

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION REGULAR MEETING MINUTES
MUNICIPAL BUILDING, 1376 E. NINTH STREET
7:30 P.M., COMMISSION CHAMBERS
JULY 29, 2003**

**MAYOR DON CARROLL
MAYOR PRO-TEM RON GRIGGS
COMMISSIONER INEZ MONCADA
COMMISSIONER DON COOPER
COMMISSIONER ED COLE**

**COMMISSIONER JOHN ROBERTSON
COMMISSIONER MARION LEDFORD
CITY MANAGER PAT McCOURT
CITY ATTORNEY KENNETH MCDANIEL
CHIEF DEPUTY CLERK BETSY KIDWELL**

Call Meeting to Order and Roll Call.

The Meeting was called to order at 7:30 p.m. Commissioner Cole was absent. Commissioner Moncada had been out of town and arrived at 8:27 p.m.

1. Economic Development Gross Receipts Tax.

Recommendation: Provide direction to Staff.

Mr. McCourt began by reviewing the agenda staff report. He explained how the current economic development gross receipts tax came into effect and how the City has worked with OCEDC to put this money to use for economic development. He noted that if all the prospects we have been working on come into effect, we will essentially use all the funds the tax has collected. He asked the Commission to consider extending the tax or removing the sunset clause. He pointed out that either way, the option would have to go to the voters.

Mr. Ed Carr, Executive Director of the Chamber of Commerce, presented an overhead presentation and reviewed the effects of the economic gross receipts tax. (A copy of the overhead presentation is included in the back up for this meeting.) He reviewed the projects that are pending that we would use the fund to attract. The projects included Project RED CHART, Project CPA, Project LOOKING GLASS, Project SILVAN, Project PICTURE, Project SPARK, and Project PRESTO. Mr. Carr reviewed each of the projects. The total potential incentives for all of these projects are over \$3,780,000. Mr. Carr noted that this creates a \$2.78 million dollar shortfall, which would result in the loss of almost 1,400 quality jobs. His presentation noted that the potential incentives equal the tax revenue to the City. He noted that this is a first come, first served basis as far as what companies will get the incentive.

Mr. Carr stressed that it is a very competitive business (referring to attracting companies). He briefly reviewed the effects of not renewing the tax or extending the sunset clause. Mr. Carr noted that he would like to see it extended without a sunset clause.

Mayor Carroll asked if we would have to pay all the money up front. Mr. Carr replied the only one that we have promised to pay upfront is Project CPA. He noted that this is subject to the Commission's approval. Mayor Carroll noted that all of these incentives were also figured based on that they will get workforce training incentives from the State. Mr. Carr agreed and said some of the projects have already gone to the State to find out what incentives they would provide. A brief discussion was held regarding the improvement of the State's workforce investment incentive program.

Commissioner Ledford noted that Project SPARK was not included in Mr. Carr's recap sheet. Mr. Carr reviewed the slide and agreed it had erroneously been left out.

Commissioner Ledford then questioned the effect of these businesses on our water issue. Mr. Carr noted that they recruit low water using businesses.

Commissioner Ledford stated he is not sure about extending the tax indefinitely, but thinks it does need to be extended for another 5 to 10 years. He would support taking that to the voters. He stated that this means the community would grow. Mayor Carroll noted that these projects are designed to not make the community necessarily grow, but to provide jobs for the citizens who are already here. Mr. Carr agreed and said it is about giving better jobs to the people we have. He reviewed the economics of better paying jobs and the companies that are bringing money from outside our community.

Commissioner Robertson asked how close they are to getting a decision on Project PRESTO. Mr. Carr said they have indicated a desire to come here and look at the Presto building. He noted that this is a die casting company who could use the existing equipment in the building. He added that there is an existing industrial revenue bond that Presto would transfer over to another business. Mr. McCourt clarified that there are two companies looking at the Presto building. Mr. Carr replied that two are looking at the building and another is looking at some of the land there.

Commissioner Cooper and Mr. Carr discussed the State training incentive that New Mexico offers.

Mr. Heberle noted that the State Transportation Department has gotten permission from Holloman and Ft. Bliss to close that railroad spur that goes to Holloman where it crosses the Relief Route. Mr. Carr replied that if they were to remove it they would get sued because Presto has an agreement/contract for the spur. He noted that there is also a list of entities that are supposed to have first rights to the spur.

Mayor Carroll thanked Mr. Carr for the presentation. He noted that there are other tax issues that some of the Commission wants to talk about.

Mayor Carroll explained the City's taxing authority. He noted that the ¼% infrastructure tax, or capital improvements gross receipts tax, has a 5 year window. He said the caveat is that you cannot implement any of the capital improvements gross receipts tax unless you have implemented all of your other taxing authority. He noted that the City has done so. He said the ability to take it to the voters sunsets in July 2005. Mr. McCourt noted that we have to have it in effect by that time. He said the discussion will probably go that do we want to put those taxes on the ballot as well. Mr. Ed Carr noted that the economic gross receipts tax only passed by a little over 200 votes and he is concerned that the voters will come out and oppose everything. He would be very concerned about adding more taxes to that same ballot.

Discussion was held regarding what elections are scheduled and when it would be possible to put various tax questions on the ballots. Mayor Carroll noted the importance of a group campaigning for any tax. Mayor Pro-Tem Griggs discussed the timing of the issues and the need for both issues. He stressed that we cannot afford as a community to lose either one.

Commissioner Moncada arrived.

Mr. Paul Banse said he agrees that we need both these taxes. He asked if there was anything else that they could be called. It was briefly explained why they could not be called anything other than what they are.

Discussion continued regarding the need for the taxes. Dwight Harp pledged his support for continuing the gross receipts tax to support economic development. Paul Burnett expressed his concern over the total amount of economic gross receipts tax.

Mayor Carroll discussed the possibility of the State making certain services and products non-taxable and the effects of this loss of tax revenue for the cities. Discussion continued regarding the effect of the reduction in State taxes.

Mayor Carroll thanked everyone for their comments. Mr. Carr stressed that if they bring in some of these companies by October the fund would be depleted. Mayor Carroll noted that would be further support for the reason to continue the tax.

EXECUTIVE SESSION:

Adjourn into Executive Session to discuss threatened or pending litigation.

Commissioner Cooper moved to adjourn into Executive Session to discuss threatened or pending litigation. Commissioner Robertson seconded the motion. All voted "aye." The motion carried by a roll call vote of 6-0-0.

The Governing Body of the City of Alamogordo, New Mexico, hereby states that its specially scheduled meeting of July 29, 2003 was adjourned into executive session and items discussed in the closed meeting were limited only to those specified in the motion.

The meeting was adjourned at 8:45 p.m.

Mayor Donald E. Carroll

ATTEST:

Chief Deputy Clerk Betsy C. Kidwell

(SEAL)

(Prepared by Chief Deputy Clerk Betsy C. Kidwell)

Approved at the City Commission Regular Meeting of August 12, 2003



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