

CITY of ALBUQUERQUE

TWENTY-FIFTH COUNCIL

COUNCIL BILL NO. O-22-50 ENACTMENT NO. _____

SPONSORED BY: Isaac Benton, by request

1 ORDINANCE

2 APPROVING A PROJECT INVOLVING CRAFTWORKS, LLC PURSUANT TO THE
3 LOCAL ECONOMIC DEVELOPMENT ACT AND CITY ORDINANCE F/S O-04-10,
4 THE CITY'S IMPLEMENTING LEGISLATION FOR THAT ACT, TO SUPPORT THE
5 ACQUISITION, RENOVATION, AND IMPROVEMENT OF A BEVERAGE
6 MANUFACTURING AND DISTRIBUTION FACILITY IN ALBUQUERQUE, NEW
7 MEXICO; AUTHORIZING THE EXECUTION OF A PROJECT PARTICIPATION
8 AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT;
9 MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE
10 PROJECT INCLUDING THE APPROPRIATION OF FUNDS; RATIFYING CERTAIN
11 ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT
12 WITH THIS ORDINANCE.

13 WHEREAS, the City of Albuquerque (the "City") is a legally and regularly
14 created, established, organized, and existing municipal corporation of the State of New
15 Mexico (the "State"); and

16 WHEREAS, pursuant to Sections 5-10-1 through 5-10-13 NMSA 1978, as
17 amended (the "Act"), the City is authorized to provide economic development
18 assistance to eligible entities for certain projects located within the corporate limits of
19 the municipality; and

20 WHEREAS, pursuant to the Act, the City has adopted Ordinance No. F/S 04-10
21 (the "LEDA Ordinance"), approving an economic development plan for the City and
22 authorizing the City to assist economic development projects in any legally permissible
23 manner, subject to the terms of the LEDA Ordinance; and

24 WHEREAS, pursuant to the LEDA Ordinance, Craftworks, LLC (the "Company"),
25 has submitted to the Council and the Albuquerque Development Commission (the

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1 "Commission") an application (the "Application") requesting certain economic
2 development assistance for the acquisition, renovation and improvement of a beverage
3 manufacturing and distribution facility for the Company, which will include the addition of
4 20 new employees, within the City (the "Project"); and

5 WHEREAS, the City will administer and disburse to the Company funds totaling
6 up to \$400,000, of which \$350,000 is to be received by the City from the State
7 Economic Development Department and \$50,000 are to be City funds; and

8 WHEREAS, the Act and the LEDA Ordinance require that the City and the
9 Company enter into a project participation agreement meeting the requirements of the
10 Act and the LEDA Ordinance; and

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

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

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

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

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

30 WHEREAS, the Commission has considered the Project and the proposed
31 Agreement and has recommended that the Council approve the Company's proposal;
32 and

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

5 WHEREAS, the City anticipates that the State will transfer to it, for subsequent
6 transfer to or on behalf of the Company pursuant to an intergovernmental agreement
7 between the City and the State, certain funds of the State that are available for the
8 Project; and

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

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

18 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
19 ALBUQUERQUE:

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

24 Section 2. GOALS AND OBJECTIVES. The goals and objectives of the
25 Project are, as set forth in the Agreement, to create and support an economic
26 development project that fosters, promotes and enhances local economic development
27 efforts and that provides job growth and career opportunities for Albuquerque-area
28 residents and otherwise makes a substantive contribution to the community.

29 Section 3. THE PROJECT. The Project will consist of the acquisition,
30 renovation and improvement of a beverage manufacturing and distribution facility for the
31 Company, which will include the addition of 20 new employees within the City and the
32 operation of the facility within the City for a minimum of ten years.

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

7 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE
8 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project
9 and the Agreement, which provides, among other things, that the City will administer
10 and disburse to the Company funds totaling up to \$400,000, of which \$350,000 is to be
11 received by the City from the State Economic Development Department and \$50,000
12 are to be City funds, in exchange for which the Company will complete the Project as
13 specified in the Agreement. There is hereby appropriated for the Project up to \$350,000
14 of funds received from the State Economic Development Department and up to \$50,000
15 of City funds.

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

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

22 (B) The Council authorizes the Mayor or the Chief Administrative
23 Officer of the City to execute and deliver the Agreement in the name and on behalf of
24 the City, with only such changes therein as are not inconsistent with this Ordinance or
25 such changes as may be approved by supplemental resolution of the Council.

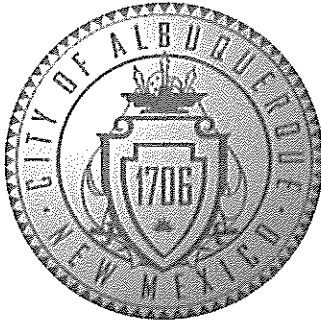
26 (C) The Mayor, Chief Administrative Officer, Chief Financial Officer,
27 City Treasurer, and City Clerk are further authorized to execute, authenticate and
28 deliver such certifications, instruments, documents, letters and other agreements,
29 including an intergovernmental agreement with the State Economic Development
30 Department and any appropriate security agreements, and to do such other acts and
31 things, either prior to or after the date of delivery of the executed Agreement, as are
32 necessary or appropriate to consummate the transactions contemplated by the
33 Agreement.

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

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

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

14 Section 9. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE
15 DATE. This Ordinance, immediately upon its final passage and approval, shall be
16 recorded in the ordinance book of the City, kept for that purpose, and shall be there
17 authenticated by the signature of the Mayor and the presiding officer of the City Council,
18 and by the signature of the City Clerk or any Deputy City Clerk, and notice of adoption
19 thereof shall be published once in a newspaper that maintains an office in, and is of
20 general circulation in, the City, and shall be in full force and effect five (5) days following
21 such publication.
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CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

October 26, 2022

TO: Isaac Benton, President, City Council

FROM: Timothy M. Keller, Mayor

SUBJECT: Approving an Ordinance Involving Craftworks LLC Project Pursuant to the Local Economic Development Act (LEDA- 23-1)

Attached for your consideration and approval is an Ordinance Involving Craftworks LLC Project, Pursuant to the Local Economic Development Act (LEDA- 23-1).

This legislation allows for the City to administer and disburse funds to Craftworks LLC totaling up to \$400,000. The State has agreed to provide \$350,000 and the City proposes to provide \$50,000. 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 1501 & 1500 12th Street NW, Albuquerque, NM 87104 in the Sawmill area. The Company will expand their existing operations at the new location, which will hold their headquarters, as well as all the warehousing, logistics functions and manufacturing operations. The company intends to increase their employment by adding a minimum of 20 new employees over ten years, primarily consisting of positions for brewing, distilling, testing, warehouse, packaging and production. The average salary for these positions is \$40,000.

Craftworks was established in New Mexico in 2015 and is engaged in the business of Manufacturing Alcoholic Beverages for consumption. Their products are currently distributed throughout New Mexico and in 2022 the company began distributing products through a distributor in the state of Texas. Craftworks products are currently sold within the state of New Mexico in all major chains including, but not limited to Albertsons, Walmart, Costco, Total Wine, Smiths, Speedway, Circle K, etc. The company is "on tap" and sold on premises by over 200 local bars and restaurants including chains like Applebee's, Buffalo Wild Wings and many more. The goals of the project are to further create and foster economic growth in the Albuquerque area. One of the primary project goals is to create new jobs in the community and to create job growth opportunities for existing staff.

Craftworks anticipates occupying and operating its Project facilities and will hire and retain at least 20 employees as outlined in the PPA. Salaries will average \$40,000. Many of these jobs may provide opportunities and training for low/moderate income residents. Craftworks will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. The ordinance will allow reimbursement of approved Project costs, up to \$400,000, so the company can undertake the acquisition and renovation of its manufacturing facility located in Albuquerque. The total investment in the acquisition and construction for its new facility is estimated at \$4,676,000.

Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including: contract canning for others beverage manufacturers, space to launch new beverage lines and other business opportunities.

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 analysis shows that the company will be making a substantive contribution to the community. The Project will generate additional benefits and costs for local taxing districts. Overall, the City will receive approximately \$447,402 in net benefits over the 10-year period and the Project will generate \$1,738,801 in total for all local taxing districts.

Approving an Ordinance Involving Craftworks LLC Project Pursuant to the Local Economic Development Act (LEDA- 23-1)

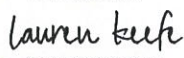
Approved:

DS
Dk




Lawrence Rael Date
Chief Administrative Officer

Approved as to Legal Form:

DocuSigned by:
 10/31/2022 | 11:48 AM MDT

1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

DocuSigned by:
 10/31/2022 | 8:35 AM PDT

754E02E14BCD47A...
Monica Mitchell, Date
Acting Director

Cover Analysis

1. What is it?

This is an ordinance for LEDA funding in the amount of \$50,000 from the City for the Craftworks LLC Project. The State has agreed to provide \$350,000 in LEDA funds for which the City will act as fiscal agent; however, as usual, the State LEDA transaction is not under review for approval as part of the Council's review of the City's proposed \$50,000 LEDA award.

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 plans to hire 20 additional employees for a total employee count of 27.

2. What will this piece of legislation do?

The ordinance provides \$50,000 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 \$350,000. The funds will support the redevelopment, renovation, and rehabilitation of the subject parcel. The proposed project is located at 1501 & 1500 12th Street NW, Albuquerque, NM 87104 in the Sawmill area. The Company will expand their existing operations at the new location, which will hold their headquarters, as well as all the warehousing, logistics functions and manufacturing operations. The company intends to increase their employment by adding a minimum of 20 new employees over ten years, primarily consisting of positions for brewing, distilling, testing, warehouse, packaging and production. The average salary for these positions is \$40,000.

The ordinance would allow reimbursement of approved Project costs, up to \$400,000, so the Company can undertake the acquisition and renovation of its manufacturing facility located in Albuquerque. The Company's total investment in the acquisition and construction for its new facility is estimated at \$4,676,000.

The renovation project is expected to create numerous construction jobs sourced from local labor pools. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing HVAC, completing electrical distribution improvements, plumbing upgrades, and some build out of the facility. Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including: contract canning for others beverage manufacturers, space to launch new beverage lines and other business opportunities.

3. Why is this project needed?

The Company intends to increase employment by adding a minimum of 20 new employees over ten years. Manufacturing positions include those for brewing, distilling, testing, warehouse, packaging and production. These positions average \$40,000 per year.

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

\$50,000. 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 Craftworks, LLC
Local Economic Development Act Project

This Project Participation Agreement is made as of this ____ day of October, 2022 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”), and CRAFTWORKS, LLC, a New Mexico limited liability company, with a place of business at 2809 Broadbent Parkway, Albuquerque, New Mexico (“Craftworks”).

