. Is this service already provided by another entity?

No.

Project Participation Agreement
City of Albuquerque and Affordable Solar Installation, Inc.
Local Economic Development Act Project 21-4

This Project Participation Agreement is made as of this _____ day of June, 2021 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”), and AFFORDABLE SOLAR INSTALLATION, INC., a New Mexico corporation with a place of business at 4840 Pan American East Fwy, Albuquerque, New Mexico 87109 (“Affordable Solar”). Together the City and Affordable Solar are called the “Parties,” and individually each a “Party.”

WHEREAS, it is the policy of the City to aid and encourage the location of desirable business enterprises in the City and to facilitate a favorable governmental atmosphere for enriching the lives of its citizens by supporting the development of a healthy economy; and

WHEREAS, pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 (“LEDA”), the City has adopted Ordinance No. F/S O-04-10 (the “LEDA Ordinance”), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance; and

WHEREAS, Affordable Solar has submitted to the City an application in the form attached to this Agreement as Exhibit A (the “Affordable Solar Application”) proposing that, in exchange for certain LEDA assistance described below, Affordable Solar will undertake and complete a certain project, which is defined to include the following elements (the “Project”):

Acquisition, renovation, development, improvement and equipping of a 29,560 square foot facility for renewable energy production and storage technology research and development located at 3900 Singer Blvd., NE, all in Albuquerque, New Mexico (the “Project Facility”);

Occupy and operate the Project Facility for the research, development, and testing of renewable energy production and storage technology;

Commitment to operate the Project for a minimum of ten (10) years;

Employment measured as of the close of business annually on January 31, commencing in 2022 and continuing through 2031, with total employment as follows: 2022-150 employees, 2023-175 employees, 2024-190 employees, 2025-200 employees, 2026-210 employees, 2027-215 employees, 2028-220 employees, 2029-225 employees; 2030-230 employees, 2031-235 employees, at an average salary of approximately \$70,000 by January 31, 2026 plus benefits, and maintenance of at least 90% of these full-time

employees through December 31, 2031 as measured for the preceding year on an annual basis beginning January 31, 2022; and

WHEREAS, the State of New Mexico (the “State”) Economic Development Department (the “State EDD”) has committed up to \$500,000 in State LEDA funds (the “State Contribution”) for partial reimbursement of total renovation and improvement costs for the Project Facility and the City has committed up to \$125,000 in City LEDA funds (the “City Contribution”) to be used for partial reimbursement of total renovation, and improvement costs of the Project Facility; and

WHEREAS, the City has reviewed the cost-benefit analysis conducted by the State EDD with respect to the Project, which shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the total amount of public money expended and the value of credit pledged in each fiscal year in which that money is expended by the City for economic development projects pursuant to LEDA does not and will not exceed ten percent of the general fund expenditures of the City in that fiscal year; and

WHEREAS, the Affordable Solar Application clearly demonstrates that Affordable Solar, by completing the Project, will be making a substantive contribution to the community, as required by the LEDA Ordinance; and

WHEREAS, the City Council has determined that these benefits and community contributions adequately meet the intent of having the City recoup the value of its investment; and

WHEREAS, the City anticipates receiving an appropriation of funds allocated from the State EDD with the direction of the State EDD, in addition to the City Contribution, to convey these funds to the benefit of Affordable Solar via LEDA; and

WHEREAS, LEDA and the LEDA Ordinance require the parties to enter into a Project Participation Agreement meeting the requirements of LEDA and the LEDA Ordinance; and

WHEREAS, the City adopted Ordinance No. O-21-_____ on June 7, 2021 (the “Project Ordinance”) (i) finding that Affordable Solar is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the Affordable Solar Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct \$500,000 in funds to be received from the State EDD as the State Contribution, for which the City will act as fiscal agent, and \$125,000 in funds to be committed by the City as the City Contribution, all to finance certain statutorily eligible expenses of the Project, including renovation and improvement of the Project Facilities, and (iii) approving this Agreement;

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, Affordable Solar and the City further agree as follows:

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes, and enhances local economic

development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Affordable Solar Application.

2. Company Contribution. Affordable Solar shall undertake certain renovations and improvements to the Project Facility; and anticipates occupying and operating the Project Facility commencing on or about _____, 2021, contingent upon the requisite Certificate of Occupancy from the City; will use the Project Facility for renewable energy production and storage technology research and development; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Affordable Solar will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Affordable Solar will comply with all applicable laws in connection with the operation of the Project Facility and will timely pay all applicable taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of \$500,000 will be delivered to the City for subsequent disbursement to Affordable Solar, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will act as fiscal agent and disburse the State Contribution to Affordable Solar in the manner described in this Agreement. The State Contribution will be distributed upon achieving certain benchmarks.

A. Up to \$250,000 in qualified Project Facility renovation and improvement reimbursements distributed upon Affordable Solar obtaining occupancy permit for the Project Facility.

B. Up to \$150,000 in qualified Project Facility renovation and improvement reimbursements distributed upon Affordable Solar hiring ten (10) additional full-time employees for total employment of one hundred fifty (150) full-time employees.

C. Up to \$100,000 in qualified Project Facility renovation and improvement reimbursements distributed upon Affordable Solar hiring twenty-five (25) additional full-time employees for total employment of one hundred seventy-five (175) full-time employees.

D. As an incentive to reward Affordable Solar for hiring above its performance goals in this Agreement, beginning in year four (4), and continuing through the end of this Agreement, for every 10 additional employees the Company documents as having above its stated goal of new employees each year, the "Percent of Public Contributions to be Repaid" shall be decreased by 10%. In no case, shall the "Percent of Public Contributions to be Repaid" go below 25% in years 4-7, or below 15% in years 8-10%, regardless of how many employees the company has. This condition is only in effect for documented full-time employment above the goal and refers only to State funds.

Pursuant to Section 12, reimbursement requests shall include a copy of Affordable Solar's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels. Payments may be withheld if Affordable Solar is not in good standing with City, State, or Federal agencies.

4. City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$125,000 to be used in connection with the Project. The City's Contribution will be as follows:

A. Up to \$50,000 upon obtaining a Certificate of Occupancy for the Project Facility.

B. Up to \$25,000 in qualified Project Facility renovation and improvement reimbursements and distributed upon Affordable Solar hiring thirty-five (35) new full-time employees for total employment of one hundred seventy-five (175) full-time employees.

C. Up to \$50,000 in qualified Project Facility renovation and improvement reimbursements and distributed upon Affordable Solar hiring an additional thirty-five (35) new full-time employees for total employment of two hundred ten (210) full-time employees.

5. LEDA Account. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit.

6. Time Commitment. Affordable Solar will commence certain renovations and improvements to the Project Facility on or about July 1, 2021. Operations at the Project Facility to begin following completion of improvements and renovations or as soon thereafter as possible. Affordable Solar will continue to occupy the Project Facility and diligently conduct operations in the Project Facility in the manner contemplated by this Agreement at least through January 31, 2031.

7. Use of Public Contributions. Affordable Solar will be eligible for reimbursement of up to \$625,000 in reimbursements related to eligible expenses for renovations and improvements for the Project Facility actually incurred after the date hereof and paid for by Affordable Solar, subject to the receipt by the City of the State Contribution. The City will make payment to Affordable Solar following submission to the City of documentation satisfactory to the City and the State EDD evidencing payment of eligible expenses related to renovation and improvement reimbursements with respect to the Project Facility.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Affordable Solar or its employees.

8. Job Commitment and Clawbacks.

A. Number of Jobs. Affordable Solar will employ at least 150 full-time employees by January 31, 2022, 175 full-time employees by January 31, 2023, 190 full-time employees by January 31, 2024, 200 full-time employees by January 31, 2025, 210 full-time employees by January 31, 2026, 215 full-time employees by January 31, 2027, 220 full-time

employees by January 31, 2028, 225 full-time employees by January 31, 2029, 230 full-time employees by January 31, 2030, and 235 full-time employees by January 31, 2031 at an average salary of approximately \$70,000 by January 31, 2026 plus benefits, and maintain at least 90% of full-time employees through December 31, 2031. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Affordable Solar employees. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 8.A.

B. Wages and Benefits. Affordable Solar anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment as long as the wage and benefit projections fall within 90% of those projected in Exhibit B.

C. Performance Clawbacks. If Affordable Solar does not employ at least 90% of the required number of full-time employees as set forth in Section 8.A herein by January 31, 2022, or by January 31 of any year thereafter through the year 2031, then subject to the remainder of this Section 8.C, Affordable Solar will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Affordable Solar pursuant to this Agreement that has already been disbursed to Affordable Solar for such year as of the date of repayment (the “Performance Clawback”).

Notwithstanding the foregoing, if Affordable Solar fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, Affordable Solar will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Affordable Solar, in the segment of the business management and support industry in which Affordable Solar operates, that cause a significant decrease in the amount of sales Affordable Solar is able to achieve. The shifting of Affordable Solar operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determines that Business Climate Changes affect the ability of Affordable Solar to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 15 days after the City notifies Affordable Solar of its decision or the decision of the State EDD. If Affordable Solar does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Affordable Solar cease operation, or notify the City and State of its intent to cease operation, of the Project (i.e., cease to conduct

operations at the Project Facility) before January 31, 2031, Affordable Solar shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and the State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
Years 1-5 (Year 1 shall commence on the first of the year of the date of passing of this Ordinance. All subsequent years are based on that anniversary date.)	100%
Year 6	75%
Year 7	50%
Year 8	25%
Year 9	25%
Year 10	25%

Winding down of the Company's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City and State in their sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$625,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

9. Security. To secure the performance of its obligations under this Agreement, prior to Affordable Solar receipt of any part of the City Contribution or the State Contribution, Affordable Solar shall furnish the City with a letter of credit, or some alternative form of security in a form mutually acceptable to the parties (the "Security"). The maximum obligation secured by the Security (the "Maximum Obligation") will be \$625,000.

10. Events of Default and Remedies.

A. Failure to Comply with Obligations. Failure by Affordable Solar to comply with any obligation under this Agreement, including without limitation, the failure to

make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Affordable Solar in writing specifying the alleged failure's nature and, where appropriate, how the alleged failure may be cured, and Affordable Solar shall have thirty (30) days in which to cure such Event of Default; but if the Event of Default is of a nature requiring more than thirty (30) days to cure, Affordable Solar shall have up to an additional sixty (60) days to cure the alleged failure unless the City agrees to provide Affordable Solar with additional time to cure the alleged failure. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

11. Fees. Affordable Solar will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Affordable Solar shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses shall consist of expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

12. Annual Reporting Requirement, Performance Review and Termination. Annually (beginning in 2022), on or before April 1 or other date specified by the City, Affordable Solar will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Affordable Solar has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and objectives are not being attained, the City Council at a public hearing may terminate assistance to the Project by passage of an ordinance which terminates this Agreement and specifies the disposition of all assets and obligations of the Project, after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination. In addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, Affordable Solar will provide to the State EDD their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with January 31, 2022 and continuing on April 30, July 31, and October 31 of each year until the completion of this Agreement.

13. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute between the parties, the President of Affordable Solar, or his/her designee, and the Director or Deputy Director of the City's Economic Development Department shall meet and attempt in good faith to resolve the dispute. If they are unable to resolve the dispute, the President of Affordable Solar and the City's Chief Administrative Officer shall meet and attempt in good faith to resolve the dispute. Nothing contained in this Agreement constitutes a waiver of any Party's right to seek judicial relief.

14. Discrimination Prohibited. In performing the Services required hereunder, the parties hereto shall not discriminate against any person on the basis of race, color, religion, gender, sexual preference, sexual orientation, national origin or ancestry, age, physical handicap, or disability as defined in the Americans with Disabilities Act of 1990, as now enacted or hereafter amended.

