



Agenda Item Number: 2009-3-3A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: July 28, 2009

Department: County Manager Staff Contact: Daniel Gutiérrez, Economic Development Mgr.
Hughes and Strumor Ltd., Inc., Bond Counsel

TITLE: Local Economic Development Act/Ordinance for Solar Array Ventures

ACTION: Motion to:

1. Adopt **Ordinance 2009-**___ approving a project for Solar Array Ventures Inc. for economic assistance to the company for a portion of the cost of acquiring land, construction and equipment.
2. Approve the Participation Agreement.
3. Approve Financial Resolution **FR -2009** Budgeting \$4.5M in Water Trust Board Grant Revenue for the Cordero Mesa Business Park Project.

SUMMARY:

Bernalillo County will appropriate \$8,550,000 in economic assistance to Solar Array Ventures for a portion of the cost of land acquisition, constructing and equipping a building at the Cordero Mesa Business Park. In addition, the County will receive a grant in the amount of \$4,500,000 from the New Mexico Water Trust Board. The County's appropriation of \$8,550,000 will be administered pursuant to a Project Participation Agreement between Bernalillo County and Solar Array Ventures pursuant to the Local Economic Development Act and County Ordinance No. 2007-7. The company must meet certain conditions for the reimbursement and will be regulated according to the conditions described in the development agreement. The Participation Agreement is attached.

ATTACHMENTS:

1. Ordinance
2. Local Economic Development Participation Agreement.
3. Financial Resolution **FR -2009** Budgeting \$4.5M in Water Trust Board Grant Revenue for the Cordero Mesa Business Park Project.

FISCAL IMPACT

Solar Array will improve local economic development by creating approximately two thousand (2,000) **direct jobs** (two hundred (200) per year from 2010-2019) at an average annual salary of \$50,000 inclusive of benefits.

Indirect jobs will also be created within the community as a result of this new business venture. Approximately 4,349 indirect jobs will be created (2,000 jobs x 2.1745 multiplier). The sum of the direct and indirect jobs is estimated at 6,349 new jobs. (2,000 Direct and 4,349 Indirect jobs)

The 2,000 jobs bring \$100,000,000 into our community (2,000 x \$50,000). The 4,349 indirect jobs bring \$130,470,000 to our community (4,349 x \$30,000), resulting in an economic gain of \$230,470,000 (\$100,000,000 + \$130,470,000).

According to the New Mexico Bureau of Business and Economic Research (May 2009 Economic Forecast Report Q2) New Mexican's as a percentage have an average disposable income of 51.041%. This would then suggest that of the \$230,470,000 economic gain, \$117,364,193 would be spent in the local economy, hence producing additional gross receipts tax revenue. The County currently has 11/16th taxing authority for general purposes. At this rate, the County would generate \$8,065,283 in additional tax revenue.

In addition to gross receipts tax revenue, the County would also experience increased property tax revenue as a result of the increased property values, resulting from development at the proposed location. As expansion and development occurs within the project area, and properties increase in value, additional property tax revenue will be generated from these increased values. This amount is difficult to calculate or project at this time.

Finally, in addition to generating new property tax revenue, this opportunity allows the County to retain current property tax revenues because those individuals employed in these positions could otherwise leave the County for work opportunities elsewhere. Assuming 50% of the direct and indirect employee workforce pays property taxes in the County, the County receives \$1,139,667 in property tax revenue (\$150,000 value x .33 ad valorem x 7.179 Residential Mill Rate = \$355.36 x 3175).

The proposed project will be funded with GRT Bond Proceeds (\$8,550,000) and Water Trust Board Grant Appropriations (\$4,500,000).

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

See summary.

FINANCE

Budget Approval of this agenda item will allow the County to fund \$8,550,000 in Economic Assistance to Solar Array Ventures for a portion of the cost of land acquisition, constructing and equipping a building at the Cordero Mesa Business Park. Approval will also allow the County to budget grant revenue from the Water Trust Board in the amount of \$4.5M. Investment in this project will benefit the County in several respects. 2000 direct jobs will be created. 4349 indirect jobs will be created. Together \$230M will be gained from the employment opportunities gained from this project. In addition, the County would generate \$8,065,283 in additional GRT Revenue. The County should also experience increased property tax values and revenue as a result of the project. The County can also retain property tax revenue by keeping and expanding local jobs. Julian F. Barela, Budget Administrator 07/21/09.

Approval of this agenda item will increase the Grant Fund (12901) by \$4.5 Million. The funds will be budgeting in account 12901-565010. Pat Vigil, Budget Analyst 07/22/09