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

Craftworks shall acquire, renovate and improve a facility for the manufacturing and distribution of alcoholic beverages located at 1500 and 1501 12th Street in the City (collectively, the “Facility”);

Craftworks is engaged in the business of manufacturing alcoholic beverages, in kegs and cases, for consumption, and are currently distributed throughout New Mexico. In 2022, Craftworks will start distributing products through a distributor in the state of Texas. Craftworks products are sold in all major chains including but not limited to Albertsons, WalMart, Costco, Total Wine, Smiths, Speedway, and Circle K, and are also currently on tap and sold on premises by over 200 local bars and restaurants, including chains like Applebees and Buffalo Wild Wings;

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

Craftworks shall hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in Section 7.A herein; and

WHEREAS, the City Council approved the LEDA Project on October __, 2022; and

WHEREAS, Craftworks estimates a total investment of approximately \$4,200,000 for renovation, expansion and improvement of the Facility; and

WHEREAS, the Craftworks Application proposes that in exchange for Craftworks undertaking and completing the Project, the City funds obtained from the State Economic Development Department (the “State EDD”), pursuant to LEDA, in addition to local City LEDA funds, will be used to reimburse a portion of Craftworks’ acquisition, construction and improvement expenses related to the Project, on the terms set forth herein; and

WHEREAS, the City has determined that the cost benefit analysis with respect to the Project, based on assessments obtained by the City on the basis of information provided to the City by Craftworks, shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the Craftworks Application clearly demonstrates that Craftworks, by completing the Project, will be making a substantive contribution to the community, as required by the LEDA Ordinance; 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 City anticipates receiving an appropriation of funds allocated from the State EDD with the direction of the State EDD to convey these funds to the benefit of Craftworks 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-22-_____ on October __, 2022 (the “Project Ordinance”) (i) finding that Craftworks is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the Craftworks Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct up to \$350,000 in funds to be received from the State EDD (the “State Contribution”) and \$50,000 in funds to be committed by the City (the “City Contribution”), all to finance certain statutorily eligible expenses of the Project consisting of reimbursement for the acquisition, renovation and improvement of the Facility, and (iii) approving this Agreement.

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, Craftworks 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 Craftworks Application.

2. Company Contribution. Craftworks shall acquire, renovate and improve its Facility for the manufacturing and distribution of its products at an estimated cost of approximately \$4,200,000, 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. Craftworks will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Craftworks will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$350,000 will be delivered to the City for subsequent disbursement to Craftworks, 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 disburse the State Contribution to Craftworks in the manner as follows:

- 1) \$200,000 upon obtaining an Occupancy Permit for the Facility.
- 2) \$100,000 for hiring seven additional full-time employees and retention of seven existing employees for total employment of fourteen.
- 3) \$50,000 for hiring five additional full-time employees and retention of fourteen existing employees for total employment of nineteen.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$50,000 for use in connection with the Project. 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. City funds will be dispensed upon Craftworks obtaining an Occupancy Permit for the Facility.

5. Time Commitment. Craftworks intends to invest approximately \$4,200,000 for the acquisition, renovation and improvement of the Facility. Operations at the Facility are expected to begin following completion of the acquisition, renovation and improvement or as soon thereafter as possible. Craftworks will continue to operate the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through October __, 2032.

6. Use of Public Contributions. Craftworks will be eligible for reimbursement of up to \$400,000 for costs of the acquisition, renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Craftworks following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets set forth herein.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. Craftworks will increase employment, above the current level of seven full-time employees, by (i) at least seven full-time employees as measured as of close of business on June 30, 2023 for a total employment of fourteen, (ii) at least five full-time additional employees as measured as of close of business on June 30, 2024 for a total employment of nineteen, and (iii) at least three full-time employees as measured as of close of business on June 30, 2025 for a total employment of twenty-two, at an average salary of approximately \$40,000 plus benefits, and maintenance of at least 90% of projected employees through October __, 2032 as measured for the preceding year on an annual basis beginning June 30, 2023. 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 Craftworks 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 7.A.

B. Wages and Benefits. Craftworks 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 or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If Craftworks does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by June 30, 2023, or by June 30 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, Craftworks will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution and City Contribution paid on behalf of Craftworks pursuant to this Agreement that has already been disbursed to Craftworks for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

		<i>Job Creation Commitment and Schedule</i>				
<u><i>Year</i></u>	<u><i>Annual Full Time Job Creation Target</i></u>	<u><i>Min Job (90% of target new jobs)</i></u>	<u><i>Cumulative Payroll for New Jobs</i></u>	<u><i>Job Determination Period</i></u>		<u><i>%- Clawback</i></u>
1	7+7=14	13	\$662,523	Ordinance Date	1/31/23	100%
2	14+5=19	18	\$870,235	01/01/23	1/31/24	100%
3	19+3=22	20	\$1,015,907	01/01/24	1/31/25	100%
4	Retain 22	Retain 20	\$1,046,384	01/01/25	1/31/26	100%
5	Retain 22	Retain 20	\$1,077,776	01/01/26	1/31/27	75%
6	Retain 22	Retain 20	\$1,110,109	01/01/27	1/31/28	50%
7	Retain 22	Retain 20	\$1,143,412	01/01/28	1/31/29	50%
8	Retain 22	Retain 20	\$1,177,715	01/01/29	1/31/30	25%
9	Retain 22	Retain 20	\$1,213,046	01/01/30	1/31/31	25%
10	Retain 22	Retain 20	\$1,249,438	01/01/31	1/31/32	25%
		Additional Notes: Starting Headcount seven as of 6/30/2022 as defined by ES903A or its equivalent shown as Exhibit B				

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Craftworks will be required to pay to the City upon Craftworks’ failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Craftworks during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Craftworks as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Craftworks maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Craftworks exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Craftworks shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Craftworks meets the Minimum Full-Time Job Creation at any time during the Cure Period, Craftworks shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Craftworks fails to reach the Job Target during the Cure Period, then Craftworks shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

Notwithstanding the foregoing, if Craftworks fails to employ the required full-time employees as identified in Section 7.A herein, and Craftworks believes Business Climate Changes were the cause for the failure to meet such requirements, Craftworks 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 Craftworks, in the segment of the industry in which the Craftworks operates, that cause a significant decrease in the amount of sales Craftworks is able to achieve. The shifting of Craftworks’ operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Craftworks’ ability 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 30 days after the City notifies Craftworks of its decision or the decision of the State EDD. If Craftworks 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 Craftworks cease operations, or notify the City of its intent to cease operations, of the Project (i.e., cease to conduct operations at the Project) before June 30, 2032, Craftworks shall, within ninety (90) days of the cessation of operations at the Facility, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and 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 (each percentage inclusive of any Performance Clawback already paid by Craftworks):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before June 30, 2027	100%
From July 1, 2027 through June 30, 2029	60%
From July 1, 2029 through June 30, 2032	25%

Winding down of Craftworks' operations at the Facility in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback and reimbursement payable hereunder will be \$400,000, 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.

8. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to Craftworks, Craftworks shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. See Exhibit C. If Craftworks chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7, herein, whichever is less.

9. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by Craftworks 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 Craftworks in writing, and Craftworks shall have thirty (30) days in which to cure such

Event of Default. 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.

10. Fees. Craftworks 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 Craftworks 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 could include, without limitation, 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.

11. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, Craftworks will provide to the City and to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding the workforce for Craftworks and such other information necessary for the City or its independent contractor to determine whether Craftworks 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 requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if Craftworks has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

12. 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 Chief Executive Officer of Craftworks, 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 Chief Executive Officer of Craftworks 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.

13. ADA Compliance. In performing the Services required hereunder, Craftworks 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 Craftworks or which would be imposed on the City as a public entity. Craftworks 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 Craftworks or its agents in violation of the ADA.

14. 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 Craftworks' records with respect to all matters covered by this Agreement. Craftworks 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. Craftworks 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.

15. Indemnity. Craftworks 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 Craftworks or Craftworks' agents under this Agreement or by reason of any asserted act or omission, neglect or misconduct of Craftworks or Craftworks' 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.

16. No Collusion. Craftworks represents that this Agreement is entered into by Craftworks without collusion on the part of Craftworks with any person or firm, without fraud and in good faith. Craftworks 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 Craftworks or any agent or representative of Craftworks 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.

17. 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.

18. Enforcement. Craftworks 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.

19. 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 the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

20. 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.

21. 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.

22. 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, pandemic, 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 fifteen (15) days of its 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.

23. 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.

24. Assignment by the Company. Should Craftworks move, sell, lease or transfer its leasehold or operation duties in the Facility before the expiration of this Agreement and desire to transfer its right hereunder to such assignee, the City retains the right to deny any and all

assignments, sales, leases or transfers of any interests in the Facility until adequate assurances are made that the transferee, assignee or lessee is a qualifying entity and that the terms of this Agreement shall be satisfied by the transferee, assignee or lessee or Craftworks terminates this Agreement and pays any Clawback or reimbursement amounts due hereunder as of such date. At its discretion, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.

25. Miscellaneous. This Agreement, together with the Letter or 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.

26. Effective Date. This Agreement will be effective on _____, 2022 (the "Effective Date").

[Signature Page Follows]

CITY OF ALBUQUERQUE,
NEW MEXICO

CRAFTWORKS, LLC, a New Mexico
Limited Liability Company

By _____
Name: Lawrence Rael
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: _____

Address for notice:
Attention:
Craftworks, LLC
1500 12th Street
Albuquerque, New Mexico
Tel: _____
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	Security
Exhibit D	Clawback Example

ALBUQUERQUE DEVELOPMENT COMMISSION

August 26, 2022

Local Economic Development Act Hearing

Case #2022-16

LEDA-23-1: Craftworks LLC LEDA Project

REQUEST: Approving an Ordinance for Craftworks LLC Pursuant to the Local Economic Development Act

PROJECT SUMMARY:

Craftworks LLC (“Craftworks” d.b.a. “Sandia Hard Cider”), a New Mexico limited liability company legally registered and headquartered in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds to be used for the acquisition and renovations of a beverage manufacturing facility (the “Project”). Craftworks is seeking LEDA funding in the amount of \$400,000. The State has agreed to provide \$350,000 and the City proposes to provide \$50,000. The City will act as fiscal agent for the State’s LEDA funds. Craftworks will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

Craftworks was established in New Mexico in 2015 and is engaged in the business of Manufacturing Alcoholic Beverages for consumption. Their products are currently distributed throughout New Mexico and in 2022 the company began distributing products through a distributor in the state of Texas. Craftworks products are currently sold within the state of New Mexico in all major chains including, but not limited to Albertsons, Walmart, Costco, Total Wine, Smiths, Speedway, Circle K, etc. The company is “on tap” and sold on premises by over 200 local bars and restaurants including chains like Applebee’s, Buffalo Wild Wings and many more.