15. ADA Compliance. In performing the Services required hereunder, Affordable Solar agrees to meet all the requirements of the Americans with Disabilities Act of 1990, and all applicable rules and regulations (ADA), which are imposed directly on Affordable Solar or which would be imposed on the City as a public entity. Affordable Solar agrees to be responsible for knowing all applicable requirements of the ADA and to defend, indemnify and hold harmless the City, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties as a result of any acts or omissions of Affordable Solar or its agents in violation of the ADA.

16. Audits and Inspections. At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all of Affordable Solar's records with respect to all matters covered by this Agreement. Affordable Solar shall permit the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement. Affordable Solar understands and will comply with the City's Accountability in Government Ordinance, §2-10-1 et seq. and Inspector General Ordinance, §2-17-1 et seq. R.O.A. 1994, and also agrees to provide requested information and records and appear as a witness in hearings for the City's Board of Ethics and Campaign Practices pursuant to Article XII, Section 8 of the Albuquerque City Charter.

17. Indemnity. Affordable Solar agrees to defend, indemnify and hold harmless the City and its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties because of any injury or damage received or sustained by any person, persons or property arising out of or resulting from the Services performed by Affordable Solar or Affordable Solar's agents under this Agreement or by reason of any asserted act or omission, neglect or misconduct of Affordable Solar or Affordable Solar's agents or employees or any subcontractor or its agents or employees. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement.

18. No Collusion. Affordable Solar represents that this Agreement is entered into by Affordable Solar without collusion on the part of Affordable Solar with any person or firm,

without fraud and in good faith. Affordable Solar also represents that no gratuities, in the form of entertainment, gifts or otherwise, were, or during the term of this Agreement, will be offered or given by Affordable Solar or any agent or representative of Affordable Solar to any officer or employee of the City with a view towards securing this Agreement or for securing more favorable treatment with respect to making any determinations with respect to performing this Agreement.

19. Applicable Law and Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico, and the laws, rules and regulations of the City of Albuquerque. The venue for actions arising out of this Agreement is Bernalillo County, New Mexico.

20. Enforcement. Affordable Solar agrees to pay to the City all costs and expenses including reasonable attorney's fees incurred by the City in exercising any of its rights or remedies in connection with the enforcement of this Agreement.

21. Electronic Signatures. Authenticated electronic signatures are legally acceptable pursuant to Section 14-16-7 NMSA 1978. The parties agree that this Agreement may be electronically signed and that the electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

22. Further Assurances and Mutual Cooperation. Each Party agrees to deliver and execute any and all notices, certificates, instruments and other such documents and take any and all actions as any Party hereto reasonably may require to carry out this Agreement and such transactions hereby contemplated, and no Party will take any action that may deprive the other Party of the enjoyment of the rights this Agreement secures. Each Party further agrees to select its own legal counsel and to retain such legal counsel at that Party's expense.

23. Severability. If any part or provision of this Agreement is found to be or becomes unenforceable or illegal for any reason, such part or provision may be modified as necessary to render this Agreement enforceable and legal. If such part or provision cannot be modified as such, the part or provision shall be severed from this Agreement, and the remaining parts and provisions of this Agreement shall remain in full force and effect.

24. Force Majeure. Neither Party shall be liable to the other Party for any failure to perform any provisions or obligations of this Agreement if such failure to perform is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a Party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, labor disturbance, sabotage, or restraint by court or public authority, or any other cause beyond the reasonable control of a Party affected whether similar or dissimilar to the ones listed, which makes it impossible or unreasonably difficult for a Party to perform its obligations under this Agreement. Nothing contained in this paragraph shall be construed to require either Party to prevent or settle a strike against its will. The Party unable to perform its obligations due to Force Majeure will provide notice to the other Party within five (5) days of it becoming aware of the Force Majeure of its inability to perform and its expectations as to when, if ever, it will be able to resume its obligations.

25. Notice. All notices or other written communications, including requests for disbursement, that are required or permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by a recognized overnight delivery service, by fax, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in the signature block of this Agreement. If notice is mailed, it will be deemed received on the earlier of actual receipt or on the third business day following the date of mailing. If a notice is hand-delivered or sent by overnight delivery service, it will be deemed received upon actual delivery. If any written notice is sent by facsimile or electronic mail, it will be deemed received upon printed or written confirmation of the transmission. A party may change its notice address by written notice to the other party to this Agreement.

26. Assignment by Affordable Solar. Generally, this Agreement may not be assigned without the prior, written consent of the non-assigning Parties, and the City retains the right to determine whether any assignee is a qualifying entity pursuant to LEDA and the LEDA Ordinance. Regardless of any other provision herein, this Agreement may be assigned by Affordable Solar as part of a sale of all, or substantially all, of Affordable Solar's assets, provided, however, that if such an assignment occurs before January 31, 2031, (i) the assignee assumes, in writing, Affordable Solar's obligations under this Agreement, which will include (a) confirmation that the commitment of Affordable Solar remains in place through January 31, 2031 or (b) the assignee provides another form of security reasonably satisfactory to the City, and (ii) Affordable Solar provides to the City, at least five (5) days prior to such assignment's effective date, a copy of the assignment and (x) such confirmation of Affordable Solar's commitment or (y) such form of security reasonably satisfactory to the City. Notwithstanding any of the foregoing, Affordable Solar may terminate this Agreement in the event that Affordable Solar sells all, or substantially all, of Affordable Solar's assets.

27. Miscellaneous. This Agreement binds and inures to the benefit of the City and Affordable Solar and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning Party. This Agreement, together with the Letter of Credit, represents the entire agreement of the Parties on the subject hereof and supersedes all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be amended or modified, and the performance by any Party of its obligations under this Agreement may be waived, only in a written instrument duly executed by both 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 New Mexico applicable to agreements made and to be performed in New Mexico.

28. Effective Date. This Agreement will be effective on June __, 2021 (the "Effective Date").

CITY OF ALBUQUERQUE,
NEW MEXICO

AFFORDABLE SOLAR INSTALLATION,
INC., a New Mexico Corporation

By _____
Name: Sarita Nair, JD, MCRP
Title: Chief Administrative Officer
Date: _____

By _____
Name: _____
Title: _____
Date: _____

Address for notice:
One Civic Plaza NW
Albuquerque, NM 87102
Attention: Economic Development Director
Tel: (505)768-3000
Email: synthiaj@cabq.gov

Address for notice:
Affordable Solar Installation, Inc.
Attention:
4840 Pan American East Fwy
Albuquerque, NM 87109
Tel: (505) 944-4220
Email:

With a copy to:
City Attorney
One Civic Plaza NW
Albuquerque, NM 87102
Tel: (505)768-3000
Email: ej@cabq.gov

Mailing Address:

P.O. Box 1293
Albuquerque, NM 87103

Exhibits

Exhibit A	Application for LEDA Assistance
Exhibit B	Wages and Benefits
Exhibit C	Surety Bond

Affordable Solar Project- LEDA 21-4

**ALBUQUERQUE DEVELOPMENT COMMISSION
LEDA Hearing**

May 13, 2021

Case #2021-8

LEDA 21-4: Affordable Solar Installation, Inc., Project

REQUEST: Approval of \$125,000 in Local Economic Development Act Fund, from the City of Albuquerque is requested.

EXECUTIVE SUMMARY: Affordable Solar Installation, Inc., is local company established in 1998 and currently employs 140 full time workers in Albuquerque. The company intends to increase their employment by adding a minimum of 90 new employees over ten years, and potential up to 100 new jobs, primarily consisting of technicians, electricians, and fabricators. These positions pay from \$37,400 to \$70,000. The City Council approved \$7.578 million in City-issued industrial revenue bonds. The Company now seeks LEDA funding, in the amount of \$125,000 from the City. The State has agreed to provide \$500,000 for which the City would act as fiscal agent. The company will be investing \$5.283 million in the land, building and improvements, plus another \$945,000 for equipment. The Company expects to spend approximately \$2.5 million on improvements to the existing site and facility, which will greatly improve the surrounding business development area. The Company spent approximately \$15 million on goods and services in New Mexico in 2020. Of that, approximately \$7 million was spent on services subject to NMGRT. The Company expects that these amounts will increase by about 10 percent annually.

PROJECT SUMMARY: Affordable Solar Installation, Inc., (“Affordable Solar” or “Company”) was founded in 1998 and has grown significantly in Albuquerque since that time to become a major player in the solar industry nationally and internationally. The Company’s rapid growth has led them to seek a new facility to consolidate and continue to grow the various divisions of their operations in Albuquerque.

The City Council approved \$7.578 million in City-issued industrial revenue bonds, for which the company is solely responsible for repayment of all debt, to assist with the purchase and improvement of an existing vacant site and building to accommodate their growth. The Company will consolidate their operation at the new location, which will hold their corporate headquarters, as well as their research and development, warehousing, logistics and light manufacturing or assembly of component parts.

The Company now seeks LEDA funding, in the amount of \$125,000 from the City. The State has agreed to provide \$500,000 for which the City would act as fiscal agent; however, as usual, that transaction is not under review for approval as part of this process and the City proposes to provide \$125,000. LEDA funds will help the Company reimburse LEDA eligible expenses for renovations and improvements following execution of the Project Participation Agreement (“PPA”). The Company will need to hire 90 additional employees for a total employee count of 230 and compile enough LEDA Eligible Expenses For the full payment of City funds.

Affordable Solar Project- LEDA 21-4

Affordable Solar has been recognized as one of the “Best Places to Work” in Albuquerque, and with more than 140 existing employees, they intend to increase their employment by adding 90 new employees over ten years, and potential additional new jobs to 100 primarily technicians, electricians, and fabricators. These positions pay from \$37,400 to \$70,000. The remaining administrative, project management, superintendent and other positions salaries range from \$55,000 to \$130,000, and all of them come with a robust benefits package. In 2020, for the Fastest Growing Companies ranked by Albuquerque Business First, Affordable Solar was #1 for Large Companies. For New Mexico Technology “Flying 40” 2020 Awardees, Affordable Solar ranked #2 in the Top 10 for Total Revenue and #8 for Top 10 Revenue Growth for Companies greater than \$10 Million. The company anticipates revenues of \$200 million in 2021.

Affordable Solar is looking to purchase an existing 3.522-acre site which already contains a noteworthy building of nearly 30,000 square feet at 3900 Singer Boulevard NE. The building originally was designed as an attractive curved green glass facility, which operated as a customer service center for different tenants for many years. Unfortunately, it has been vacant for approximately four years. The Company expects to spend approximately \$2.5 million on improvements to the existing site and facility, which will greatly improve the surrounding business development area.

Affordable Solar has consistently invested in new research and development to keep their Albuquerque-based company in front of the latest technology and knowledge, particularly in the large solar array field, and has broadened their services in the solar industry across 12 states to date. Their goal is to accelerate the development of a clean, safe, innovative technology that has the potential to transform the energy landscape nationally and internationally. The Company plans for nearly 80 percent of their sales to be for out of state customers. The Company has a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products.

The Company states that their intellectual property creates a consistent advantage that is leveraged to allow for a robust renewable energy workforce, focused in Albuquerque. The plan is for the new Albuquerque facility to house the component fabrication as well as their corporate headquarters. Their primary business is in the large-scale utility projects, for which they provide Engineering, Procurement, and Construction (EPC). Their second largest business division is in the Battery, Energy Storage System (BESS) business, where they have no competition in the state, and very limited competition nationally. They have developed products and methods designed to reduce cost and allow for rapid deployment of solar and energy storage projects in response to national renewable energy developments.

The goals of the Affordable Solar Consolidation and Expansion project are to further create and foster economic growth in the State of New Mexico. One of the primary project goals is to create new economic-base jobs in the community and to create job growth opportunities for existing staff. They state that their “overarching goal is to continue to be at the forefront of the renewable energy industry both inside and outside of New Mexico. “We want to create a sustainable future for generations to come and we want to employ likeminded individuals that are committed to making a difference in their communities and beyond.”

