



CITY OF LAS CRUCES

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The following are summary minutes for the meeting of the **City of Las Cruces – Economic Development Policy Review Committee** on May 10, 2023. The meeting was held at City Hall, 700 N. Main, Las Cruces, New Mexico in the Las Cruces Conference Room 2007-B.

Members Present:

- Kasandra Gandara, Mayor Pro-Tem
- Tessa Abeyta-Stuve, City Councilor
- Yvonne Flores, City Councilor
- Davin Lopez, MVEDA
- Kathryn Hansen, NMSU
- Debbi Moore, Chamber of Commerce

Members Absent:

- Connie Campos, Commercial Real Estate
- Mary Ulrich, DACC
- Ana Berrun, Las Cruces Lodgers Association
- Peter Martinez, Workforce Development

Others Present:

- Elizabeth Teeters, Economic Development Director
- Chris Faivre, Destination Downtown Administrator
- Sergio Ruiz, Policy Analyst
- Christine Rivera, City Clerk
- Seth Caveyo, Temp Employee
- Alexis Espinoza, Co-Op
- Carrie Hamblin, State Senator

- I. Call to Order:** Councilor Flores called the meeting to order at approximately 9:00 a.m.
- II. Conflict of Interest:** There was no conflict of interest.
- III. Minutes for Approval:**
 - a. Economic Development PRC Meeting of March 15, 2023:** Councilor Abeyta motioned to approve the minutes. Minutes were approved.
- IV. Discussion:**
 - a. LEDA Plan Update - Catastrophic Business Assistance Fund (Junior Money):** Chris Faivre showed an updated LEDA plan and highlighted in yellow the changes made. In the current model you have two different models that are available for funding, one is the Preferred Model and then the Basic Model. They are looking to add two new models. A couple of

1 require a lot of the person applying. A template for an agreement is already
2 approved by legal, so just include the business information and send to legal
3 for signature. Still need to meet and explain the process to get signatures
4 turned around quickly, and same with City Manager's office. Timeframe of
5 48-72 hours is not guaranteed, but Economic Development will do
6 everything to walk it through the process as quickly as possible. And be
7 sure everyone up front understands that these are catastrophic situations
8 and time is of the essence. Mayor Pro-Tem Gandara suggested pursuing
9 special Council meetings if needed. The benchmarks will be different for
10 each business. Important to start off with an evaluation component. Mayor
11 Pro-Tem Gandara suggested a researcher who understands the methods
12 of utilizing qualitative and quantitative questions to understand the return on
13 investment. To show the state this a model and to invest in this, this would
14 be the way, including a survey. Senator Hamblin stated they can come up
15 with the quantitative benchmarks, such as how long it took the business to
16 turnaround to reopen, what the loss could have been, what the loss was,
17 and what was prevented. What will have the most impact at the state level
18 will be the individual stories of the businesses, although data will be
19 important. If success is demonstrated with this the governor's may get
20 involved.

21
22 Debbi Moore asked if the application for the funds going to be generated by
23 the City or have to use state application process. It will be the City. Key to
24 define small, define catastrophic with the contents of the application
25 process, and how relates to our businesses here in the City. She will work
26 with the Senator to do documentation and get other chambers on board.

27
28 Senator Hamblin mentioned that upon receiving Junior Money they have
29 three days to turn that around. Discussions were had immediately and get
30 this set up. There is included a definition of catastrophic incident in the
31 definitions of the LEDA plan. The next steps for LEDA plan, first read will
32 be June 5th, adoption June 20th, and then a couple weeks later to go into
33 effect. PPA for catastrophic funds will be June 20th, and adoption July 3rd.
34 Councilor Abeyta asked if within definition of catastrophic if human made
35 events (vandalism) would be included. There is the storefront program that
36 has a lot more money, and when that is finished, this LEDA could take that
37 place.

38
39 Councilor Flores stated vandalism is covered by insurance and also the
40 storefront program. She stated some business owners state insurance
41 coverage does not cover the extent of the damage and would LEDA step in
42 to help at that point. This would be a case by case basis to evaluate what
43 happened and what program would help best. Senator Hamblin stated that
44 is easier for small businesses to get teeth into. What was discovered during
45 the pandemic was many small businesses did not use QuickBooks for
46 bookkeeping, or have e-mail. Getting funding can be intimidating and more
47 discouraging for small businesses. In presenting this it is opening the door
48 for small businesses to have easier access to as other ways are

1 years back retail was added to LEDA and there is a need to amend the plan
2 to include being able to do LEDA, that would be the local model. Without
3 state participation it would be strictly with local municipal dollars for these
4 programs. There is more flexibility when not including the state. Public
5 contribution plus private investment in the form of independent service jobs,
6 expanded tax base property or other things or service of value for the
7 expansion of the economy. The states participation is solely on job creation.
8 Senator Hamblin will be talking about the catastrophic model. Junior money
9 was requested for local LEDA program to design around Catastrophic.
10 Example would be a devastating fire and needed extra funds to rebuild.