Craftworks anticipates occupying and operating its Project facilities and will hire and retain at least 20 employees as outlined in the Project Participation Agreement (PPA). Many of these jobs may provide opportunities and training for low/moderate income residents. Craftworks will maintain the Project’s operations in Albuquerque for a minimum of ten (10) years.

The ordinance would allow reimbursement of approved Project costs so the company can undertake the acquisition and renovation of its manufacturing facility located in Albuquerque of up to \$400,000. The total investment in the acquisition and construction for its new facility is estimated at \$4,676,000.

At the time of application, the company had 7 existing employees locally and they intend to increase their employment by adding 20 new jobs. Salaries will average \$40 thousand. The company expects the majority of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in manufacturing and other areas. Manufacturing positions include those for brewing, distilling, testing, warehouse, packaging and production. The renovation project is expected to create numerous construction jobs sourced from local labor pools.

Craftworks LLC desires to relocate its beverage manufacturing facility from 2809 Broadbent

Parkway in Albuquerque to a new facility located at 1501 12th Street that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing HVAC, completing electrical distribution improvements, plumbing upgrades, and some build out of the facility.

Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including: contract canning for others beverage manufacturers, space to launch new beverage lines and other business opportunities.

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 \$447,402 in net benefits over the 10-year period and the Project will generate \$1,738,801 in total for all local taxing districts.

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. 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;

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 Craftworks LLC and the City. The PPA is summarized in Section V.

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 from information the company provided. The analysis shows that the company will be making a substantive contribution to the community.

FINDING:

1. LEDA 22-8 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-8 would make positive substantive contributions to the local economy and community by creating 20 base jobs; and

3. Subject to the development of acceptable security documents, LEDA 22-8 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and

4. Subject to the development of acceptable security documents, LEDA 22-8 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 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

City 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.

Craftworks 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. 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. Craftworks 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:

(2) Private companies seeking to build, expand or relocate facilities;

(3) Private companies which provide facilities or services which enhance the ability of Albuquerque businesses to operate;

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The proposed project is located at 1501 & 1500 12th Street NW, Albuquerque, NM 87104.

Map 35, TR341A2A1A1AB CONT 0.62 A & TRACT A LANDS OF MODERN PRESS INC
REPLAT OF TRS 341-A2-A1-A2-C MR IN BERNALILLO COUNTY, NM

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.

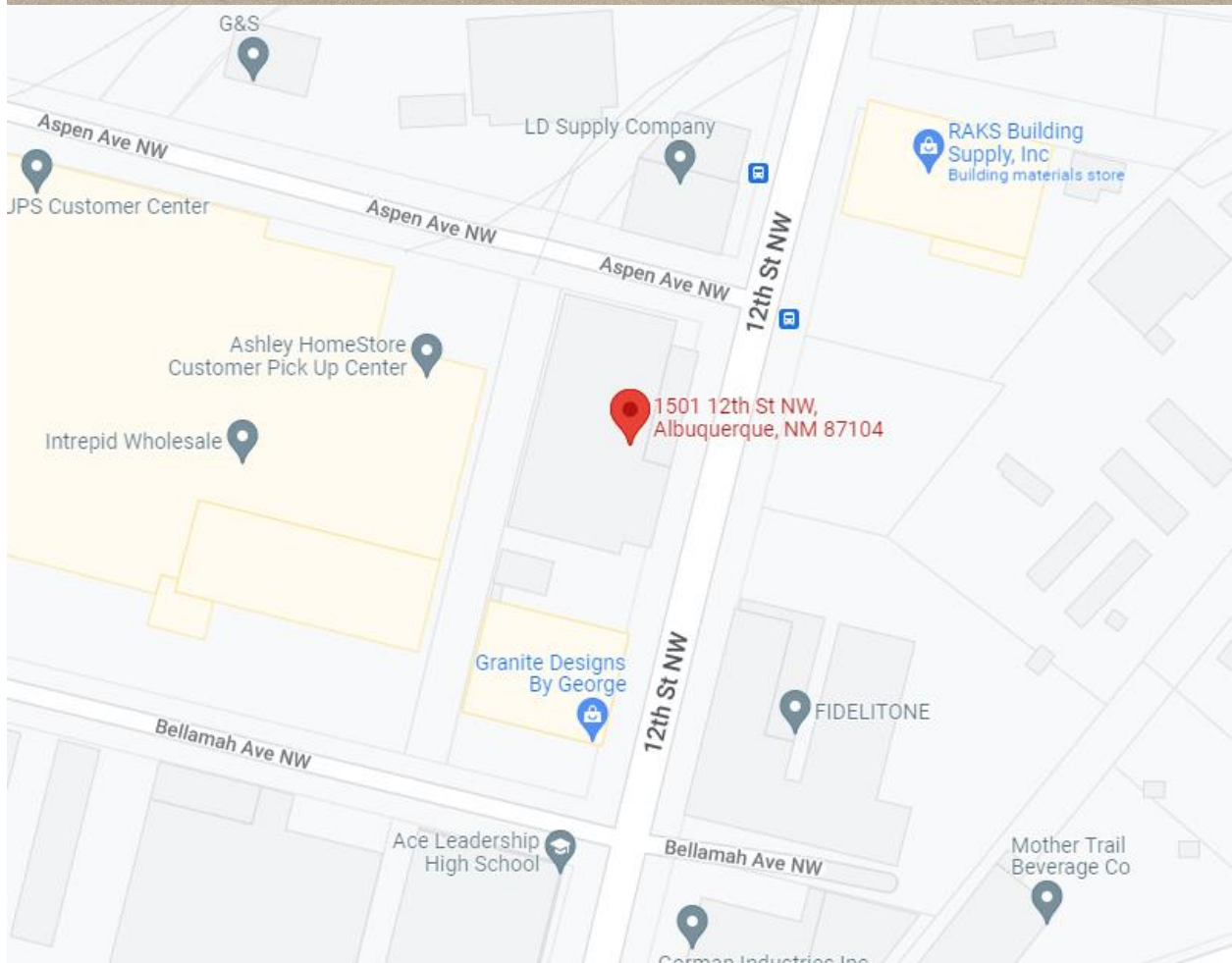
2. LAND USE:

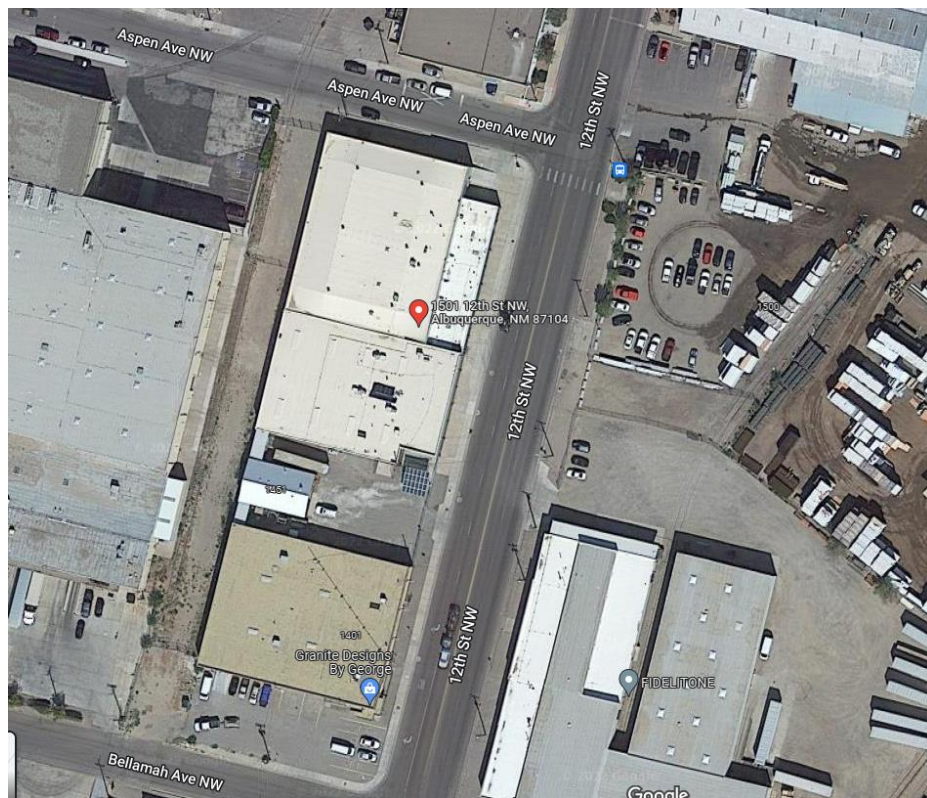
In general, the design of these renovations will represent a significant step up from the state of the existing building. Construction will consist of renovation of the warehouse space and refurbishment of the facade for that portion of the building. Enhancements and upgrades to the interior spaces will also be part of the project.

As mentioned previously, the project site is an existing building 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 in purchasing, developing and improvements will greatly enhance the area.

3. INFILL:

LEDA 22-8: Craftworks LLC LEDA





4. DESIGN AND CONSERVATION:

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

5. RENEWABLE ENERGY:

There are no plans to incorporate renewable energy technology into the facility.

III. ECONOMIC BENEFITS

6. COMPETITION:

This is an existing, local business that is expanding. It is not a new entry to the market, so it is not increasing competition.

7. JOBS:

Craftworks will be creating and hiring to fill approximately 20 manufacturing jobs. The newly created jobs will have an average salary of \$40,000. The company estimates that the majority of the new permanent jobs will be filled by current Albuquerque residents. The jobs will be in line the median wages for the industry within the community and will match the skills of current city residents.

During the onboarding process, employees receive general company training as well as position-specific training. The duration of the training can vary and is based on the specific requirements of the position.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

The Craftworks project will be capitalized with the following capital structure:

- Equity - \$1,450,000.00
- SBA 504 Loan financed by New Mexico Bank and Trust- \$3,800,000.00

LEDA funding is subject to City Council approval.

10. DEVELOPER'S RECORD:

Craftworks has been in operation for nearly a decade and has consistently grown their product line and sales. The company has a proven track record of successful expansion.

Additional information is available on: <https://sandiahardcider.godaddysites.com>

11. EQUITY:

Based upon financial information provided, the company appears capable of managing and completing the project.