Affordable Solar Project- LEDA 21-4

The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts. According to State statute, qualifying entities for these projects include:

“A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

- (1) An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;**
- (2) A business in which all or part of the activities of the business involves the supplying of services to the general public or to the governmental agencies or to a specific industry or customer, but, other than as provided in subsection (5) of this definition, not including businesses primarily engaged in the sales of goods or commodities at retail;”**

The LEDA application, as shown in Exhibit 1, provides details of the project and the number and types of jobs to be created.

Exhibit 2 delineates the required Project Participation Agreement (“PPA”) between Affordable Solar and the City. The PPA is summarized in Section V, below.

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the project is derived from information the Company provided. The analysis shows that the Company will be making a substantive contribution to the community and that the City could realize net present value of \$8.6 million in taxes from the direct and indirect spending associated with this project over the next 10 years.

FINDINGS:

1. LEDA 21-4 is a qualified project as defined by the State’s Local Economic Development Act and the City’s enabling legislation (F/S O-04-10); and
2. LEDA 21-4 would make positive substantive contributions to the local economy and community by maintaining a minimum of 140 employee headcount in year one and 230 employee headcount by year ten; and
3. Subject to the development of a proposed Letter of Credit or other acceptable security documents, LEDA 21-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for ten years; and
4. Subject to the development of a proposed Letter of Credit or other acceptable security documents, LEDA 21-4 would adequately meet the evaluation criteria established by the City for

Affordable Solar Project- LEDA 21-4

Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

PROJECT ANALYSIS: The project, as proposed in the project application, will be analyzed in accordance with the City’s LEDA project evaluation criteria.

I. PROJECT ELIGIBILITY

1. QUALIFYING ENTITY

The City’s enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a “Qualifying Entity” eligible for LEDA funding assistance. Affordable Solar qualifies under the Act and the Ordinance by meeting the following definition:

As stated in the Summary, qualifying entities for these projects include:

A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

- (1) An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;**
- (2) A business in which all or part of the activities of the business involves the supplying of services to the general public or to the governmental agencies or to a specific industry or customer, but, other than as provided in subsection (5) of this definition, not including businesses primarily engaged in the sales of goods or commodities at retail;**

2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES

The City’s enabling legislation also states that applications for LEDA assistance, which meet the policies and objectives of the City’s community economic development plans, shall receive priority. Affordable Solar qualifies as the type of project that meets the City’s identified economic development priorities under (F/S O-04-10) in the following categories:

- (1) Private companies seeking to build, expand, or relocate facilities;**
- (2) Manufacturing firms (including intellectual property such as computer software);**

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

Affordable Solar Project- LEDA 21-4

The proposed project is located at 3900 Singer Blvd., NE, Albuquerque, Lot 6-A-1 of JEFFERSON COMMONS II, as the same is shown and designated on the Plat entitled, "Correction Plat of Lots 6-A-1, 6-A-2, 6-A-3 and 6-A-4, Jefferson Commons II, Elena Gallegos Grant Projected Section 35, Township 11 North, Range 3 East, N.M.P.M., Albuquerque, Bernalillo County, New Mexico, January 2020", filed in the office of the County Clerk of Bernalillo County, New Mexico on September 21, 2020 in Plat Book 2020C, Page 92, re-recorded October 6, 2020 in Plat Book 2020C, Page 96 as Document No. 2020097853.

Prevailing Site Conditions

The company will be buying a pre-constructed building and its site, which will be modified to accommodate the change in uses, employee growth, and business development expansion plans. The project site originally was developed to be multi-use with the main building (now under consideration), built by a developer with the assistance of the City and economic development partners. It was an attractive curved green-glass office building distinctive in the surrounding area of predominantly square and rectangular stucco and steel buildings. In more recent times, unfortunately, the facility has been vacant. Although vacant for the past four (4) years, this site was developed as office space with a dock high door and a receiving room. It operated for many years as a customer service center for America On-Line (AOL) and then T-Mobile, when AOL was acquired. The project parcel was recently created with a replat that separated the subject building from other buildings that used to be on one large parcel. The company will be investing \$5.283 million in the land, building and \$2.5 million in building improvements, plus another \$945,000 for equipment.

Present Assessed Value

Presently there is no assessed value for the site, since the County Assessor just recently completed a review of the site due to the replanting, and new values would not be assigned until next January 1, 2022. The purchase price for the site and building is \$6,033,000.

Present and Proposed Zoning

The site has been re-platted, and the zoning designation just recently received under the new IDO is NR-BP (Non-Residential/ Business Park). Permissive uses include office, warehousing, light manufacturing, and assembly. The project fits within the permitted uses.

2. LAND USE/INFILL/DESIGN AND CONSERVATION:

The property is located in a development known as "Jefferson Commons". The whole surrounding area along the westside of I-25 out to the main North Diversion water channel is known as the I-25 or Jefferson Corridor and was designed to be developed for the community for mixed uses, with business/warehouse/office/manufacturing uses (along with an existing rock quarry and Cliff's Amusement Park). Over the years, and more adjacent to

Affordable Solar Project- LEDA 21-4

the visibility from I-25, other commercial uses such as car dealerships, movie theaters, restaurants and a former Albuquerque Waterpark also were developed.

While the company itself will not be generating alternative energy for the surrounding area, they do plan to lead by example and install roof-top solar as well allowing for electric vehicle parking spaces and charging stations. Low-flow toilets, energy efficient appliances, HVAC system, and new xeriscape landscaping will be included in the development. Affordable Solar intends to be a model employer and is participating in the Mayor's Energy Challenge and will purchase bus passes for employees and bicycle storage racks will be installed. Lockers and showers for employees are being reviewed in the design process.

As mentioned previously, the project site is an existing building located in an existing business park location, and is already in-fill. As noted in their application, the building has fallen into some disrepair due to the lack of use, yet it is in a highly visible location. The infusion of millions of dollars in purchasing, developing and improvements will greatly enhance the area.

Demolition: No major external demolition is planned.

Relocation: No individuals, families, or businesses will be displaced by the activities outlined in this plan.

The project also conforms to the City's Economic Development strategies:

Smart Recruitment, Retention, and Expansion – The Economic Development Department (EDD) is focused on recruiting companies from specific industries that build upon Albuquerque's existing assets. The EDD supports new enterprise creation, cluster development, and strategic attraction and recruitment of businesses that align with and complement existing strengths.

In addition, New Mexico municipal IRB legislation specifically identifies "projects" as land, buildings, equipment and improvements that are suitable for use by any of the following:

- A. any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities.

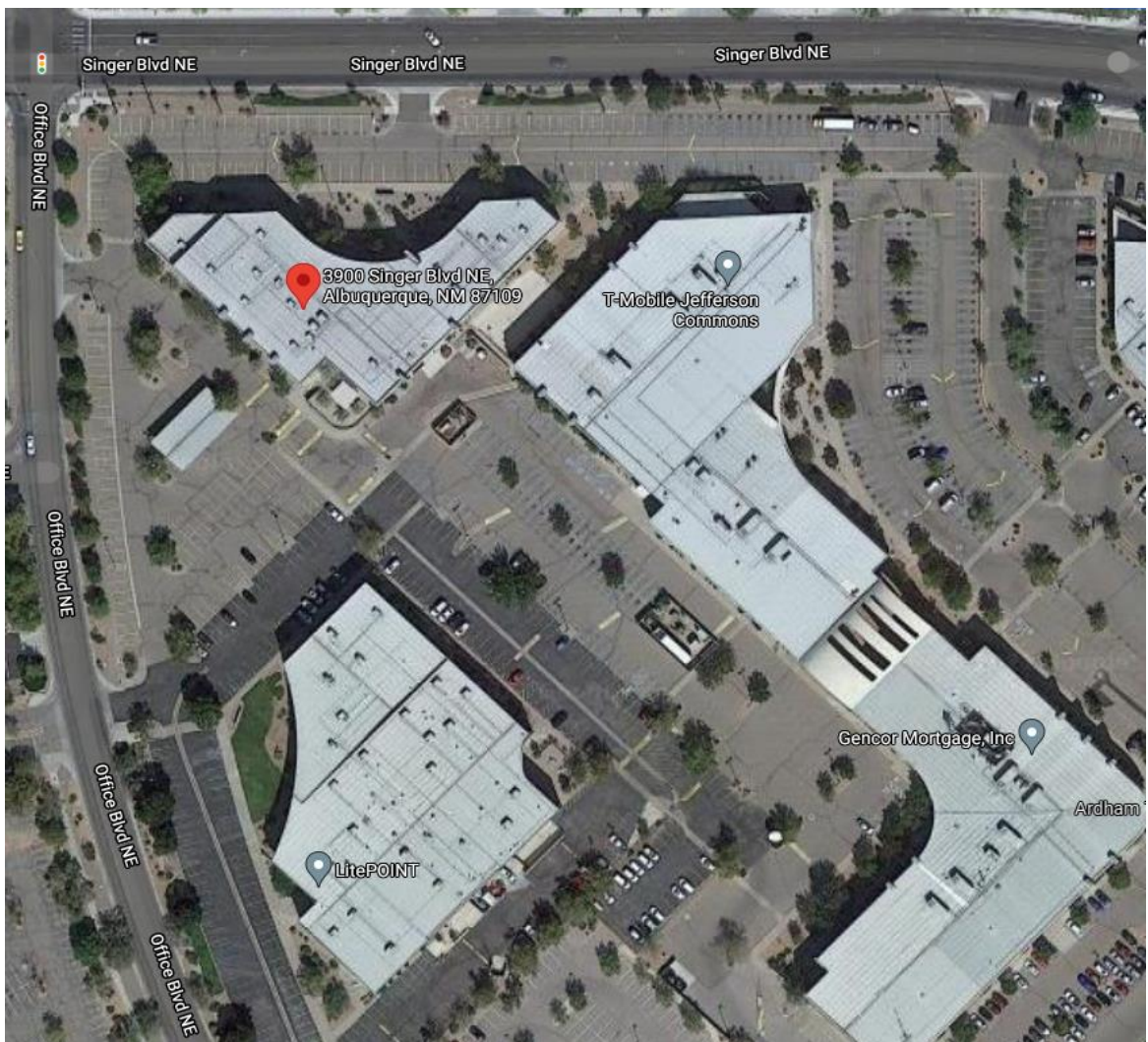
The company has stated that in addition to the information provided in **I. Area Enhancement**, this location will serve as the Company's home office for all current and future employees. The growing number of staff will frequently patron local food establishments, entertainment and supply-based businesses. Having an office in a centralized location, will allow employees, and they will be encouraged, to ride bicycles to work and utilize nearby public transportation which is readily available. The company intends to buy bus pass passes for their employees. As mentioned, the company is striving to be the employer of choice in Albuquerque and a good office environment is instrumental. The Company will pursue any viable and economically feasible means to support this effort which, in turn, would be a win-win situation for both the Company and the City. Additionally, with their expanded home office, the Company expects increased

Affordable Solar Project- LEDA 21-4

levels of out-of-state visitors. Within the next few years, they expect 150 visitors per year, remaining in the area for an average of three (3) days.

Infrastructure

- A. It is an existing in-fill development project, as discussed above. The existing office building will be rehabilitated and it has no historic properties/elements.
- B. Although the building has been vacant for four years, it was initially developed to accommodate the kind of employee and business uses projected by the Company.
- C. Affordable Solar is currently not planning on making any significant changes, and no major changes have been identified as needed.



