

# FOR IMMEDIATE RELEASE

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## PUBLIC SERVICE ANNOUNCEMENT

**CITY OF ALAMOGORDO**

# City of Alamogordo

## Family Fun Center

**Alamogordo, NM Monday, October 8, 2018**

Citizens of Alamogordo,

As many of you are aware, the City recently received a letter from the Office of the State Auditor regarding allegations in conjunction with the Family Fun Center (aka Rocket City Fun Center). It is important to remember that this was a fact-finding inquiry, and this letter does not contain actual “audit” findings, or violations of law that require any type of remedy from the City of Alamogordo. As such, the City strongly disputes the claims in the letter and reserves its legal argument in the event any litigation should arise.

The City would point out that what the Office of the State Auditor calls waste, was a payment to an architect for pre-construction feasibility needs. The preliminary drawings for the Family Fun Center showed a facility that would cost approximately \$11 million to build. By using the architect, the City was able to ensure that its design more reasonably fit within the amount of bond dollars that the City had available. Further, the design/build process of Rocket City Fun Center was funded through a six-million-dollar bond, voted on and approved by the Citizens of Alamogordo. Once the design/build phase of the project was completed, the current lease holder, Mr. Jay Chun was awarded 1.5 million additional dollars for improvements/enhancements necessary and vital to the facility’s success. These funds were attained in accordance with the Local Economic Development Act (“LEDA”). It is of vital importance that our citizens understand the additional funds for improvements and enhancements may only be spent and have only been spent on the Rocket City Family Fun Center and did not deplete, nor compromise current or future City projects such as streets, sewers, water, etc.

Additionally, the City disputes misuse of Local Economic Development Act monies. The OSA mistakenly applies federal Fair Labor Standards Act laws to the City’s economic development ordinances and draws incorrect inferences from that application. The Family Fun Center is not a retail establishment, it never has been, and it never will be. There is no good or commodity to be taken away, only services of bowling, a restaurant, laser tag and an arcade. This coincides with the City of Albuquerque and Bernalillo County awarding over two and a half million dollars for a Top Golf facility to be built in Albuquerque – a facility which provides services almost identical to our own Family Fun Center, yet there is no dispute that that facility is not considered retail.

The City is and will continue to be committed to governmental transparency. With this being said, it is important to note that any and all equipment originally supplied to the Rocket City Fun Center is still in the City’s possession. No equipment surrounding the design build of the Rocket City Fun Center has been sold or misappropriated in any way. The City continues to have a working relationship with Mr. Jay Chun, owner/operator of Downtown Venture Corp, and the Rocket City Fun Center. The City stands by Downtown Venture Corporation and is in full support of Mr. Chun. We look forward to the opening of the facility and the prospect of the great enjoyment our citizens will experience upon their patronage of the facility.

The City is devoted to doing the right thing for the Citizens of Alamogordo and ensuring the proper expenditure of taxpayer dollars. The City recognizes the challenges that many of our citizens face and strive to be fiscally responsible while providing citizens with as many amenities as possible. The City strongly believes that it employs a strong and capable staff whose vision aligns with the commissions' and the citizens' in moving the City forward into continued growth and prosperity. As such, the City is focused not only on economic development, but also continued infrastructure upgrades and upgrades to its facilities to better serve our Citizens.

The City is committed to transparency and honesty in everything it does. Therefore, the City will be taking the following steps to ensure taxpayer money is safeguarded and the citizens are served best.

1. The City has had and continues to have a strong relationship with the Otero County Economic Development Council (OCDEC). A contract was re-awarded to OCDEC in August of 2018 to continue to handle all of the City's economic development needs. All LEDA applications have been turned over to OCDEC for their review and development. The City is committed to working closely with this organization to help grow the City and expand our economy for both present and future benefit.
2. Conduct an in depth review of the design-bid-build procedures that were utilized in the Family Fun Center procurement along with the project management stage to determine what deficiencies may have occurred and how to avoid them in the future.
  - a. Along with this, a comprehensive review of the City's competitive bidding documents will be completed to ensure that our policies continue to comply with the City's code.
3. Draft an amendment to the local LEDA ordinance that clearly identifies the source of revenues to be used in support of projects, and any limits that may need to be placed on those expenditures.
4. Discuss with OCDEC and other local business leaders whether a 5-year increment on the City's IGRT ordinance is in the best interest of the City.
5. Codify and clarify the sunset provisions of the IGRT tax in the codified version of the IGRT ordinance for history and clarity purposes.
6. Review all of the City's LEDA ordinances to ensure continued compliance with the applicable laws.

For inquiries regarding this press release please contact the City Manager's Office at 575-439-4203.

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