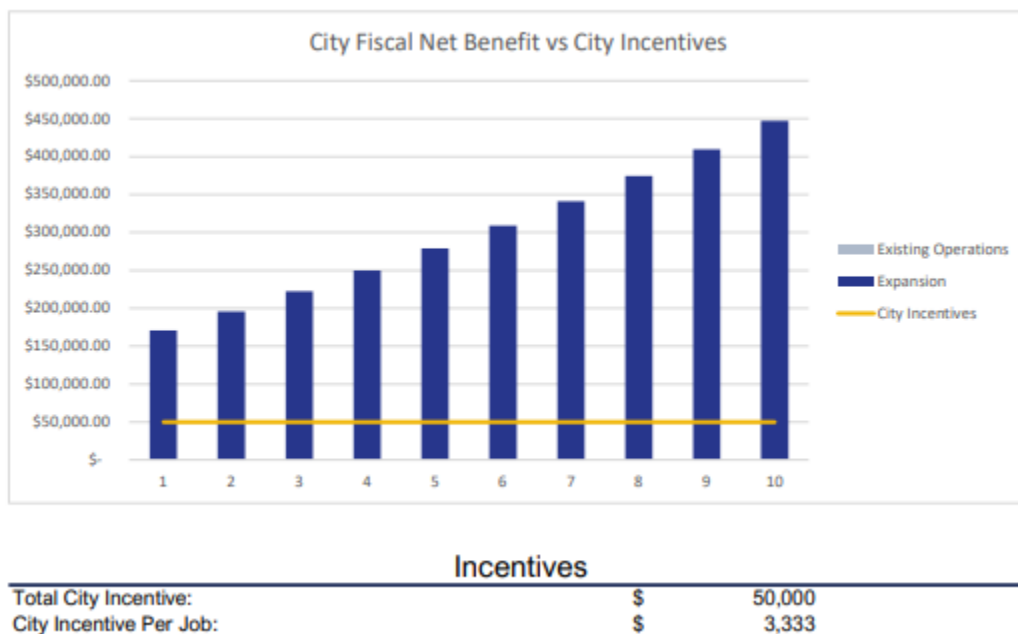
12. MANAGEMENT:

Based on the description given in the project plan, management appears to be qualified to manage the project.

Lorenzo Melendez, Managing Member
Jesse Allen

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.



City Combined Net Benefits						
Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	171,815	\$	755	\$	171,060
2	\$	25,771	\$	1,371	\$	195,460
3	\$	28,472	\$	1,759	\$	222,174
4	\$	29,574	\$	1,791	\$	249,957
5	\$	30,793	\$	1,823	\$	278,927
6	\$	32,149	\$	1,856	\$	309,220
7	\$	33,668	\$	1,888	\$	341,001
8	\$	35,382	\$	1,920	\$	374,463
9	\$	37,326	\$	1,951	\$	409,838
10	\$	39,547	\$	1,982	\$	447,402

**City Breakdown of Combined Benefits, Costs, and Net Benefits
Over the Next 10 Years**

Taxes and Revenue			
Gross Receipt Taxes	\$	263,075	
Misc. Taxes and Revenue	\$	23,678	
Property Taxes	\$	177,745	
Subtotal of Benefits	\$	464,498	

V. PROJECT PARTICIPATION AGREEMENT

Pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City adopted Ordinance No. F/S 04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance. The Ordinance calls for the preparation and approval of a Project Participation Agreement (PPA), which is the formal document, which states the contributions and obligations of all parties in the LEDA project. The agreement must clearly state the following items:

- (1) **The economic development goals of the project;**
- (2) **The contributions of the City and the qualifying entity;**
- (3) **The specific measurable objectives upon which the performance review will be based;**
- (4) **A schedule for project development and goal attainment;**
- (5) **The security being offered for the City's investment;**
- (6) **The procedures by which a project may be terminated and the City's investment recovered; and,**
- (7) **The time period for which the City shall retain an interest in the project. Each project agreement shall have a "sunset" clause after which the City shall relinquish interest in and oversight of the project.**

B. Each project participation agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.

The primary terms of the Craftworks Project Participation Agreement are summarized and attached as an Exhibit.

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 Craftworks Application.

2. Company Contribution. Craftworks shall acquire, renovate and improve its Facility for the manufacturing and distribution of its products at an estimated cost of approximately \$4,200,000, 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. Craftworks will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Craftworks will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$350,000 will be delivered to the City for subsequent disbursement to Craftworks, 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 disburse the State Contribution to Craftworks in the manner as follows:

- 1) \$200,000 upon obtaining an Occupancy Permit for the Facility.
- 2) \$100,000 for hiring seven additional full-time employees and retention of seven existing employees for total employment of fourteen.
- 3) \$50,000 for hiring five additional full-time employees and retention of fourteen existing employees for total employment of nineteen.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$50,000 for use in connection with the Project. 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. City funds will be dispensed upon Craftworks obtaining an Occupancy Permit for the Facility.

5. Time Commitment. Craftworks intends to invest approximately \$4,200,000 for the acquisition, renovation and improvement of the Facility. Operations at the Facility are expected to begin following completion of the acquisition, renovation and improvement or as soon thereafter as possible. Craftworks will continue to operate the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through October __, 2032.

6. Use of Public Contributions. Craftworks will be eligible for reimbursement of up to \$400,000 for costs of the acquisition, renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Craftworks following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets set forth herein.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. Craftworks will increase employment, above the current level of seven full-time employees, by (i) at least seven full-time employees as measured as of close of business on June 30, 2023 for a total employment of fourteen, (ii) at least five full-time additional employees as measured as of close of business on June 30, 2024 for a total employment of nineteen, and (iii) at least three full-time employees as measured as of close of business on June 30, 2025 for a total employment of twenty-two, at an average salary of approximately \$40,000 plus benefits, and maintenance of at least 90% of projected employees through October __, 2032 as measured for the preceding year on an annual basis beginning June 30, 2023. 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 Craftworks 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 7.A.

B. Wages and Benefits. Craftworks 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 or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If Craftworks does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by June 30, 2023, or by June 30 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, Craftworks will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution and City Contribution paid on behalf of Craftworks pursuant to this Agreement that has already been disbursed to Craftworks for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

		<i>Job Creation Commitment and Schedule</i>				
<u>Year</u>	<u>Annual Full Time Job Creation Target</u>	Min Job (90% of target new jobs)	<u>Cumulative Payroll for New Jobs</u>	<u>Job Determination Period</u>		<u>%-Clawback</u>
1	7+7=14	13	\$662,523	Ordinance Date	1/31/23	100%
2	14+5=19	18	\$870,235	01/01/23	1/31/24	100%
3	19+3=22	20	\$1,015,907	01/01/24	1/31/25	100%
4	Retain 22	Retain 20	\$1,046,384	01/01/25	1/31/26	100%
5	Retain 22	Retain 20	\$1,077,776	01/01/26	1/31/27	75%
6	Retain 22	Retain 20	\$1,110,109	01/01/27	1/31/28	50%
7	Retain 22	Retain 20	\$1,143,412	01/01/28	1/31/29	50%
8	Retain 22	Retain 20	\$1,177,715	01/01/29	1/31/30	25%
9	Retain 22	Retain 20	\$1,213,046	01/01/30	1/31/31	25%
10	Retain 22	Retain 20	\$1,249,438	01/01/31	1/31/32	25%
		Additional Notes: Starting Headcount seven as of 6/30/2022 as defined by ES903A or its equivalent shown as Exhibit B				

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Craftworks will be required to pay to the City upon Craftworks’ failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Craftworks during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Craftworks as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Craftworks maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Craftworks exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Craftworks shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Craftworks meets the

Minimum Full-Time Job Creation at any time during the Cure Period, Craftworks shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Craftworks fails to reach the Job Target during the Cure Period, then Craftworks shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

Notwithstanding the foregoing, if Craftworks fails to employ the required full-time employees as identified in Section 7.A herein, and Craftworks believes Business Climate Changes were the cause for the failure to meet such requirements, Craftworks 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 Craftworks, in the segment of the industry in which the Craftworks operates, that cause a significant decrease in the amount of sales Craftworks is able to achieve. The shifting of Craftworks’ operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Craftworks’ ability 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 30 days after the City notifies Craftworks of its decision or the decision of the State EDD. If Craftworks 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 Craftworks cease operations, or notify the City of its intent to cease operations, of the Project (i.e., cease to conduct operations at the Project) before June 30, 2032, Craftworks shall, within ninety (90) days of the cessation of operations at the Facility, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and 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 (each percentage inclusive of any Performance Clawback already paid by Craftworks):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before June 30, 2027	100%
From July 1, 2027 through June 30, 2029	60%
From July 1, 2029 through June 30, 2032	25%

Winding down of Craftworks’ operations at the Facility in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback and reimbursement payable hereunder will be \$400,000, 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.

8. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to Craftworks, Craftworks shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. See Exhibit C. If Craftworks chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7, herein, whichever is less.

9. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by Craftworks 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 Craftworks in writing, and Craftworks shall have thirty (30) days in which to cure such Event of Default. 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.

10. Fees. Craftworks 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 Craftworks 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 could include, without limitation, 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.

11. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, Craftworks will provide to the City and

to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding the workforce for Craftworks and such other information necessary for the City or its independent contractor to determine whether Craftworks 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 requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if Craftworks has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

FINDINGS:

1. LEDA 22-8 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-8 would make positive substantive contributions to the local economy and community by creating 20 base jobs; and
3. Subject to the development of acceptable security documents, LEDA 22-8 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 22-8 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 10 years.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 22-8 as proposed in the project plan application.

Economic Development Department

FY22 LEDA Application-ABQ

Applicant	Miguel Melendez
Applicant ID	APP-015829
Company Name	The Craftworks
Phone	505-850-6839
Email	mmelendez100@yahoo.com
Status	Submitted
LEDA Starting Job Count	7
LEDA PPA Job Count Target	20

Contact Information

Question: Legal Company Name

Craftworks LLC

Question: Trade Name (dba)

Sandia Hard Cider

Question: Project Name

12th Street Project

Question: Company Street Address

2809 Broadbent Parkway Suite D

Question: Company City

Albuquerque

Question: Company State

NM

Question: Company Zip

87107

Question: Phone

505-850-6839

Question: Website

<https://sandiahardcider.godaddysites.com>

Question: Primary Contact Person First Name

Miguel

Question: Primary Contact Person Last Name

Melendez

Question: Federal Tax ID #

47-4757961

Question: NM State Tax and Revenue Identification Number

03-329564-00

Question: City/County Business License Registration will be pursued

☒ Yes

☐ No

Question: NAICS Code(s)-North American Industry Classification System

312120, 312130, 312140

Question: DUNS # (preferred but not required)

Not Answered

Question: This Business is organized as a:

☐ C-Corporation

☐ S-Corporation

☒ LLC

☐ Partnership

☐ Sole Proprietorship

☐ B-Corporation

Question: Incorporation Papers

[Craftworks Articles of Organization.pdf](#) (6/8/2022, 8:26 AM)

Question: Resumes of all principals (owners, partners, directors or officers; required for businesses 1 years or younger)

No Attachments

Question: Company Contact for Project Administration (if different from above)

Miguel Melendez

Question: Title

General Manager

Question: Telephone

Not Answered

Question: Cell Phone

505-850-6839

Question: Email

mmelendez100@yahoo.com

Project Information

Please include detailed information such as:

- Executive Summary; Business description and history
- Infrastructure Development/Needs
- Market analysis and strategy
- Summary of competition
- Tax Reporting Status
- Effect on Existing Industry and Commerce during and after Construction
- Land Acquisition

- Local Purchasing
- Water Conservation
- Relocation of Individuals or Businesses
- Construction Schedule
 - Target Close Date
 - General Contract Signed
 - Construction Start
 - Construction End
 - New Facility Operational Date
- Operations plan; Organizational chart
- Any document or record that the local governing body, in its sole discretion, deems necessary.