III. ECONOMIC BENEFITS

This project will have numerous positive economic benefits across the community and the state. First, the community will be retaining and expanding a valued Albuquerque employer that does

Affordable Solar Project- LEDA 21-4

well for its employees, customers, suppliers, the community and the tax base. In addition to the 140 employees they had at the end of 2020, they will be adding another 70 by January 31, 2026 and potentially another 20 by January 31, 2031. And their payroll is expected to increase up to approximately \$12,578,621. Total purchases made in New Mexico last year were about \$15,000,000 in goods and services, with about half of that subject to NM Gross Receipts Tax.

COMPETITION

Established in 1998, Affordable Solar is the largest and most experienced solar and Battery Energy Storage System (BESS) Engineering, Procurement and Construction (EPC) contractor based in New Mexico by a wide margin. According to Greentech Media's US market data, Affordable Solar was responsible for approximately 60% of the solar capacity deployed in NM in 2018.

The Company has stated that "Affordable Solar Installation, Inc. does not have a true competitor in the City for our primary business, which is as an Engineering, Procurement and Construction (EPC) service provider for large-scale Utility projects. Our second largest division is in the Battery Energy Storage System (BESS) installation business, where there is no competition in the City or the State and very limited competition at the National level. Our Light Commercial Business has very limited local competition, if any. There is local competition in the Residential Business, but this will make up less than 5% of our revenue for 2021."

E. Effect on Existing Industry and Commerce during and after Construction

The Company has stated that the expansion will allow them to continue to grow and innovate in Albuquerque. As referenced above, they have a patent pending design that streamlines and simplifies the installation of batteries used for energy storage. The Company plans to continue to innovate and to fabricate, assemble and integrate equipment at the new facility. It is important to note that work is presently done in the field, out of the State, less efficiently and at a higher cost.

The salaries for the jobs should meet or exceed the average for similar positions within the community. In a review of positions from the NM Dept. of Labor, it appears that the salaries for the jobs profiled are comparable for similar positions within the community.

1. Net new jobs and employee ramp over the next ten years are as follows:

Year	Cumulative Full Time Job Creation Target	Min Job (90% of target new jobs)	Payroll	Job Determination Period	
1	140+10=150	140+9=149	\$9,339,079	Ordinance Date	1/31/22
2	150+25=175	149+22=171	\$11,216,155	01/01/22	1/31/23
3	175+15=190	171+13=184	\$12,507,364	01/01/23	1/31/24
4	190+10=200	184+9=193	\$13,510,768	01/01/24	1/31/25

Affordable Solar Project- LEDA 21-4

5	200+10=210	193+9=202	\$14,556,527	01/01/25	1/31/26
6	210+5=215	202+4=206	\$15,283,285	01/01/26	1/31/27
7	215+5=220	206+4=210	\$16,037,282	01/01/27	1/31/28
8	220+5=225	210+4=214	\$16,819,424	01/01/28	1/31/29
9	225+5=230	214+4=218	\$17,630,650	01/01/29	1/31/30
10	230+5=235	218+4=222	\$18,471,926	01/01/30	1/31/31

2. Salary rates for each of the positions

Job	No. of net new jobs	Average Salary (or hourly equivalent)	Salary Total
Fabricator	9	\$46,707	\$420,367
Project Manager	6	\$124,886	\$749,318
Energy Developer	3	\$124,886	\$374,659
Logistics Coordinator	3	\$68,687	\$206,062
Engineer	5	\$124,886	\$624,431
Foreman	6	\$81,176	\$487,057
Technician	33	\$49,355	\$1,628,717
Electrician	8	\$87,420	\$699,363
Assistant Project Manager	4	\$81,176	\$324,704
Superintendent	4	\$106,153	\$424,613
Estimator	2	\$106,153	\$212,307
Administration	8	\$68,687	\$549,500
Management	4	\$162,352	\$649,409
Total	95	\$77,374	\$7,350,508

3. Number of people occupying each of the positions over the ramp schedule.

Year	New Payroll	Cumulative net new payroll
2021	\$641,400	\$641,400
2022	\$1,603,500	\$2,244,900
2023	\$962,100	\$3,476,350
2024	\$641,400	\$4,166,834
2025	\$641,400	\$4,955,899
2026	\$702,016	\$5,300,964
2027	\$719,567	\$5,660,185
2028	\$424,836	\$5,660,185
2029	\$314,445	\$6,226,526
2030	\$314,445	\$6,696,635
2031	\$486,457	\$7,350,508

Affordable Solar Project- LEDA 21-4

4. Estimated net new payroll - \$4,489,800 annually
5. Confirmation the company pays at least 50% of the employee's health insurance premium - Confirmed

Year	Jobs Added	Total net new jobs
2021	10	10
2022	25	35
2023	15	50
2024	10	60
2025	10	70
2026	5	75
2027	5	80
2028	5	85
2029	5	90
2030	5	95
2031	5	100*

* Minimum required jobs will be 90% of target new jobs at 90 employee headcounts.

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?

At least 90%

- 2) Will jobs benefit low- and moderate-income residents?

Yes

- 3) Will the jobs meet or exceed median wages for the industry within the community?

Yes

- 4) Will the jobs match skills of current city residents?

Yes

- 5) Will new employees be trained to fill the positions?

Yes. Affordable Solar worked with Central New Mexico Community College throughout 2020. This resulted in Affordable Solar having the only State Approved Solar Apprenticeship program.

- 6) What stated advancement opportunities are there?

Affordable Solar strongly believes in promoting from within. We have a history of mentoring and helping our employees to advance their careers. We have examples of employees that started as interns that are now in upper management positions. We will continue to foster the growth and advancement of our employees during this project.

Affordable Solar Project- LEDA 21-4

7) Will “Job Training Incentive Program” or other job training programs be used?

Yes, Affordable Solar also utilizes the Job Training Incentive Program.

8) Will at least 50% of health insurance premiums be covered for employees?

Yes

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

Affordable Solar’s ownership has always placed a high priority on community service. A long-standing company policy is paid-time off for employees to volunteer for a Non-Profit 501c(3) company or a qualified service project of their choice. With regards to a group-coordinated effort, one organization to highlight is the Roadrunner Food Bank (RRFB). In addition to ownership being on the Board of RRFB, Affordable Solar coordinated a targeted campaign whereby employees were enlisted to reach out to frequently utilized vendors for monetary donations and/or encourage a company-sponsored food drive.

LOCAL PURCHASES

The Company spent approximately \$15 million on goods and services in New Mexico in 2020. Of that, approximately \$7 million was spent on services subject to NMGRT. The Company expects that the amounts will increase by about 10 percent annually.

The impact on existing industry and commerce after construction is anticipated to be favorable.

The building has been vacant for a number of years, and the addition of not only an existing workforce of 140, but also of 70 new employees by 2026 and potentially a total of another 20 over the next ten years will bring a large influx of people to support local surrounding businesses and restaurants.

Most importantly, this building has been vacant for four years and is showing signs of disrepair. Affordable Solar will be renovating and rejuvenating an existing building in a high-profile area of Albuquerque. Façade improvements will include repaint and re-stucco, expanded lighting, and general maintenance updates. As a renewable energy company, they will set an example for other businesses by installing roof-top solar as well as electric vehicle charging stations. The proposed operations are not expected to generate any notable air, noise, or waste pollution.

The Company has stated that in addition to the information provided in **I. Area Enhancement**, this location will serve as the Company’s home headquarters office for all current and future employees. The growing number of staff will frequently patron local food establishments, entertainment and supply-based businesses. Having an office in a centralized location, will allow employees, and they will be encouraged, to ride bicycles to work and utilize nearby public transportation which is readily available. The Company intends to buy bus pass passes for their employees. As mentioned, the Company is striving to be the employer of choice in Albuquerque

Affordable Solar Project- LEDA 21-4

and a good office environment is instrumental. The Company will pursue any viable and economically feasible means to support this effort which, in turn, would be a win-win situation for both the Company and the city. Additionally, with their expanded home office, the Company expects increased level of out-of-state visitors. Within the next few years, they expect 150 visitors per year, remaining in the area for an average of three (3) days.

D. Competition

There are a number of companies which provide solar panel installation services in the Albuquerque area, however, none of them appear to be direct competitors for the types of products and services provided by the applicant. The application states: "Affordable Solar Installation, Inc. does not have a true competitor in the City for our primary business, which is as an Engineering, Procurement and Construction (EPC) for large-scale Utility projects. Our second largest division is in the Battery Energy Storage System (BESS) installation business, where there is no competition in the City or the State and very limited competition at the National level. Our Light Commercial Business has very limited local competition, if any. There is local competition in the Residential Business, but this will make up less than 5% of our revenue for 2021."

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

Funding is subject to City Council approval. Affordable Solar intends to self-fund the improvements through their own working capital, and they are responsible for their own and the City's fees related to the LEDA applications and associated legal or other administrative fees, including the fiscal impact analysis. The company is utilizing industrial revenue bonds, for which they are solely responsible for payments, as well as other kinds of traditional lending.

10. DEVELOPER'S RECORD:

Affordable Solar was selected to be an Albuquerque Business First "Best Place to Work" finalist for 2019. "We're honored to awarded this title and it just goes to show how dedicated we are to our employees. It takes hard work to make people happy and the results of this survey show we work hard at keeping our employees happy. Our employees play a crucial role in us being the premiere Albuquerque-area solar installation company, serving all kinds of customers from public utilities to consumers."

Additional information is available on www.affordable-solar.com

Affordable Solar Project- LEDA 21-4

11. EQUITY:

The project intends to use a combination of financing elements, including an SBA 504 loan, the proceeds from the industrial revenue bonds, LEDA funds and other sources. With a federal Small Business Administration (SBA) loan, the SBA backs forty percent of the loan, and the Company provides ten percent; traditional bank financing provides the other fifty percent.

12. MANAGEMENT:

The Company appears to have a strong, experienced management team.

The Company will self-manage the project during development utilizing a Project Team. The Project Team will include the following Affordable Solar Employees: Ryan Centerwall, CEO, Shawn Ricketts, CFO, Blake Richards, Director of Construction (GB98), and Sandy Barry will provide Project Management by serving as a liaison with other local, NM-licensed contractors who will be utilized based on their various areas of expertise. The Project Team will work closely with a, soon to be selected, local architect who will also attend the weekly meetings with the Project Team to ensure plans, budgets and timelines are being met. Affordable Solar is in possession of a New Mexico Commercial Contractor's License (EE98, EL01 & GB98).

Information of other Company senior personnel are included in the Application and at www.affordable-solar.com.

Based on the description given in the project plan, management appears to be qualified to manage the project. Based on financial information provided, the Company appears capable of managing and completing the Project.

13. FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model, as required given the project is a recipient of City funds. The analysis shows that the Company will start out in its first year with more than \$400,000 in positive fiscal impact and an overall positive fiscal impact of \$457,437 over the term of the bonds

The fiscal impact analysis demonstrates that the City will recoup the value of its investment within the ten-year LEDA requirement.

FINDINGS:

1. LEDA 21-4 is a qualified project as defined by the State's Local Economic Development Act and the City's enabling legislation (F/S O-04-10); and
2. LEDA 21-4 would make positive substantive contributions to the local economy and community by maintaining a minimum of 140 employee headcount in year one and 230 employee headcount in year ten; and

Affordable Solar Project- LEDA 21-4

3. Subject to the development of a proposed Letter of Credit or other acceptable security documents, LEDA 21-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for ten years; and

4. Subject to the development of a proposed Letter of Credit or other acceptable security documents, LEDA 21-4 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within ten years.

STAFF RECOMMENDATION:

Recommended Motion: Based on the findings in the staff report, the ADC recommends to City Council approval for Case #2021-8 LEDA 21-4 Affordable Solar.

Damian Lara, Deputy Director
Economic Development Department

APPLICATION
for
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)
Project Approval

Name of Project: Zia Energy Consolidation and Expansion

Location of Project: 3900 Singer Blvd NE Albuquerque, NM 87109

Company Name: Affordable Solar Installation, Inc., a subsidiary of Zia Energy Group, Inc.