11
12 Carrie Hamblin stated that every business is one catastrophic event away
13 from shutting down. There are some small businesses having difficulty with
14 credit, not able to go to a bank and get a standard loan. The fire at High
15 Desert Brewing company instigated this. Working with the Debbi Moore
16 and Liz Teeters and figure a way to provide quick access money to help in
17 times of catastrophe for small businesses. There was discussion with
18 Secretary Keyes and Deputy Secretary Clark. This was worked out to
19 where this could be done through LEDA funding without violating anti-
20 donation clause, as security is very vaguely defined. Through Junior Money
21 able to put \$150,000 in the fund to use a model for the rest of the state. The
22 governor has talked about having resources for small businesses. Using
23 High Desert as a model, give them \$5,000 to \$10,000 per the definition of
24 catastrophe, and help them. Money should become available July 1st.
25 Elizabeth Teeters stated concerns are the LEDA statute is too strict but
26 really they aren't. Have to have own processes that don't involve the state.
27 LEDA is exempt from anti-donation. Councilor Abeyta asked about the
28 tracking that would need to be done after it is awarded. This will be set up
29 to do a master PPA (project participation agreement) for all the funds and
30 then as security set up MOU with each individual business, make a quick
31 turnaround. Then the benchmarks will be written in the back. LEDA has to
32 be set up to get the funds you have to do this. Each business has
33 benchmarks they have to meet. There will be claw-back provisions. LEDA
34 state statute states you have take every LEDA to Council via ordinance, by
35 doing a master PPA can just plug in a business and information and be able
36 to get a quick turnaround. City departments will be alerted to these as
37 catastrophic issues, walking it through all the way to the City Manager's
38 office. There will be coordinator hired at the City just to handle MRA. There
39 is expectation of getting Junior Money for the next couple of years. This
40 would be encouraged in rural communities, particularly ones who
41 sponsored the MRA.

42
43 Mayor Pro-Tem Gandara questioned process, having an internal and an
44 external process. Discussions with legal and procurement have been done,
45 or are still going on. Is the state prepared to navigate this quickly? What is
46 the willingness on all parties to expedite this? Elizabeth Teeters stated the
47 state is not involved at all, just a local effort. There is currently an application
48 for the local LEDA, there will be a version of the catastrophic that does not

1 overwhelming. Opportunity for small businesses to connect more with the
2 department and learn about the other programs. The state does not do a
3 go job of showing what resources are available to small businesses.
4

5 **b. MRA State Statue Changes:** Senator Hamblin stated she got to speak to
6 this and gives credit to the Economic Development Department and Terry
7 Brunner, and Senators Brandt and Kernan, and Representative Ortiz in the
8 House. It was really an easy lift. It was liked as it did not increase taxes,
9 and it removed the state from overseeing the funds get used, and brought
10 it back to the local communities. Elizabeth Teeters stated there were only
11 two amendments, Finance wanted an extra year to ge the processes
12 together so changed to 2024. The bill was written once it was approved by
13 the Board of Finance it could be adopted. TIN law states it has to go to the
14 Board of Finance and then improved by legislative approval. Trying to
15 remove that step so money can start incrementally being put into the pot
16 sooner. This will require legislative approval as well. The final bill adds tax
17 increment financing to entire designated area, before it was just for specific
18 projects. You can get up to 75% with local and state property and gross
19 receipts tax. The level is by the governing body. It lines up with T.I.D. law,
20 the only difference is that this is not limited to just infrastructure. Be able to
21 use more on public/private partnerships with businesses, with nonprofits,
22 housing, developments, etc.
23

24 Next steps, taking the El Paseo/South Solano Plan out to RFP. Hope to get
25 adopted close to the start date of July 1, 2024. Hiring a consultant for the
26 plan for Picacho sometime next fiscal year. Hope to be the first municipality
27 to request a tax increment. Keeping a close eye on the Board of Finance
28 and their processes to know as we will need to hire a consultant to do the
29 tax increment items. Davin Lopez asked if there are restrictions on how the
30 funds can be used, definition on limitations. Elizabeth Teeter stated the
31 funds can only be used if it is written into the plan, so specific projects and
32 guidelines into each MRA plan. Senator Hamblin stated that given that this
33 had bipartisan support, the governor will continue to let communities have
34 the autonomy. Question on how to create this to be sustainable for
35 influencing culturally the next administration to what to keep it in the hands
36 of the local communities decisions. Elizabeth Teeters stated an MRI plan
37 does not have to be a big in depth thing. She would be willing to speak with
38 other communities on this topic.
39

40 **V. Future Discussion:**

41 **a. Next Meeting: June 21, 2023**

42
43 Elizabeth Teeters stated originally brought an IRB for spec development,
44 and then brought in outside council to talk about IRB as a whole, decided
45 we need an actual IRB policy in house which currently the City does not
46 have. Her staff is working on it.
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1 VI. Adjournment: The meeting adjourned at approximately 9:50 a.m.

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Gonne Flores
Chairperson

Approved: 8/23/23