Question: Description of the Proposed Development, its product and its timeline.

Craftworks LLC desires to relocate its beverage manufacturing facility from 2809 Broadbent Parkway in Albuquerque to a new facility located at 1501 12th Street ABQ that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing hvac, completing electrical distribution improvements, plumbing upgrades, and some build out of the facility. Additional costs associated with the project include, but are not limited to, design fees, permitting, license relocation, moving/transporting the existing equipment to new facility etc...

Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including 1) Contract Canning for others, 2) Space to launch new beverage products like beer and cocktails 3) and to provide space for new companies interested in taking advantage of the space and improvements as tenants.

In the end, the new facility will be more productive and will be a magnet for new business opportunities

The timeline for the project is as follows.

- 1) Building Acquisition May 2022
- 2) Phase 1 Construction July 2022
- 3) Phase 2 Construction September 2022

Full operation at new facility is estimated to begin winter 2023

Question: Provide a detailed scope of work that is specific to the funding request/award and what the funds will be used for.

The WORK

ITEM Cost

Land/Building \$3,400,000.00 1501 and 1502 12th Street ABQ (New Purchase)
New Electric Service \$500,000.00 New 5000 Amp Service
Floor Drains/sewer line \$ 85,000.00 Includes RandR concrete floor to drain, drain structure, grease trap
Central Cooling \$145,000.00 Includes chiller and Install
Metal Framing \$135,000.00 tap room buildout/walls/etc/finishes
Electrical Wiring \$100,000.00 costs to install interior exterior wiring after new service installed
Heating \$ 55,000.00 Standard heating units
Plumbing \$103,000.00 Kitchen/Lab/Bathrooms/Brewery sinks
Move Existing Equipment \$ 75,000.00 Cost to move from current facility to new
Design Fees \$ 45,000.00 Architect, Mechanical, Electrical
Licensing/COA \$ 25,000.00
Professional Fees \$ 8,000.00 HVAC Design/Process Engineering/other permits
Total \$4,676,000.00

Question: Business Plan (required for businesses 1 year or younger)

see attached

Question: Supporting Documentation

[BP#2Final.pdf](#) (6/14/2022, 2:10 PM)

Financial Information

*Upload sources and uses chart; enter N/A and zero for questions that do not apply to your business

Question: Provide detailed assumptions for your project including three years of projected cash flow income statements. If the applicant has been in business less than one year, you may be requested to provide additional financial information after review .

[5 year projection to Bank and CDC.xlsx](#) (6/14/2022, 1:44 PM)

Question: Provide financial statements (balance sheet, profit and loss and cash flow) or tax returns for the past three years. Also provide interim statements within 90 days of application date.

[2020 Tax Returns \(1\).pdf](#) (6/14/2022, 11:32 AM)

[CW 2021 Tax Return \(2\).pdf](#) (6/14/2022, 11:29 AM)

[Craftworks LLC 2019 tax returns.pdf](#) (6/14/2022, 10:58 AM)

Question: What is the collateral/security to be pledged to the funds awarded?

☐ Letter of Credit

☒ Surety Bond

- ☐ Mortgage Security
- ☐ Security Agreement/Escrow
- ☐ Security Agreement/Lien
- ☐ Security Interest/Lien

Question: What is the method of appraisal for stated security (if Security Mortgage or Lien were selected above)?

n/A

Question: What is the equity investment from the applicant?

\$1,450,000.00

Question: External Equity Investment Sources

n/a

Question: External Equity Investment Amount

\$0.00

Question: City/County Funding Source

n/a

Question: City/County Funding Amount

\$0.00

Question: Bank Loan Source (financial institution names), type (commercial, USDA, SBA 504, etc.), and stage (applied or approved)

SBA 504 Loan financed by New Mexico Bank and Trust Approved and Closed

Question: Bank Loans Amount Total

\$3,800,000.00

Question: Other Loans Source

n/a

Question: Other Loans Amount

\$0.00

Question: Other Sources

n/a

Question: Other Sources Amount

\$0.00

Question: Total Project Amount (Sum of above)

\$4,250,000.00

Question: Supporting financial documentation

[Sources & Uses \(1\).docx](#) (6/22/2022, 1:40 PM)

Company History and Background

Question: How long has the company been in operation, as of the date of application?

7 Years

Question: At the time of this application, how many full-time employees do you currently employ? Please provide the most recent Department of Workforce Solutions report below. If no employees, disregard report. Enter 0.

5.00

Question: List owners with more than 20% ownership stake in the company. Additionally, please list principal directors and/or officers.

Lorenzo Melendez, Managing Member
Jesse Allen

Question: Are owners and/or officers current with financial obligations/payments to the State of New Mexico or any other Federal or State entity? If no, please explain.

Yes

Question: Does the applicant have any loans or other financial obligations on which payments are not current? If yes, please explain.

No

Question: Please identify any financially affiliated/associated companies in which any of the applicant's owners have a 20% stake.

Christopher Senutovitch, CMS Brewing LLC
Chris Tafoya, CTJ Electric Inc

Community Aspects

Question: At the community level, what are the infrastructure needs not yet in place or in process that will affect this project's application?

There is a need to provide safe means of crossing 12th street at the Aspen Rd intersection. There is currently a crosswalk but the traffic is terrible and there is a speeding problem. The COA has plans in the works to improve the section of roadway from I-40 to sawmill Rd. Providing traffic controls and parking buffer will help tremendously and will create a safer situation for pedestrians and our customers alike.

Question: What specific incentives are being REQUESTED from the COMMUNITY? Please explain where the applicant is in this process and provide an idea of a timeline for incentives' deployment.

None at this time

Question: What specific incentives will be PROVIDED from the COMMUNITY? (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

None at this time

Job Creation / Performance

Please download the job creation worksheet to work up the required information for this section.

- [Job Creation Worksheet](#)

Question: Outline the number and types of jobs to be created.

Please see attached...

Question: Outline the proposed pay scale and payroll proposed by the entity.

Please see attached...

Question: Outline the benefits offered to the employees, including but not limited to health care and retirement.

None at this time

Question: Outline any efforts being made or proposed by the applicant to hire people within the local employment pool.

Craftworks has made several hires of individuals who have completed the CNM Brewing Program. We actively recruit local interns and will continue to do so. 100% of our staff has been hired from local employment pool and we are confident all new hires will be hired locally.

Question: Attach job creation worksheet

[Craftroom copy of new hires leda A.xlsx](#) (6/8/2022, 10:13 AM)

Question: Starting Headcount (from worksheet above)

7.00

Question: Total new jobs to be created Year 1 (from worksheet above)

7.00

Question: Total new payroll Year 1 (from worksheet above)

\$251,000.00

Question: Total number of new jobs to be created Year 2 (from worksheet above)

5.00

Question: Total new payroll Year 2 (from worksheet above)

\$189,000.00

Question: Total number of new jobs to be created Year 3 (from worksheet above)

3.00

Question: Total new payroll Year 3 (from worksheet above)

\$68,000.00

Economic Impact Analysis

NMEDD will perform an Economic Impact Analysis to address the impact to the local tax base, the school system, etc. using the Impact Data Sheet provided by the applicant.

Question: Outline any impacts to the environment, positively or negatively.

There are no known negative impacts to the environment.

Attachments

Please download the authorization for examination and release of information template and the example employer quarterly wage and contribution report.

- [Authorization for examination and release of information form](#)
- [Employer quarterly wage and contribution report example](#)

If you are a new business, please apply for a NM Tax Identification Number here:

<http://www.tax.newmexico.gov/Businesses/wage-withholding-tax.aspx>

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

[Click here](#) to view a filled out sample.

Question: New Mexico Economic Development Department authorization for examination and release of information.

[authorization LEDA.pdf](#) (6/27/2022, 3:18 PM)

Question: Latest New Mexico employer's quarterly wage and contribution report submitted to the Department of Workforce Solutions.

[1Q NMDWS 2022 LEDA.pdf](#) (6/27/2022, 3:19 PM)

Question: Affirmation and any other supporting documents

[affirmation LEDA.pdf](#) (6/27/2022, 3:20 PM)

[12th street legal description.jpg](#) (6/24/2022, 5:05 PM)

City of Albuquerque Project Information

This section of the NMEDD LEDA Application contains information required by the City of Albuquerque Ordinance 0-04-10 and conforms with and complements the policies established for the Local Economic Development Act pursuant to the Council action. This documentation 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.

Question: Project Supporting Documents: City Zone Atlas Map of Location, aerial/satellite picture of area, conceptual overview of finished location, Fiscal Impact Analysis from UNM BBER (if requested by City ED Director), Conceptual Site Plan and Elevation.

[12th st site plane 4Leda.pdf](#) (6/20/2022, 12:07 PM)

Question: General Description-Statement of benefit to be gained by the Albuquerque community from this development

This Development will benefit The City of Albuquerque in many ways!!!

First, the development will bring new jobs and added revenue to the city. With the ability to keep up with demand for our products, more people will get jobs and we will be able to sell more of our products. With the addition of the new tap room, Craftworks will be collecting more gross receipts and spending more on the products and services we buy during the regular course of business.

Additionally, the development will breath new life to the area in the form of a high retail taproom. Our goal is to host music, performance, and shows in the amply sized taproom area. This will bring a new culture and feel to the area all while maintaining the history of manufacturing!!!! This is a perfect location for a brewery!!!

Furthermore, the development falls in line with other developments like the Sawmill and the numerous other breweries in the area!!

Question: Site and Existing Conditions: Legal Description-Give both the precise and complete legal description and address or identification of location.

see attached legal

Question: Prevailing Site Conditions: Describe the present use and development of the site, including any improvements, vacant land, etc.

The property consists of two tracts of land. 1501 12th is a building with approx 46000 sf of space and limited parking. 1500 12th is vacant land that will be utilized for parking.

currently the structure is vacant and the vacant land is being used for parking for a local business.

Historically, the building has been used for warehousing and manufacturing. It has not been used for anything in the last several years.

Question: Present Assessed Value: According to the Bernalillo County Assessor's office.