Contact Person: Shawn Ricketts

Address: 4840 Pan American Freeway East, NE
Albuquerque, NM 87109

Telephone: 505-340-6442

Email: shawn.ricketts@affordable-solar.com

Counsel: Lastrapes, Spangler & Pacheco, P.A.

Address: 333 Rio Rancho Dr. Suite No. 401

Rio Rancho, NM 87124

Telephone: 505-892-3607

Amount Requested: **\$7,578,000** ___ Fee Submitted: \$2500

FOR STAFF USE

Staff Assigned: _____

Case Number: _____

Fee Received: \$ _____

ADC Hearing Date: _____

Council Dates (Tentative): Introduction _____

Committee _____ Council Hearing _____

PREFACE

This Application is being submitted to the Development Commission of the City of Albuquerque for review prior to consideration by the City Council of an Ordinance for the Local Economic Development Act in accordance with Council Ordinance O-04-10. Pursuant to those Council actions this is the first step towards the issuance of an ordinance pursuant to: the Local Economic Development Act (5-10-1 to 5-10-13 NMSA 1978 as amended); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City's Charter.

The Plan contains the information required by City Council Ordinance O-04-10 and conforms with and compliments the policies established for the local Economic Development Act pursuant to that Council action.

The purpose of the Application is to identify the project area and to present the plan and the uses to which the LEDA proceeds will be put if issued. This Application is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted. The applicant and its agent will endeavor to provide the City any additional information reasonably requested.

APPLICATION DESCRIPTION

Please prepare the LEDA application according to the following outline. Headings must be present and visible and all required information included. Please prepare the information needed for the fiscal impact analysis in the same manner but attached separately from the following outline.

I. GENERAL DESCRIPTION

Give a brief overview of the project, including general location, proposed development, use, and total amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the LEDA funds if approved.

Established in 1998, Affordable Solar is headquartered in Albuquerque, New Mexico. Our primary services are large scale solar and energy storage integration in 12 states. Our firm has developed products and methods designed to reduce cost and allow for rapid deployment of solar and energy storage projects in response to national renewable energy adoption. Drawing on our experience and a robust research and development initiative we have a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products. Our intellectual property creates a consistent advantage that is leveraged to allow for a robust renewable energy workforce. Our new Albuquerque facility will house our component fabrication as well as our corporate headquarters. The goals of the Zia Energy Consolidation and Expansion project are to further create and foster economic growth in the State of New Mexico. One of the primary project goals is to create new jobs in the community and to create job growth opportunities for existing staff. Our overarching goal is to continue to be at the forefront of the renewable energy industry both

inside and outside of New Mexico. We want to create a sustainable future for generations to come and we want to employ likeminded individuals that are committed to making a difference in their communities and beyond.

Affordable Solar will use the LEDA funds granted by the City of Albuquerque for qualified expenditures on their expansion project. The primary use of the funds will be for building improvements, as part of the project.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

Give both the precise and complete legal description and address or identification of location. (For example: The proposed project is located at 5300 2nd Street N.W. The site is more particularly described as Tracts B-1 and C of the Plan of Division of Lands of Mel Sanchez and Lath & Plaster Supply Company, as the same is shown and designated on the plat of said land filed in the office of the County Clerk on April 27, 1979 in Bernalillo County, New Mexico, containing approximately 11.15 acres.)

The proposed project is located at 3900 Singer Blvd., NE, Albuquerque, Lot 6-A-1 of JEFFERSON COMMONS II, as the same is shown and designated on the Plat entitled, "Correction Plat of Lots 6-A-1, 6-A-2, 6-A-3 and 6-A-4, Jefferson Commons II, Elena Gallegos Grant Projected Section 35, Township 11 North, Range 3 East, N.M.P.M., Albuquerque, Bernalillo County, New Mexico, January 2020", filed in the office of the County Clerk of Bernalillo County, New Mexico on September 21, 2020 in Plat Book 2020C, Page 92, re-recorded October 6, 2020 in Plat Book 2020C, Page 96 as Document No. 2020097853.

B. Prevailing Site Conditions

Describe the present use and development of the site, including any improvements, vacant land, etc.

Although vacant for the past four (4) years, this site was historically used as office space with a dock high door and a receiving room. The parcel was recently created with a replat that separated the subject building from other buildings that used to be on one large parcel.

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.

As stated above, the parcel was recently created with a replat that separated the subject building from other buildings that used to be on one large parcel. Since the new plat was just finalized in October 2020, the County Assessor has not re-assessed the new parcel. The most recent assessment was for roughly 17 acres and 169,560 square feet of building, which included the 3.52 acres and 29,560 SF building of the subject

parcel. Based on the square footage value of the most recent assessment of the larger parcel, we would estimate the assessment value of the subject parcel to be approximately \$2,920,360.

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.

Based on this request, attached is a Zonal Certification application which was completed and submitted to the City of Albuquerque, Planning Department, Code Enforcement Division on March 3, 2021.

III. PROJECT PLAN

A. Information Concerning Applicant

Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principals, or other information which will bear on the experience and credibility of the development entity.

Established in 1998, Affordable Solar is the largest and most experienced solar and ESS EPC contractor based in New Mexico by a wide margin. According to Greentech Media's US market data, Affordable Solar was responsible for approximately 60% of the solar capacity deployed in NM in 2018.

In 2019 and 2020, Affordable Solar designed and constructed over 195 Mega-Watt, Alternating Current (MWac) of combined utility, commercial, and industrial solar installations across New Mexico. For Battery Energy Storage projects, we have been awarded or contracted 655 MW / 2,363 Mega-Watt Hours (MWh). At the forefront in the installation of Energy Storage Systems (ESS), Affordable Solar has a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation. Affordable Solar's current Operations and Maintenance fleet in New Mexico is 325 MWac. In 2021, we've been awarded over 400 MW of new solar project capacity by electric cooperatives and various commercial, industrial, and municipal clients in New Mexico and across the Mountain-west. We have also deployed the only customer-sided commercial solar + energy storage system in PNM territory.

Our commercial development, design, and installation management team have a combined experience of over 100 years in the US solar industry. We have multiple NABCEP-certified solar professionals employed in our installation business and provide best-in-class solar installations for our customers. Our team not only supports local customers, but also supports key strategic clients in developing solar projects across multiple states. We have contractor's licenses in NM, AZ, UT, CA, and NV.

Affordable Solar has become a trusted partner for our clients and works tirelessly and with integrity to evaluate projects and provide solutions that meet our clients' goals, capital return requirements, and overall project objectives in a safe, efficient, and cost-effective manner. Our success stems from the professionalism and honesty we provide to all of our clients -large or small- and our mission is centered on maintaining these traits while ensuring the success of our clients' projects.

Affordable Solar self-performs our installations in conjunction with specialty subcontractors where needed.

As an employer, Affordable Solar is consistently ranked as one of the Best Places to Work by Albuquerque Business First. In 2020, for the Fastest Growing Companies ranked by Albuquerque Business First, Affordable Solar was #1 for Large Companies. For New Mexico Technology "Flying 40" 2020 Awardees, Affordable Solar ranked #2 in the Top 10 for Total Revenue and #8 for Top 10 Revenue Growth for Companies greater than \$10 Million

B. Tax Issues

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

Neither Affordable Solar Installation, Inc. nor any of its affiliates has any outstanding substantive federal, state or local tax issues.

C. Information Concerning Products and Process

Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

Our primary services are large scale solar and energy storage integration in 12 states. Our firm has developed products and methods designed to reduce cost and allow for rapid deployment of solar and energy storage projects in response to national renewable energy adoption. Drawing on our experience and a robust research and development initiative we have a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products. Our intellectual property creates a consistent advantage that is leveraged to allow for a robust renewable energy workforce. Our new Albuquerque facility will house our component fabrication as well as our corporate headquarters

D. Competition

Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make public funds available for projects with local competition, this statement is very important.

Affordable Solar Installation, Inc. does not have a true competitor in the City for our primary business, which is an Engineering, Procurement and Construction (EPC) for large-scale Utility projects. Our second largest division is in the Battery Energy Storage System (BESS) installation business, where there is no competition in the City or the State and very limited competition at the National level. Our Light Commercial Business has very limited local competition, if any. There is local competition in the Residential Business, but this will make up less than 5% of our revenue for 2021.

E. Effect on Existing Industry and Commerce during and after Construction

Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

Year	Jobs Added	Total net new jobs
2021	10	10
2022	25	35
2023	15	50
2024	10	60
2025	10	70

Year	Revenue Projection
2021	\$200,000,000
2022	\$250,000,000
2023	\$300,000,000
2024	\$300,000,000
2025	\$300,000,000

Our expansion will allow us to continue to grow and innovate. As referenced above, we have a patent pending design that streamlines and simplifies the installation of batteries used for energy storage. We plan to continue to innovate and to fabricate, assemble and integrate equipment at our new facility, work which is presently done in the field, out of the state, less efficiently and at a higher cost. For additional information, refer to the Fiscal Impact Analysis spreadsheet.

F. Property Acquisition

Indicate if LEDA proceeds will be used to acquire real property (land and/or buildings), and whether the real property is presently owned by the applicant, or is under option.

Affordable Solar will buy a pre-constructed building, which will be modified to accommodate our employee growth and business development expansion plans. The building is under option, pending due diligence and closing.

G. Description of Proposed Development

Describe any construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing). If project involves an existing facility, describe the facility.

To accommodate Affordable Solar's rapid growth, the prevailing site which consists of approximately 3.522 acres of land and a single office building, approximately 29,555 sq. ft., will be critical for our planned expansion. This is an "as is" purchase and significant repairs are expected as the building has been vacant for four (4) years. The existing office building will be rehabilitated and has no historic properties/elements. Internal, non-load bearing walls will be moved, updated and additional bathrooms are needed, and an expanded and upgraded breakroom will be added along with various meeting and collaboration spaces. Information technology upgrades will be necessary. Due to internal water leaks, various cosmetic updates will be done, i.e. painting and carpet/tile. Of the 29,555 sq. ft. of office space, approximately 12,510 sq. ft. will be converted to warehouse/fabrication/assembly space. The external expansion plans include significantly modifying the existing loading dock adding two (2) new overhead doors and a 38'x94' ramp. A fenced yard, meeting all the primary building codes as well as being aesthetically pleasing, would be approximately 38'x130'. Based on a structural assessment of the roof, potential roof modifications to accommodate a roof-top solar PV array which will be constructed. Plans also includes installing a Battery Energy Storage System (BESS) to maximize the energy efficiency of the solar Photovoltaic (PV) array.

H. Infrastructure

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

Affordable Solar is currently not planning on making any significant changes.

I. Area Enhancement

Describe how project design and placement will enhance the area.

Most importantly, this building has been vacant for four (4) years and is showing signs of disrepair. Affordable Solar will be renovating/rejuvenating an existing building in a high-profile area of Albuquerque. Façade improvements will include repaint and/or re-stucco, expanded lighting, and general maintenance updates. As a renewable energy company, we will set an example for other businesses by installing roof-top solar as well as electric vehicle charging stations.

J. Local Purchasing

Please provide an estimated annual expenditure on goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

Zia Energy Group and its affiliates purchased approximately \$700,000 in services which New Mexico Gross Receipts Tax were paid on last year. We expect this amount to increase by 10% per annum, over the next five years.

In addition, Zia Energy Group and its affiliates procured approximately \$100,000 in materials that New Mexico Gross Receipts Tax were paid on in 2020. We expect this amount to increase by approximately 10% per annum as well.

K. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

No individuals, families or businesses will be displaced by the activities outlined in this plan.

L. Number and Types of Jobs Created

Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created. The following questions must also be answered:

Job	# of net new jobs	Salary (or hourly equivalent)	Salary Total
Fabricator	6	\$37,400	\$224,400
Project Manager	4	\$100,000	\$400,000
Energy Developer	2	\$100,000	\$200,000
Logistics Coordinator	3	\$55,000	\$165,000
Engineer	4	\$100,000	\$400,000
Foreman	4	\$65,000	\$260,000
Technician	20	\$39,520	\$790,400
Electrician	8	\$70,000	\$560,000
Assistant Project Manager	4	\$65,000	\$260,000
Superintendent	4	\$85,000	\$510,000
Estimator	2	\$85,000	\$170,000
Administration	6	\$55,000	\$330,000
Management	3	\$130,000	\$390,000
Total	70	\$64,140	\$4,489,800

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere? At least 90%
- 2) Will jobs benefit low and moderate income residents? Yes
- 3) Will the jobs meet or exceed median wages for the industry within the community? Yes
- 4) Will the jobs match skills of current city residents? Yes
- 5) Will new employees be trained to fill the positions? Yes. Affordable Solar worked with Central New Mexico Community College throughout 2020. This resulted in Affordable Solar having the only State Approved Solar Apprenticeship program.

6) What stated advancement opportunities are there? Affordable Solar strongly believes in promoting from within. We have a history of mentoring and helping our employees to advance their careers. We have examples of employees that started as interns that are now in upper management positions. We will continue to foster the growth and advancement of our employees during this project.

7) Will "Job Training Incentive Program" or other job training programs be used? Yes, Affordable Solar also utilizes the Job Training Incentive Program.

8) Will at least 50% of health insurance premiums be covered for employees? Yes

M. Corporate Citizenship Policy/Plan

List any company policies/plans regarding community charitable and civic donations and volunteerism policy.

Affordable Solar's ownership has always placed a high priority on community service. A long-standing company policy is paid-time off for employees to volunteer for a Non-Profit 501c(3) company or a qualified service project of their choice. With regards to a group-coordinated effort, one organization to highlight is the Roadrunner Food Bank (RRFB). In addition to ownership being on the Board of RRFB, Affordable Solar coordinated a targeted campaign whereby employees were enlisted to reach out to frequently utilized vendors for monetary donations and/or encourage a company-sponsored food drive.

N. Positive Contributions

List all positive contributions that the project will make to the neighborhood.

In addition to the information provided in **I. Area Enhancement**, this location will serve as the Company's home office for all current and future employees. Our growing number of staff will frequently patron local food establishments, entertainment and supply-based businesses. Having an office in a centralized location, will allow employees, and they will be encouraged, to ride bicycles to work and utilize nearby public transportation which is readily available. We are continually striving to be the employer of choice and a good office environment is instrumental. The Company will pursue any viable and economically feasible means to support this effort which, in turn, would be a win-win situation for both the Company and the city. Additionally, with our expanded home office, the Company expects increased level of out-of-state visitors. Within the next few years, we expect 150 visitors per year, remaining in the area for an average of three (3) days.

O. Management

Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

The company will self-manage the project during development utilizing a Project Team. The Project Team will include the following Affordable Solar Employees: Ryan Centerwall, CEO, Shawn Ricketts, CFO, Blake Richards, Director of Construction (GB98), and Sandy Barry will provide Project Management by serving as a liaison with other local, NM-licensed contractors who will be utilized based on their various areas of

expertise. The Project Team will work closely with a, soon to be selected, local architect who will also attend the weekly meetings with the Project Team to ensure plans, budgets and timelines are being met. Affordable Solar is in possession of a New Mexico Commercial Contractor's License (EE98, EL01 & GB98).

IV. SUSTAINABILITY ISSUES

A. **Energy:** Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology. Describe any energy conservation processes that the company already has and/or plans to use in its facility operations and processes; this may include energy efficient construction, machinery or equipment, recycling, energy efficiency programs with local utilities, or energy efficient lighting or windows, or other items.

Affordable Solar will be installing a roof-top solar array, electric car charging stations and a battery energy storage system. Only appliances with Energy Star certification will be purchased/installed. The same applies to any heating and/or HVAC unit replacement.

B. **Water Conservation:** Estimate average daily and monthly water consumption and include any plans for the conservation, reduction or re-use of water; this may include areas in the facility's operations, or items such as xeriscaping, low-flow toilets, or recycling in product production.

We have no current estimates of the daily water usage. For the remodeling, low-flow toilets will be installed. Any landscaping modifications will include xeriscape plants.

C. **Any other programs, processes, sponsorships other than those mentioned here or in other/sections, such as III. C. (Information on Products and Processes) or III. I. (Area Enhancement)? This may include anything such as: encouragement of alternative transportation modes (employer works with transit department to reduce cost of transit passes for employees); special bicycle parking/lockup; employee lockers for clothes change; charging stations; close-in parking spots for carpoolers; Arbor Day sponsorship?**

Affordable Solar joined the Mayor's Energy Challenge in 2020 and will join again in 2021/2022. As part of that program, bus passes will be offered to employees and bicycle storage racks will be constructed. Plans are being discussed for employee lockers and showers. EV charging stations will be installed.

V. PROJECT FINANCING

A. **Cost of Project, LEDA Funding Amount and Private Financing**

Provide the total cost of the project and the amount of LEDA funds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount and sources of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

The total anticipated cost of the project is outlined in Section B below. We plan to finance the project through a 504 (40%) Traditional Financing (50%) and Equity (10%). We are still finalizing the details around financing.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

Description	Cost
Land*	
Site Improvements	\$2,500,000
Building	\$3,533,000
Total	\$6,033,000

C. Feasibility

Present information to show that the project can reasonably be expected to remain viable, including sufficient revenue to liquidate any related debt, and/or maintain operations for ten (10) years. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm third party commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

	Year Zero	Year One	Year Two	Year Three	Year Four	Year Five
Service Description	Actual Expenses 2020	Projectd Expenses 2021	Projectd Expenses 2022	Projectd Expenses 2023	Projectd Expenses 2024	Projectd Expenses 2025
Revenues	\$70,442,943	\$200,000,000	\$250,000,000	\$300,000,000	\$300,000,000	\$300,000,000
Cost of Sales	\$60,629,735	\$165,000,000	\$206,250,000	\$247,500,000	\$247,500,000	\$247,500,000
Gross Profit	\$9,813,208	\$35,000,000	\$43,750,000	\$52,500,000	\$52,500,000	\$52,500,000
Operating Expenses	\$8,078,488	\$20,000,000	\$25,000,000	\$30,000,000	\$30,000,000	\$30,000,000
Income from Operations	\$1,734,720	\$15,000,000	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000
Other Income (Expense)	\$1,159,275	\$4,230,000	(\$1,000,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Net Income	\$2,893,995	\$19,230,000	\$17,750,000	\$21,000,000	\$21,000,000	\$21,000,000

D. Construction Schedule

Give the date of anticipated beginning and completion of construction, if applicable.

Based on the currently scheduled closing date of May 25, 2021, if there are no delays, the Company anticipates starting the remodeling and construction by early June 2021 with an estimated completion date of December 31, 2021.

Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to

supplement the plan. If you are attaching glossy or colored printed material, please submit 20 copies.

The Company has included the requested 25 copies of three (3) documents: the City Zone Atlas map, an aerial of the property, and a conceptual overview of the dock and yard expansion.

EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF ZIA ENERGY CONSOLIDATION IN ALBUQUERQUE, NM

April 16, 2021

Prepared by:

Ryan Eustice

New Mexico Economic Development Department

Joseph Montoya Building

1100 S. St. Francis Drive

Santa Fe, New Mexico 87505



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the New Mexico Economic Development Department. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in New Mexico Economic Development Department's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. New Mexico Economic Development Department made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by New Mexico Economic Development Department or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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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 impact that a potential project in the Albuquerque may have on the state and local economy and estimates the costs and benefits for the state and local taxing districts over a 10-year period.

Description of the Project

Established in 1998, Affordable Solar is headquartered in Albuquerque, New Mexico. Our primary services are large scale solar and energy storage integration in 12 states. Our firm has developed products and methods designed to reduce cost and allow for rapid deployment of solar and energy storage projects in response to national renewable energy adoption. Drawing on our experience and a robust research and development initiative we have a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products. Our intellectual property creates a consistent advantage that is leveraged to allow for a robust renewable energy workforce. Our new Albuquerque facility will house our component fabrication as well as our corporate headquarters.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing company in the Albuquerque. The existing operations currently support 140.0 direct jobs in the community and 419.7 indirect and induced jobs. The direct workers earn \$60,611 per year and the company supports \$81.2 million per year in taxable sales and spending in the community. Additionally, the company supports taxable property valued at \$0.9 million annually. The table below illustrates the company's economic impact over the next 10 years - including both the existing and expanded operations.

Table 1. Economic Impact of Existing and Expanded Operations Over the Next 10 Years

	Existing Operations	Expansion	Existing & Expanded Ops
Economic Output:			
Direct	\$1,122,186,702	\$532,245,345	\$1,654,432,047
Indirect & Induced	\$750,855,122	\$356,125,360	\$1,106,980,483
Total	\$1,873,041,824	\$888,370,705	\$2,761,412,529
Jobs			
Direct	140.0	95.0	235.0
Indirect & Induced	419.7	285.0	704.7
Total	559.7	380.0	939.7
Salaries			
Direct	\$92,914,296	\$41,691,000	\$134,605,296
Indirect & Induced	\$116,876,893	\$52,443,108	\$169,320,001
Total	\$209,791,189	\$94,134,108	\$303,925,297
Taxable Sales			
Direct	\$785,372,241	\$2,162,226,729	\$2,947,598,970
Indirect & Induced	\$26,562,770	\$11,918,816	\$38,481,587
Total	\$811,935,011	\$2,174,145,546	\$2,986,080,556

ZIA ENERGY CONSOLIDATION | ECONOMIC IMPACT

The table below illustrates the company's fiscal impact - the net benefits for local taxing districts - over the next 10 years - including both the existing and expanded operations.

Table 2. Fiscal Impact of Existing and Expanded Operations Over the Next 10 Years

	Net Benefits		
	Existing Operations	Expansion	Existing & Expanded Ops
State of New Mexico	\$50,304,594	\$92,153,655	\$142,458,249
Albuquerque	\$31,735,863	\$86,484,526	\$118,220,389
Bernalillo County	\$10,467,844	\$28,757,103	\$39,224,947
Albuquerque Public Schools	\$19,429	\$915,121	\$934,551
Special Taxing Districts	\$17,838	\$321,312	\$339,150
Total	\$92,545,567	\$208,631,718	\$301,177,285

The remainder of this report will reference the combined economic and fiscal impact of the existing and expanded operations.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the state. The 235.0 workers directly employed by the Project will earn approximately \$62,000 per year initially. This direct activity will support 704.7 indirect and induced workers in the state earning \$26,000 on average. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$303.9 million over the next 10 years.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the state, the Project is estimated to support approximately \$2,986.1 million in taxable sales over the next 10 years.