1500 12th \$89,300 1501 12th \$1,186,100 total combined \$ 1,275,400

Question: Present Zoning of Property

NON-RESIDENTIAL – BUSINESS PARK ZONE DISTRICT (NR-BP)

Question: Proposed Zoning: If change in zoning is required for the proposed use, enter the proposed new zone.

The property is zoned for its intended purposes

Question: Status of Permitting/Regulatory matters needed for project.

Plans are being developed and will be submitted by end of June.

New Alcohol license applications are being prepared and will be submitted by end of June

Question: Sustainability Initiatives: Describe any sustainability initiatives or programs the

company already has and/or plans to use in its facility operations and processes.

n/a

Question: Renewable Energy: Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

n/a

Question: Products and Process: Will the proposed development generate air, noise or waste pollution or traffic congestion? If so, what plans are in place for the reduction and disposal of waste and/or project emissions?

N/A

Question: Competition: The Development Commission and City Council do not wish to make public funds available for projects with local competition. Describe any competition in the same area of commerce or industry existing in the City.

We are an existing business and are simply relocating. This project will not add any new competition

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

Please see attached document provided to LEDA

Question: Proposed Development: Describe any construction to be undertaken in the project, including square footage, construction type, location of construction on project site.

There will be construction performed in order to improve the building for its intended purpose.

The construction will consist of some demolition (interior only)
installing floor drains and some framing and electrical.
Bathrooms will need to be built.

In general there will be minimal construction that is all considered TI

Question: Proposed Development: Will existing buildings will be rehabilitated or incorporated in the construction?

Existing Structures will be rehabilitated

Question: Proposed Development: Detail any demolition required and indicate whether it involves any identified historic properties.

The only demolition that will take place is to demolish interior walls. There will also be some glass and glass garage doors added to the front elevation. There will be a fenced patio created along 12th street and landscaping provided per city requirements.

Question: Infrastructure: Indicate if the project will require any extension or relocation of

utility or road systems and if so, what cost sharing agreements have been reached between the applicant and the City.

N/A

Question: Area Enhancement: Describe how project design and placement will enhance the area.

As discussed, Craftworks is purchasing an existing building. The architectural plans include adding landscaping, outdoor patio, storefront glass and glazing, a facelift of the front elevation (new paint/stucco). Phase three calls for a new outdoor/rooftop patio and deck. All of these items combined will bring the building to becoming a beautiful fixture on 12th street!!

Question: Local Purchasing: Provide and 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.

Current Estimated Gross Receipts Taxable Expenditures
\$322,405

Estimated annual increase is 1-2% annual increase with expansion

Question: Water Conservation: Estimate average daily and monthly water consumption and include any plans for reduction or re-use of water.

We currently use approx. 930,000 gallons of water to produce our products and operate our business including the tap room. We estimate that volume to increase with growth in sales. All of our production and operations are performed with water conservation in mind and we have purchased equipment that allows us to reuse water (involved in cleaning) multiple times. Craftworks is interested in working with any government agency in finding ways or developing the means to conserve even more water in the future.

Question: 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.

N/a

Question: Corporate Citizenship Policy/Plan: List any company policies/plans regarding community charitable and civic donations and volunteerism.

N/A

Question: Positive Contributions: List all positive contributions that the project will make to the neighborhood.

Aside from taking an old building and creating a flourishing new facility with a welcoming tap room that will bring food, beverages, music and art to the neighborhood, one of the great ways our project will affect OUR community is the support we, as small businesses, offer each other. Craftworks purchases what is can locally. We hire local companies from Air conditioning maintenance contractors to farmer in Corrales who sell us local honey!! Craftworks prides itself in sponsoring various youth activities and other notable charities. Our businesses also actively

supports others through volunteer work, donations, participation in community activities, and simply by shopping at other local businesses. There's a sense of pride in being part of a community and providing quality products and services for the betterment of its residents. We feel that relocating both our manufacturing facility and creating a new taproom space will "soften" the neighborhood and begin to build a bridge that connects other parts of Downtown (breweries" with the amazing environment that has been created in the Sawmill area and beyond to the Biopark etc...

Question: Management: If the project will not be managed by the applicant, who will manage it and does the applicant have any long-range involvement?

The project will be managed by the applicant

Question: Indicate the estimated appraised value of the project after completion.

\$4,500,000



EDD

ECONOMIC
DEVELOPMENT
DEPARTMENT

3/17/2022

FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF CRAFTROOM

Prepared by:

New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505





Purpose and Limitations:

This report and analysis, provided by the New Mexico Economic Development Department, relies on prospective estimates of business activity. These estimates, which are provided by the company, may not be realized due to unforeseen events that are outside the control of the company and unknown to the New Mexico Economic Development Department.

The New Mexico Economic Development Department made reasonable efforts to ensure that the estimates provided by the company, are realistic estimates of future activity.

The model was created by the New Mexico Economic Development Economists and used assumptions to generate the final report. The report and analysis provided by the New Mexico Economic Development Department is not a guarantee that any of the estimates or results contained in this report will actually be achieved.

Introduction:

This report and analysis presents the results of an economic impact analysis performed using a model developed by the New Mexico Economic Development Department. The report estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA).

Most projects produce a growth in population and/or a growth in the workforce in a City, County and the State of New Mexico. All growth comes at a cost, the additional economic activity and population growth stimulated by the project will generate additional costs in terms of providing basic infrastructure (roads and utilities) and public services (including public safety and schools). For example, if the applicant hires employees from outside the State, County and City, those workers who end up relocating their residence to within one or all of those areas, the population for which the government must provide services also increases. The costs associated with the expansion are broken down into two categories: 1) New residents to the State, County and City. 2) New Mexican residents hired to work for the company. The analysis assumes that all workers will live in the area of the expansion.

Description of the Company:

Craftworks LLC was established in New Mexico in 2015 and is engaged in the business of Manufacturing Alcoholic Beverages for consumption. Our products are currently distributed throughout New Mexico and beginning in 2022 our products will start being distributed through a distributor in the state of Texas. Our products are produced and packaged in kegs and cases. We are currently sold within the state of New Mexico in all major chains including but not limited to Alberstsons, WalMart, Costco, Total Wine, Smiths, Speedway, Circle K etc... We are also currently on "tap" and sold on premises by over 200 local bars and restaraunts including chains like Applebees, Buffalo Wild Wings and many more. Our brand, Sandia Hard Cider, has started to pleatuea as it reaches market saturation. As such we have decided to move forward in other markets like the Texas market. We are also vigorously creating new brands in the beer and distilling market. In order to continue to grow our business, we are seeking a new facility, and additional equipment in order to meet projected demand.

Description of the Project:

Craftworks LLC desires to relocate its facility from 2809 Broadbent Parkway in Albuquerque to a new facility that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing hvac, completing electrical distribution improvemets, plumbing upgrades, and some build out of the facility. Additional costs associated with the project include, but are not limited to, design fees, permitting, license relocation, moving/transporting the existing equiment to new facility etc...

A scenic landscape photograph of a lake at sunset. The sky is filled with large, colorful clouds in shades of orange, pink, and blue. The sun is low on the horizon, casting a warm glow over the scene. In the background, a range of mountains is visible, partially covered in a dense forest of evergreen trees. The lake is calm, reflecting the colors of the sky and the surrounding landscape. In the foreground, there is a lush green field of grass and small white flowers.

Total Impacts

Fiscal Impact of Existing and Expanded Operations Over the Next Ten Years

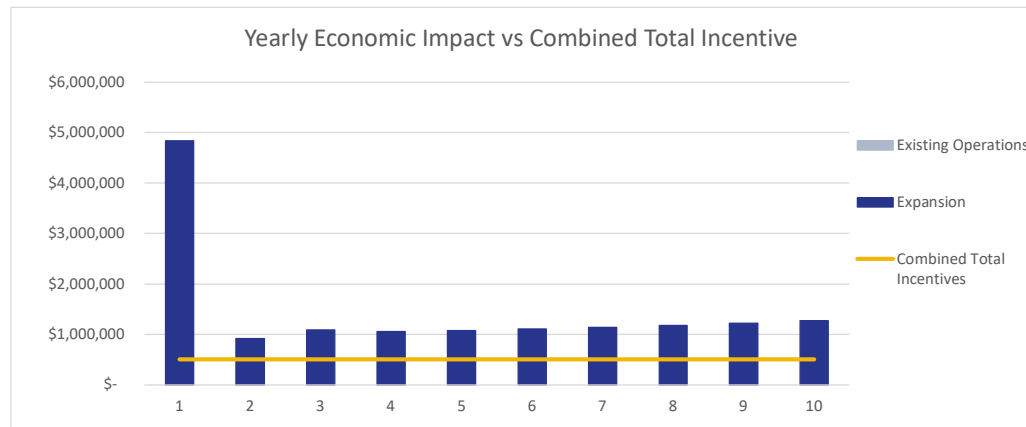
Cumulative Net Benefits					
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*	
State of New Mexico	\$ -	\$ 1,005,559	\$ 1,005,559	\$	833,531
County	\$ -	\$ 298,650	\$ 298,650	\$	249,974
City	\$ -	\$ 447,402	\$ 447,402	\$	385,751
School District	\$ -	\$ 174,670	\$ 174,670	\$	140,484
Special Taxing District	\$ -	\$ 160,467	\$ 160,467	\$	129,060
Total	\$ -	\$ 2,086,749	\$ 2,086,749	\$	1,738,801

* 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.

** In the cumulative net benefits of the existing and expanded operations for the State of New Mexico, corporate income tax has been removed from the existing operations total to avoid double counting.