Table 3. Economic Impact Over the Next 10 Years Statewide

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	235.0	704.7	939.7
Salaries to be paid to direct, indirect, and induced workers	\$134,605,296	\$169,320,001	\$303,925,297
Taxable sales and purchases	\$2,947,598,970	\$38,481,587	\$2,986,080,556

ZIA ENERGY CONSOLIDATION | ECONOMIC IMPACT

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 24.0% of the new direct workers may be new residents to Bernalillo County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Table 4. Population Impacts Over the Next 10 Years for the County

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the County	22.8	45.5	68.3
Number of new residents in the County	59.3	118.4	177.7
Number of new residential properties to be built in the County	2.3	4.7	7.0
Number of new students expected to attend local school district	11.4	22.8	34.2

The Project is estimated to support an average of approximately \$3.0 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 5. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	New Residential Property	The Project's Property			Subtotal Nonresidential Property	Total Residential & Nonresidential Property
		Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment		
1	\$32,383	\$0	\$1,761,000	\$621,279	\$2,382,279	\$2,414,663
2	\$118,912	\$0	\$1,796,220	\$642,485	\$2,438,705	\$2,557,616
3	\$175,196	\$0	\$1,832,144	\$655,357	\$2,487,501	\$2,662,698
4	\$213,066	\$0	\$1,868,787	\$659,896	\$2,528,683	\$2,741,749
5	\$252,380	\$0	\$1,906,163	\$656,101	\$2,562,264	\$2,814,644
6	\$278,880	\$0	\$2,777,620	\$727,306	\$3,504,926	\$3,783,806
7	\$306,339	\$0	\$2,833,172	\$698,512	\$3,531,684	\$3,838,022
8	\$334,784	\$0	\$2,889,835	\$661,384	\$3,551,219	\$3,886,004
9	\$364,245	\$0	\$2,947,632	\$615,923	\$3,563,555	\$3,927,800
10	\$394,751	\$0	\$3,006,585	\$624,256	\$3,630,841	\$4,025,592

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Fiscal Impact Overview

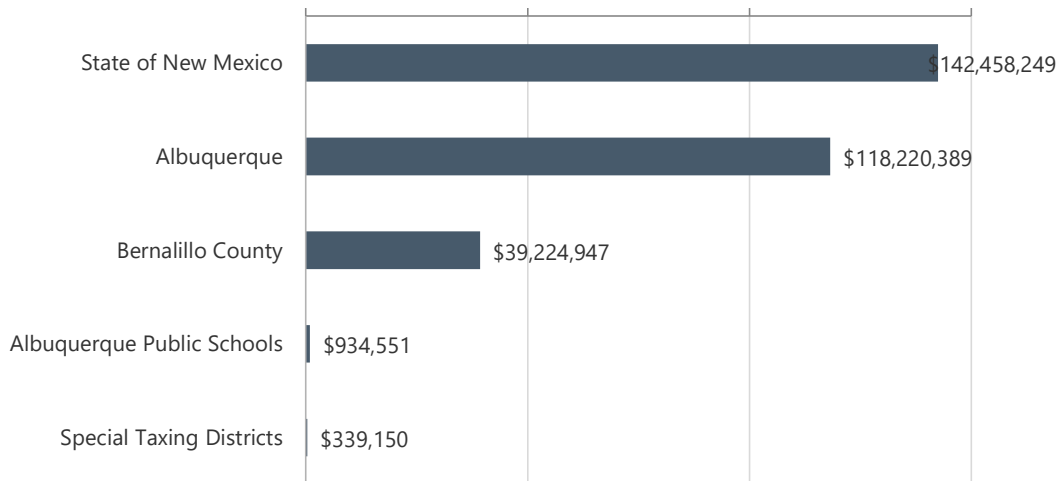
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$118,220,400 in net benefits over the 10-year period and the Project will generate \$301,177,300 in total for all local taxing districts.

Table 5. Fiscal Net Benefits Over the Next 10 Years for the State and Local Taxing Districts

	Benefits	Costs	Net Benefits	Present Value of Net Benefits*
State of New Mexico	\$149,499,627	(\$7,041,378)	\$142,458,249	\$108,125,871
Albuquerque	\$119,165,699	(\$945,311)	\$118,220,389	\$89,788,365
Bernalillo County	\$39,429,645	(\$204,698)	\$39,224,947	\$29,788,779
Albuquerque Public Schools	\$1,762,514	(\$827,963)	\$934,551	\$682,597
Special Taxing Districts	\$339,150	\$0	\$339,150	\$240,452
Total	\$310,196,635	(\$9,019,350)	\$301,177,285	\$228,640,774

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received 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.

Figure 1. Net Benefits Over the Next 10 Years for the State and Local Taxing Districts



State of New Mexico

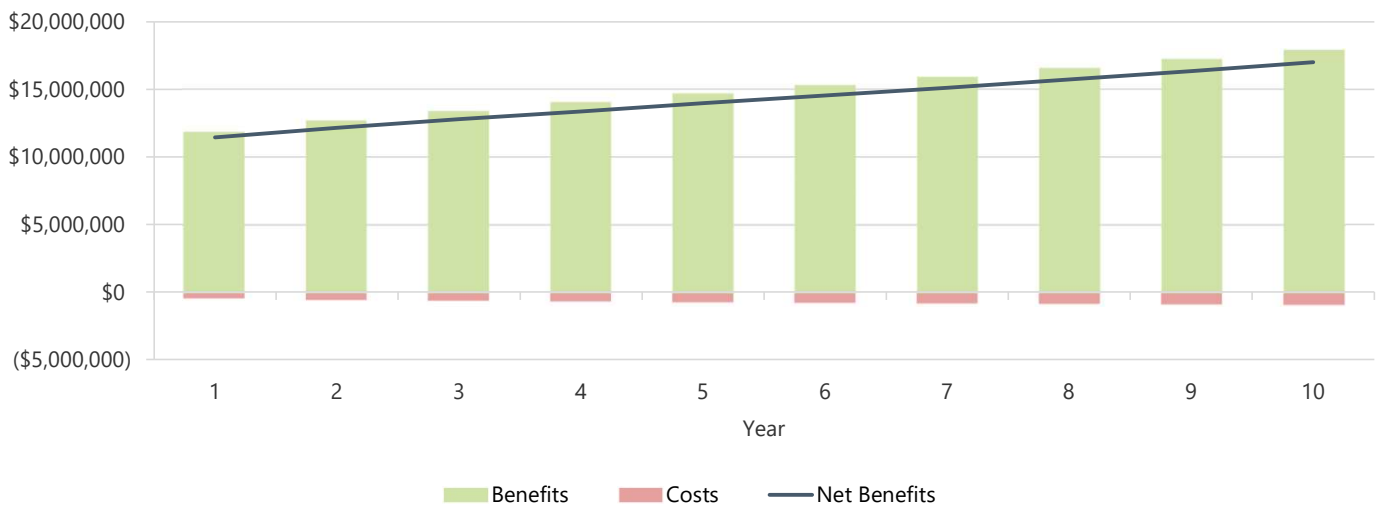
The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years. The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the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

Table 6. State of New Mexico: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$116,457,142
Real Property Taxes - Project	\$32,122
FF&E Property Taxes - Project	\$0
Property Taxes - New Residential	\$3,360
Personal Income Taxes	\$13,251,143
Corporate Income Taxes	\$426,591
Miscellaneous Taxes & User Fees	\$19,320,344
<u>Subtotal Benefits</u>	<u>\$149,499,627</u>
Cost of Providing State Services	(\$7,041,378)
<u>Subtotal Costs</u>	<u>(\$7,041,378)</u>
Net Benefits	\$142,458,249
<i>Present Value (5% discount rate)</i>	<i>\$108,125,871</i>

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.

Figure 2. Annual Fiscal Net Benefits for the State of New Mexico



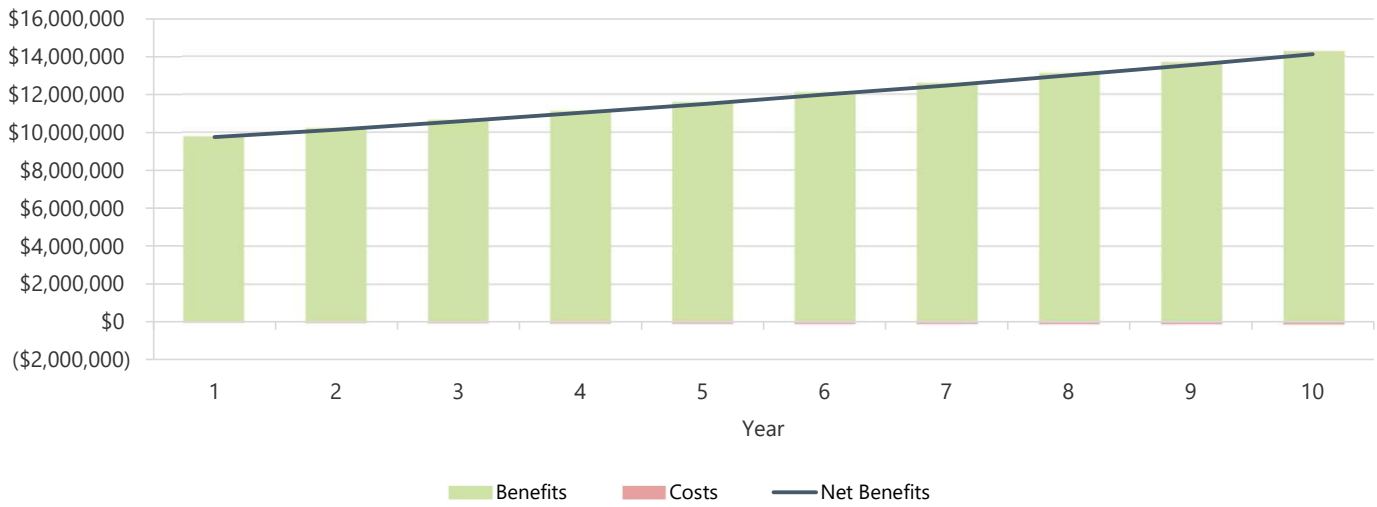
Albuquerque

The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 7. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$117,673,643
Real Property Taxes - Project	\$272,093
FF&E Property Taxes - Project	\$75,600
Property Taxes - New Residential	\$27,894
Utility Revenue	\$538,422
Utility Franchise Fees	\$189,470
Building Permits and Fees	\$42,500
Lodgers Taxes	\$31,186
Miscellaneous Taxes & User Fees	\$314,890
<u>Subtotal Benefits</u>	<u>\$119,165,699</u>
Cost of Providing Municipal Services	(\$363,814)
Cost of Providing Utility Services	(\$581,496)
<u>Subtotal Costs</u>	<u>(\$945,311)</u>
Net Benefits	\$118,220,389
<i>Present Value (5% discount rate)</i>	<i>\$89,788,365</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



Bernalillo County

The table below displays the estimated additional benefits, costs, and net benefits to be received by the County over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 8. Bernalillo County: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$28,407,625
Real Property Taxes - Project	\$288,697
FF&E Property Taxes - Project	\$59,249
Property Taxes - New Residential	\$29,256
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$176,974
<u>Subtotal Benefits</u>	<u>\$28,961,801</u>
Cost of Providing County Services	(\$204,698)
<u>Subtotal Costs</u>	<u>(\$204,698)</u>
Net Benefits	\$28,757,103
<i>Present Value (5% discount rate)</i>	<i>\$21,768,590</i>

Albuquerque Public Schools

The table below displays the estimated additional benefits, costs, and net benefits to be received by the school district over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 9. Albuquerque Public Schools: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$267,558
FF&E Property Taxes - Project	\$54,911
Property Taxes - New Residential	\$26,162
State Equalization Guarantee	\$1,394,454
<u>Subtotal Benefits</u>	<u>\$1,743,085</u>
Cost of Educating New Students	(\$827,963)
<u>Subtotal Costs</u>	<u>(\$827,963)</u>
Net Benefits	\$915,121
<i>Present Value (5% discount rate)</i>	<i>\$666,575</i>

Benefits for Other Taxing Districts

The table below displays the estimated additional property taxes to be received by other property taxing districts over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 10. Other Taxing Districts: Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$245,639
FF&E Property Taxes - Project	\$50,412
Property Taxes - New Residential	\$25,260
Benefits	\$321,312
<i>Present Value (5% discount rate)</i>	<i>\$240,452</i>

City Non-Tax Incentives

The City is considering the following non-tax incentives for the Project.