Total Economic Impact

	Total
Estimated Economic Impact Over 10 Years:	\$ 14,900,112
Combined Total Incentive Over 10 Years:	\$ 508,326
Economic Impact Rate of Return:	2,831%

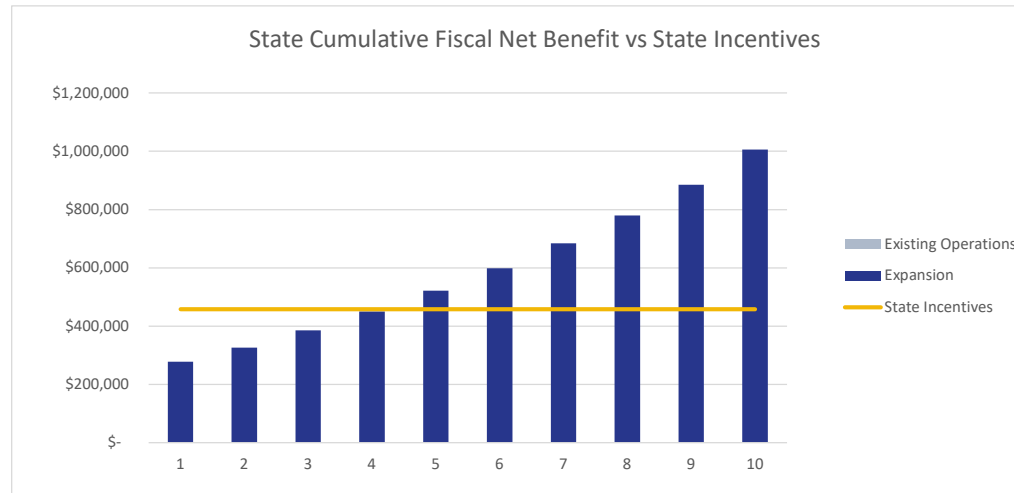


Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	15	6
Estimated Number of Construction Workers:	38	
Estimated Number of New Residents to the State:	2	
Estimated Number of New Residents to the County:	2	
Estimated Number of New Residents to the City:	2	

State Impacts





Incentives

Total State Incentive:	\$	458,326
State Incentive Per Job:	\$	30,555

Combined Payback and Return

State Payback Period Combined:	4.11	Years
State Rate of Return Combined:	82%	

Expansion Only Payback and Return

State Payback Period Expansion:	4.11	Years
State Rate of Return Expansion:	82%	

State Net Benefits Of Current Operations

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	-	\$	-	\$	-	\$ -
3	\$	-	\$	-	\$	-	\$ -
4	\$	-	\$	-	\$	-	\$ -
5	\$	-	\$	-	\$	-	\$ -
6	\$	-	\$	-	\$	-	\$ -
7	\$	-	\$	-	\$	-	\$ -
8	\$	-	\$	-	\$	-	\$ -
9	\$	-	\$	-	\$	-	\$ -
10	\$	-	\$	-	\$	-	\$ -

State Net Benefits Of Expansion

Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	279,784	\$ 800	\$	278,984	\$ 278,984
2	\$	48,839	\$ 1,403	\$	47,436	\$ 326,420
3	\$	61,356	\$ 1,785	\$	59,571	\$ 385,991
4	\$	66,520	\$ 1,825	\$	64,695	\$ 450,686
5	\$	72,508	\$ 1,867	\$	70,641	\$ 521,327
6	\$	79,477	\$ 1,909	\$	77,569	\$ 598,896
7	\$	87,619	\$ 1,951	\$	85,667	\$ 684,563
8	\$	97,159	\$ 1,995	\$	95,164	\$ 779,726
9	\$	108,373	\$ 2,040	\$	106,332	\$ 886,059
10	\$	121,586	\$ 2,086	\$	119,500	\$ 1,005,559

State Combined Net Benefits

Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	279,784	\$ 800	\$	278,984	\$ 278,984
2	\$	48,839	\$ 1,403	\$	47,436	\$ 326,420
3	\$	61,356	\$ 1,785	\$	59,571	\$ 385,991
4	\$	66,520	\$ 1,825	\$	64,695	\$ 450,686
5	\$	72,508	\$ 1,867	\$	70,641	\$ 521,327
6	\$	79,477	\$ 1,909	\$	77,569	\$ 598,896
7	\$	87,619	\$ 1,951	\$	85,667	\$ 684,563
8	\$	97,159	\$ 1,995	\$	95,164	\$ 779,726
9	\$	108,373	\$ 2,040	\$	106,332	\$ 886,059
10	\$	121,586	\$ 2,086	\$	119,500	\$ 1,005,559

State Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$	367,329
Personal Income Taxes	\$	628,299
Corporate Income Taxes	\$	-
Misc. Taxes and Revenue	\$	27,594
Subtotal of Benefits	\$	1,023,222

Costs

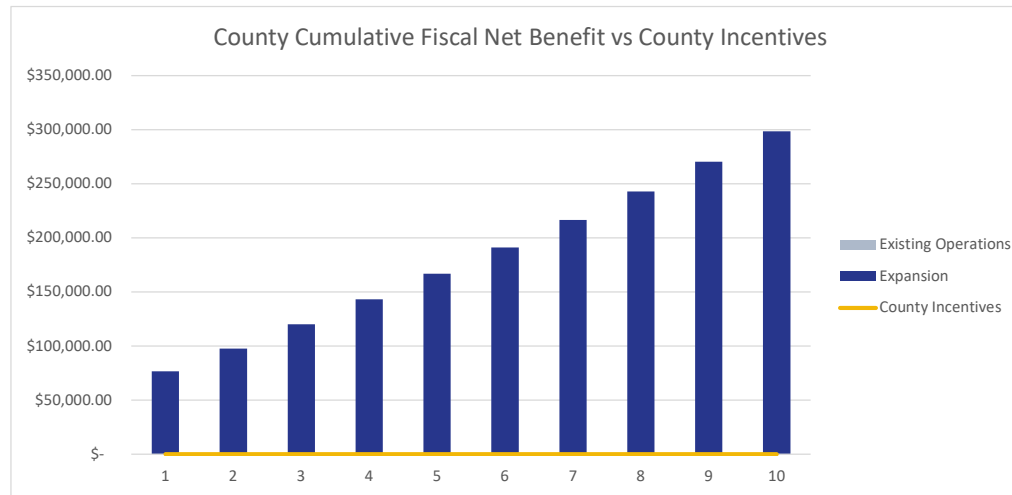
Costs	\$	17,663
Subtotal of Costs	\$	17,663

Net Benefits

Net Benefits	\$	1,005,559
Present Value	\$	833,531

County Impacts





Incentives

Total County Incentive:	\$	-
County Incentive Per Job:	\$	-

Combined Payback and Return

County Payback Period Combined:	-	Years
County Rate of Return Combined:	N/A	

Expansion Only Payback and Return

County Payback Period Expansion:	-	Years
County Rate of Return Expansion:	N/A	

County Net Benefits Of Current Operations

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	-	\$	-	\$	-	\$ -
3	\$	-	\$	-	\$	-	\$ -
4	\$	-	\$	-	\$	-	\$ -
5	\$	-	\$	-	\$	-	\$ -
6	\$	-	\$	-	\$	-	\$ -
7	\$	-	\$	-	\$	-	\$ -
8	\$	-	\$	-	\$	-	\$ -
9	\$	-	\$	-	\$	-	\$ -
10	\$	-	\$	-	\$	-	\$ -

County Net Benefits Of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	76,860	\$	92	\$	76,768	\$ 76,768
2	\$	21,191	\$	162	\$	21,029	\$ 97,797
3	\$	22,518	\$	206	\$	22,312	\$ 120,110
4	\$	23,192	\$	210	\$	22,981	\$ 143,091
5	\$	23,918	\$	215	\$	23,703	\$ 166,794
6	\$	24,704	\$	220	\$	24,484	\$ 191,278
7	\$	25,562	\$	225	\$	25,337	\$ 216,615
8	\$	26,503	\$	230	\$	26,273	\$ 242,888
9	\$	27,542	\$	235	\$	27,307	\$ 270,194
10	\$	28,696	\$	240	\$	28,456	\$ 298,650

County Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	76,860	\$	92	\$	76,768	\$ 76,768
2	\$	21,191	\$	162	\$	21,029	\$ 97,797
3	\$	22,518	\$	206	\$	22,312	\$ 120,110
4	\$	23,192	\$	210	\$	22,981	\$ 143,091
5	\$	23,918	\$	215	\$	23,703	\$ 166,794
6	\$	24,704	\$	220	\$	24,484	\$ 191,278
7	\$	25,562	\$	225	\$	25,337	\$ 216,615
8	\$	26,503	\$	230	\$	26,273	\$ 242,888
9	\$	27,542	\$	235	\$	27,307	\$ 270,194
10	\$	28,696	\$	240	\$	28,456	\$ 298,650

County Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$	111,847
Misc. Taxes and Revenue	\$	595
Property Taxes	\$	188,243
Subtotal of Benefits	\$	300,685

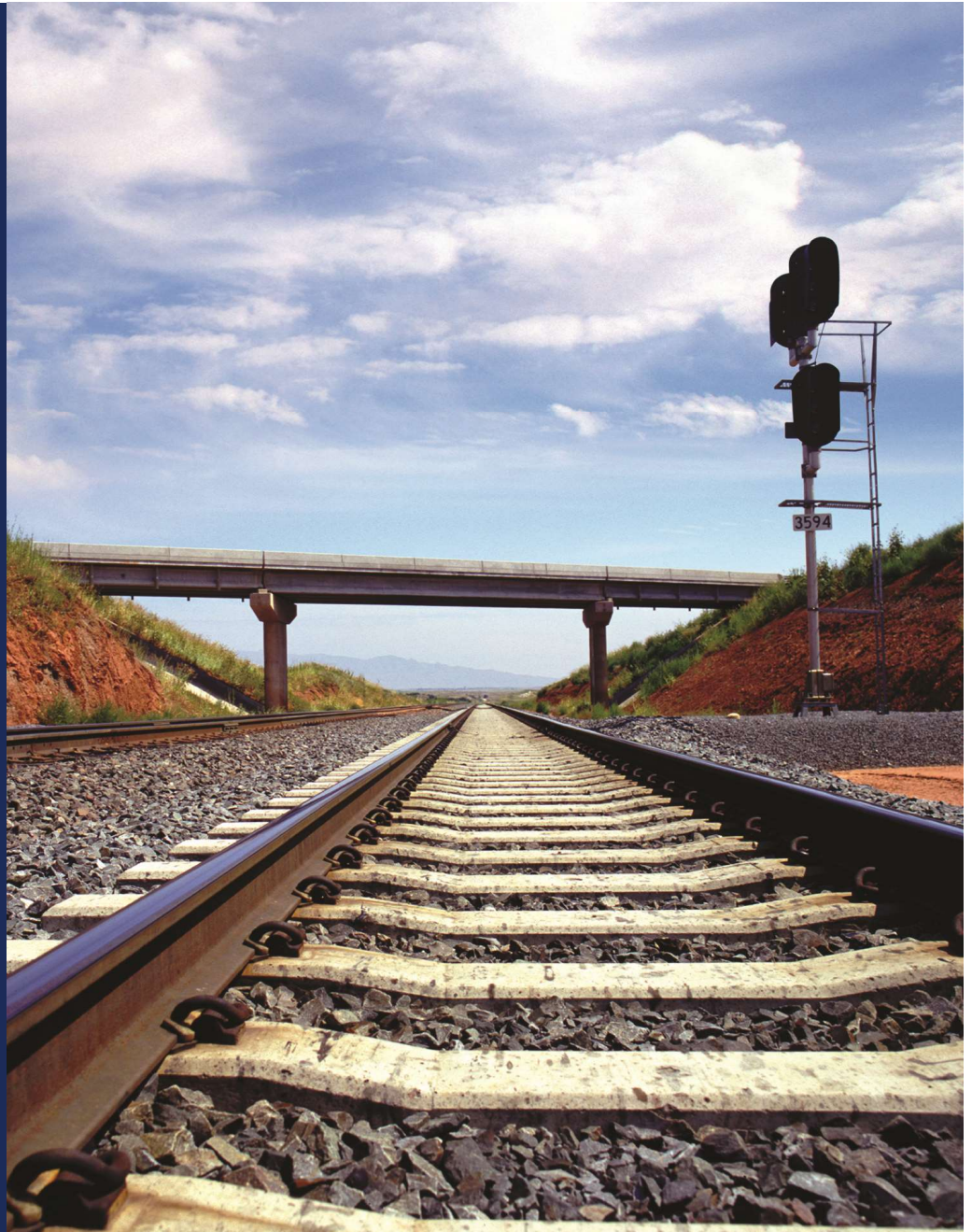
Costs

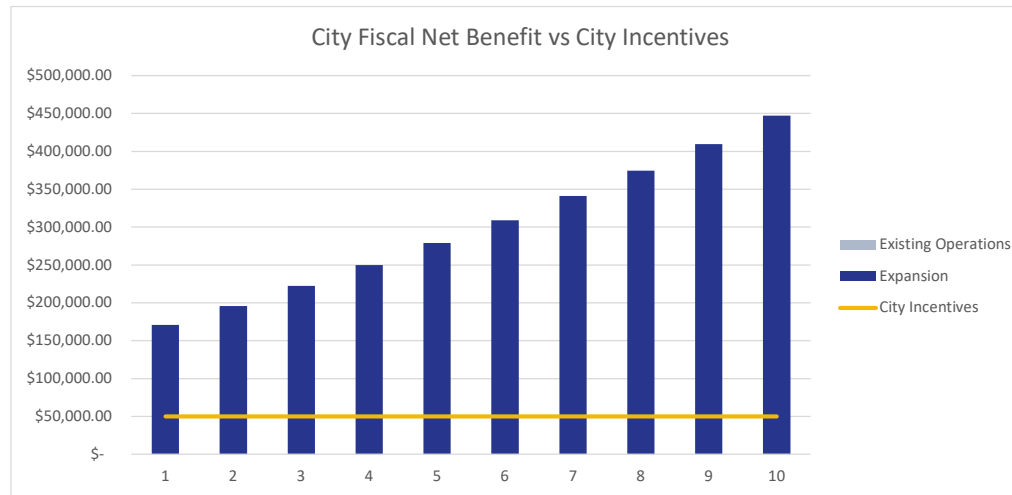
Costs	\$	2,035
Subtotal of Costs	\$	2,035

Net Benefits

Net Benefits	\$	298,650
Present Value	\$	249,974

City Impacts





Incentives

Total City Incentive:	\$ 50,000
City Incentive Per Job:	\$ 3,333

Combined Payback and Return

City Payback Period Combined:	0.29 Years
City Rate of Return Combined:	672%

Expansion Only Payback and Return

City Payback Period Expansion:	0.29 Years
City Rate of Return Expansion:	672%

City Net Benefits Of Current Operations

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	-	\$	-	\$	-	\$ -
3	\$	-	\$	-	\$	-	\$ -
4	\$	-	\$	-	\$	-	\$ -
5	\$	-	\$	-	\$	-	\$ -
6	\$	-	\$	-	\$	-	\$ -
7	\$	-	\$	-	\$	-	\$ -
8	\$	-	\$	-	\$	-	\$ -
9	\$	-	\$	-	\$	-	\$ -
10	\$	-	\$	-	\$	-	\$ -

City Net Benefits Of Expansion

Year	Benefits		Costs		Net Benefits	Cumulative Net Benefits
1	\$	171,815	\$	755	\$ 171,060	\$ 171,060
2	\$	25,771	\$	1,371	\$ 24,400	\$ 195,460
3	\$	28,472	\$	1,759	\$ 26,714	\$ 222,174
4	\$	29,574	\$	1,791	\$ 27,783	\$ 249,957
5	\$	30,793	\$	1,823	\$ 28,969	\$ 278,927
6	\$	32,149	\$	1,856	\$ 30,293	\$ 309,220
7	\$	33,668	\$	1,888	\$ 31,781	\$ 341,001
8	\$	35,382	\$	1,920	\$ 33,462	\$ 374,463
9	\$	37,326	\$	1,951	\$ 35,375	\$ 409,838
10	\$	39,547	\$	1,982	\$ 37,565	\$ 447,402

City Combined Net Benefits

Year	Benefits		Costs		Net Benefits	Cumulative Net Benefits
1	\$	171,815	\$	755	\$ 171,060	\$ 171,060
2	\$	25,771	\$	1,371	\$ 24,400	\$ 195,460
3	\$	28,472	\$	1,759	\$ 26,714	\$ 222,174
4	\$	29,574	\$	1,791	\$ 27,783	\$ 249,957
5	\$	30,793	\$	1,823	\$ 28,969	\$ 278,927
6	\$	32,149	\$	1,856	\$ 30,293	\$ 309,220
7	\$	33,668	\$	1,888	\$ 31,781	\$ 341,001
8	\$	35,382	\$	1,920	\$ 33,462	\$ 374,463
9	\$	37,326	\$	1,951	\$ 35,375	\$ 409,838
10	\$	39,547	\$	1,982	\$ 37,565	\$ 447,402

City Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$	263,075
Misc. Taxes and Revenue	\$	23,678
Property Taxes	\$	177,745
Subtotal of Benefits	\$	464,498

Costs

Costs	\$	17,095
Subtotal of Costs	\$	17,095

Net Benefits

Net Benefits	\$	447,402
Present Value	\$	385,751

Special Taxing District and Public Schools



Special Taxing District

Special Taxing District Net Benefits of Current Operations

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	-	\$	-	\$	-	\$ -
3	\$	-	\$	-	\$	-	\$ -
4	\$	-	\$	-	\$	-	\$ -
5	\$	-	\$	-	\$	-	\$ -
6	\$	-	\$	-	\$	-	\$ -
7	\$	-	\$	-	\$	-	\$ -
8	\$	-	\$	-	\$	-	\$ -
9	\$	-	\$	-	\$	-	\$ -
10	\$	-	\$	-	\$	-	\$ -

Special District Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	14,610	\$	-	\$	14,610	\$ 14,610
2	\$	14,935	\$	-	\$	14,935	\$ 29,545
3	\$	15,254	\$	-	\$	15,254	\$ 44,799
4	\$	15,559	\$	-	\$	15,559	\$ 60,357
5	\$	15,870	\$	-	\$	15,870	\$ 76,227
6	\$	16,187	\$	-	\$	16,187	\$ 92,415
7	\$	16,511	\$	-	\$	16,511	\$ 108,926
8	\$	16,841	\$	-	\$	16,841	\$ 125,767
9	\$	17,178	\$	-	\$	17,178	\$ 142,945
10	\$	17,522	\$	-	\$	17,522	\$ 160,467

Special District Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	14,610	\$	-	\$	14,610	\$ 14,610
2	\$	14,935	\$	-	\$	14,935	\$ 29,545
3	\$	15,254	\$	-	\$	15,254	\$ 44,799
4	\$	15,559	\$	-	\$	15,559	\$ 60,357
5	\$	15,870	\$	-	\$	15,870	\$ 76,227
6	\$	16,187	\$	-	\$	16,187	\$ 92,415
7	\$	16,511	\$	-	\$	16,511	\$ 108,926
8	\$	16,841	\$	-	\$	16,841	\$ 125,767
9	\$	17,178	\$	-	\$	17,178	\$ 142,945
10	\$	17,522	\$	-	\$	17,522	\$ 160,467

Public Schools

Public Schools Net Benefits of Current Operations

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	-	\$	-	\$	-	\$ -
3	\$	-	\$	-	\$	-	\$ -
4	\$	-	\$	-	\$	-	\$ -
5	\$	-	\$	-	\$	-	\$ -
6	\$	-	\$	-	\$	-	\$ -
7	\$	-	\$	-	\$	-	\$ -
8	\$	-	\$	-	\$	-	\$ -
9	\$	-	\$	-	\$	-	\$ -
10	\$	-	\$	-	\$	-	\$ -

Public Schools Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	15,905	\$	-	\$	15,905	\$ 15,905
2	\$	16,258	\$	-	\$	16,258	\$ 32,163
3	\$	16,604	\$	-	\$	16,604	\$ 48,767
4	\$	16,936	\$	-	\$	16,936	\$ 65,702
5	\$	17,274	\$	-	\$	17,274	\$ 82,977
6	\$	17,620	\$	-	\$	17,620	\$ 100,596
7	\$	17,972	\$	-	\$	17,972	\$ 118,568
8	\$	18,332	\$	-	\$	18,332	\$ 136,900
9	\$	18,698	\$	-	\$	18,698	\$ 155,598
10	\$	19,072	\$	-	\$	19,072	\$ 174,670

Public Schools Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	15,905	\$	-	\$	15,905	\$ 15,905
2	\$	16,258	\$	-	\$	16,258	\$ 32,163
3	\$	16,604	\$	-	\$	16,604	\$ 48,767
4	\$	16,936	\$	-	\$	16,936	\$ 65,702
5	\$	17,274	\$	-	\$	17,274	\$ 82,977
6	\$	17,620	\$	-	\$	17,620	\$ 100,596
7	\$	17,972	\$	-	\$	17,972	\$ 118,568
8	\$	18,332	\$	-	\$	18,332	\$ 136,900
9	\$	18,698	\$	-	\$	18,698	\$ 155,598
10	\$	19,072	\$	-	\$	19,072	\$ 174,670

Property Tax Exemptions and Industrial Revenue Bonds



Property Tax Exemptions and Industrial Revenue Bonds

The City and/or the County is considering abating taxes on the Project's property. Below is a table that identifies the types of property that are under consideration for property tax abatement:

Land:	No
Building and Property Improvements:	No
Furniture, Fixtures and Equipment:	No

Property Tax Percentage Exemptions On Land and Building

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Value of Exemption Through 10 Years:	\$	-	\$	-	\$	-	\$	-
*Value of Payment in Lieu of Taxes Through 10 Years:	\$	-	\$	-	\$	-	\$	-

*The model assumes that the payment in lieu of taxes will be administered to the either the county or city, and the local government will disperse the amounts to the appropriate districts.

Percentage of Gross Receipt Taxes Foregone on Newly Purchased Furniture, Fixtures and Equipment Over 10 Years

Year	State	County	City
1	0%	0%	0%
2	0%	0%	0%
3	0%	0%	0%
4	0%	0%	0%
5	0%	0%	0%
6	0%	0%	0%
7	0%	0%	0%
8	0%	0%	0%
9	0%	0%	0%
10	0%	0%	0%
Value of Exemption Through 10 Years: \$ - \$ - \$ -			