Table 14. City Incentives Under Consideration

Year	City LEDA
1	\$125,000
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$125,000

These financial incentives may be considered an investment in the Project made by the city. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

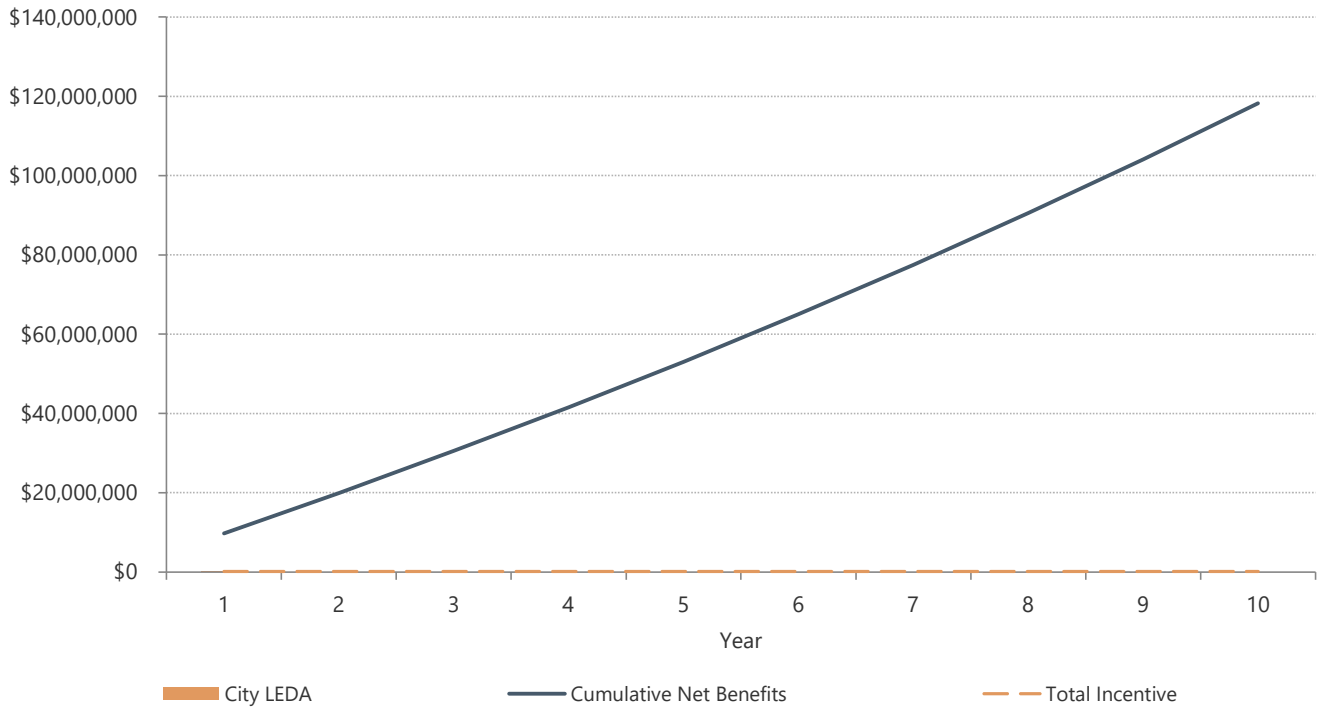
Table 15. Analysis of City Incentives

Total Non-Tax Incentive	\$125,000
Incentive Per Job	\$1,316
Rate of Return	9457.6%
Payback period (years)	0.0

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 4. City Incentives Under Consideration



State Incentives

The state is considering the following incentives for the Project.

Table 18. State Incentives Under Consideration

Year	LEDA, JTIP and other tax credits
1	\$2,477,000
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$2,477,000

These financial incentives may be considered an investment in the Project made by the state. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the state, treating the incentives as the initial investment and the net benefits to the state as the return on investment. The payback period is the number of years that it will take the state to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

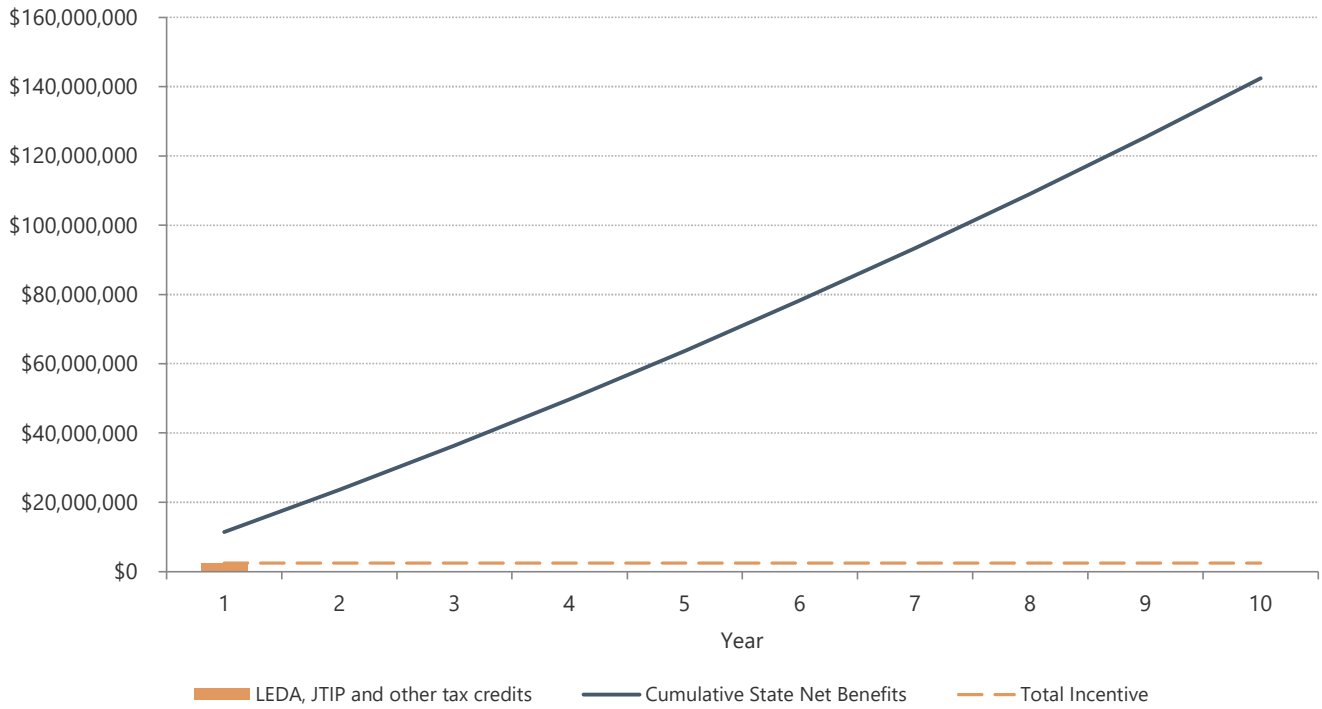
Table 19. Analysis of State Incentives

Total State Incentives	\$2,477,000
Incentives Per Job	\$26,074
Rate of Return	575.1%
Payback period (years)	0.2

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the State. The intersection indicates the length of time until the incentives are paid back.

Figure 6. State Incentives Under Consideration



ZIA ENERGY CONSOLIDATION | NM EDD NOTES

State LEDA \$500K, JTIP \$883K, HWJTC @ \$710K, MFGITC @ \$48K, Tech JTC @ \$336. Total State incentive of \$2.477M, The analysis assumes \$125K of LEDA from the City of ABQ.

Overview of Methodology

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

Multiplier		City	County	State
Employment Multiplier	(Type II Direct Effect)	2.4885	2.9846	3.9982
Earnings Multiplier	(Type II Direct Effect)	1.6245	1.8327	2.2579

Calculation of Fiscal Impact

Calculation of Revenues for the State

The state's revenues from gross receipts taxes, property taxes, personal and corporate income taxes were estimated directly using data entered about the project and state tax rates and assumptions about workers moving to the area and possibly building new property.

Impact DataSource estimated the miscellaneous taxes and user fees as a function of statewide personal income. The data used to estimate these factors were obtained from the US Census of Governments and the Bureau of Economic Analysis. Next, these percentages were applied to the total increase in workers' earnings from the economic impact calculations to determine the annual miscellaneous taxes and user fees to be collected by the state related to the permanent increase in economic activity supported by the project.

The fiscal costs associated with the project result from the portion of new worker households that relocate to New Mexico to take a job and the resulting costs to provide state services to these new residents. Impact DataSource estimated the cost of providing state services to new worker households moving to the state by applying the average per household cost of state expenditures to the estimated number of new workers new to the state.

Impact DataSource determined the marginal cost to provide state government services on per household in the state by using approximately 40% of the average cost. The data used to estimate these costs were obtained from the US Census of Governments and US Census. On average, the state incurs \$5,000 in costs to provide these services to households.

Calculation of Revenues for the City

The city's revenues from gross receipts taxes, property taxes, city-owned utilities, utility franchise fees, lodging taxes, and building permits and fees were estimated directly using data entered about the project and local tax rates and assumptions about workers moving to the area and possibly building new property.

The new firm was not asked for nor could reasonably provide some data for calculating some other revenues for the city. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers at the firm, the firm may not reasonably know the propensity of its workers to speed. Therefore, some other city revenues were calculated using an average revenue approach. This approach uses two assumptions:

- 1 - The city has two general revenue sources -- revenues from residents and revenues from businesses.
- 2 - The city will collect (a) about the same amount of other revenues from each household of new workers that may move to the city as it currently collects from an average household of existing residents, and (b) about the same amount of other revenues from the new firm (on a per worker basis) will be collected as the city collects from other businesses in the city.

Using this average revenue approach, revenues likely to be received by the city were calculated from the households of new workers who may move to the city and from the new firm using average city revenues per household and per worker calculations. These revenues are labeled as miscellaneous taxes and user fees.

The total annual city revenues used to make average revenue calculations in this analysis were obtained from the city's latest annual budget and the per household and per worker and calculations are detailed in Appendix A.

Calculation of Costs for the City

This analysis sought to answer the question, what additional monies will the city have to spend to provide services to households of new workers who may move to the city and to the firm. A marginal cost approach was used to calculate additional city costs from the new firm and its workers.

This approach uses two assumptions:

- 1 - The city spends money on services for two general groups -- residents and businesses.
- 2 - The city will spend (a) about the same amount for variable or marginal cost for each household of new workers that may move to the city as it currently spends for an average household of existing residents, and (b) about the same amount for variable or marginal costs for the new firm (on a per worker basis) as it spends for other businesses in the city.

Calculation of Net Benefits for the City

Net benefits calculated in this analysis are the difference between additional city revenues over a ten-year period and additional city costs to provide services to the new firm and its workers and indirect workers who may move to the city.

Calculation of Revenues, Costs and Net Benefits for the County

The model estimates additional revenues, costs and net benefits for the county using the same methodology described for the city relying on county budget data.

Calculation of Revenues for Public Schools

The school district's revenues from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

However, school district revenues from state and federal funds and other local funding were calculated using an average revenue approach. This approach used the assumption that the school district will collect about the same amount of these revenues for each new student in the household of a new worker who may move to the county as it currently collects for each existing student.

Calculation of Costs for Public Schools

A marginal cost approach was used to calculate additional school district costs from the new firm and its workers. This approach uses the assumption that the school district will spend about the same amount for variable or marginal cost for each new student as it spends for each existing student.

Calculation of Net Benefits for Public Schools

Net benefits calculated in this analysis are the difference between additional school district revenues over a ten-year period and marginal costs for the school district to provide services to students in the households of new workers who may move to the county.

The school district's total annual revenues and expenses to make average revenue and marginal costs calculations in this analysis were obtained from the school district's latest annual budget.

Calculation of Property Taxes to be Collected by Countywide Special Taxing Districts

Revenues for countywide special taxing districts from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

While each of these special taxing districts may incur additional costs from new residents and from the new firm, these additional costs were not calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in New Mexico and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the Frisco EDC in Texas and the Metro Orlando (Florida) Economic Development Commission.