



Weekly Newsletter to: City Council

ROBERT L. GARZA, PE . CITY MANAGER . City of Las Cruces®

Hold Harmless Gross Receipts Tax Program

As the result of our recent discussions about prioritizing projects for the economic development portion of the Hold Harmless Gross Receipts Tax (HHGRT) funds, there has been considerable misunderstanding in the community about our plan and how it is being executed. With hope, this recap will provide some clarity.

Lost revenue: What are the projected losses in revenues from the phase-out of Hold Harmless payments from the state?

The City will lose \$600,000 this year and the amount will grow by that same amount annually each year for the next 15 years until there are no further distributions of HHGRT. The total amount of the lost income to the City would be as illustrated below.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
\$ 600,000	\$ 1,200,000	\$ 1,800,000	\$ 2,400,000	\$ 3,000,000	\$ 3,600,000	\$ 4,200,000	\$ 4,800,000	\$ 5,400,000	\$ 6,000,000	\$ 6,600,000	\$ 7,200,000	\$ 7,800,000	\$ 8,400,000	\$ 9,000,000	\$72,000,000
Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost	Lost

Note: The actual loss will be larger based on the growing population and inflation, but this linear approach is easier to understand. The losses will continue to grow since there is no replacement revenue for these funds. Over the subsequent 15-year period of time, the City will lose another \$100 million in revenues due to the lost tax on food and medicine.

New three-eighths of 1% HHGRT revenue: What is the anticipated revenue from this new Gross Receipts Tax?

This new income stream will generate revenues as illustrated in the table below.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
\$ 8,400,000	\$ 8,526,000	\$ 8,653,890	\$ 8,783,698	\$ 8,915,454	\$ 9,049,186	\$ 9,184,923	\$ 9,322,697	\$ 9,462,538	\$ 9,604,476	\$ 9,748,543	\$ 9,894,771	\$ 10,043,193	\$ 10,193,841	\$ 10,346,748	\$140,129,957
Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain	Gain

Note: The actual gain may vary based on the growing population and inflation, but this linear approach is easier to understand and is consistent with the assumption above.

Net effect: What is the net effect of raising the GRT and losing income from the repeal at the state level?

Subtracting the losses from the gains, the City will indeed raise more local GRT than it would have had no changes been put in place as the result of the 2013 legislative change to the tax law.



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2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
\$ 7,800,000	\$ 7,326,000	\$ 6,853,890	\$ 6,383,698	\$ 5,915,454	\$ 5,449,186	\$ 4,984,923	\$ 4,522,697	\$ 4,062,538	\$ 3,604,476	\$ 3,148,543	\$ 2,694,771	\$ 2,243,193	\$ 1,793,841	\$ 1,346,748	\$ 68,129,957
Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain	Net Gain

Note: The net gain or benefit is reduced annually and is estimated to disappear only a few years after the HHGRT phase-out period of 15 years. The trend in the lost revenue is evident in the chart above.

Approach: Why did the City impose three-eighths of 1% HHGRT last year when the total impact of the declining revenues won't occur for 15 years?

The goal of the early implementation of the HHGRT is to mitigate long-term lost revenues that will far exceed the revenues earned as net gain in the early years listed above. Specifically, the Mayor and City Council have directed that all funds resulting from this net gain must be used exclusively for investments that will reduce or minimize future costs or generate additional revenues.

Investment: What type of investments are anticipated to reduce future costs or increase revenues to fill the void created by the lost revenues?

Investments are targeted and have been planned for three specific areas: 45% for streets, 20% for facility improvements, and 35% for economic development. With streets, the cost of deferred maintenance is much higher than if work is done sooner. The facility projects will center on energy efficiencies that will result in lower energy costs in the future. The economic development projects must have a rate of return that can be measured by increasing the tax base, income, increased job opportunities, or both.

Recent work to recommend projects to be completed should not be looked upon as indecision and lack of purpose. The reality is there are many great ideas on how best to use the available funds, and we are being inclusive to allow a broader discussion of community members to help illuminate the relative values and returns from the various proposed projects. With each opportunity to invest come specific strategies that will have to be refined to get the absolute best projects possible.

Convention Center Manager Honored



Congratulations to Las Cruces Convention Center General Manager Rebecca Bolton, who was recently awarded the 2015 Generation Next Award by Venues Today magazine. Each year the publication honors five young professionals who make a difference in sports, music, conventions, family shows and festivals. Nominations for the award are accepted and voted on by peers across the industry. Venues Today, Inc. is the leading source of original reporting for live entertainment and events, serving management, owners and suppliers to music, sports and meetings venues internationally.

Generation Next 2015 Awards



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EMPSC Public Meeting – Work Schedule Variance



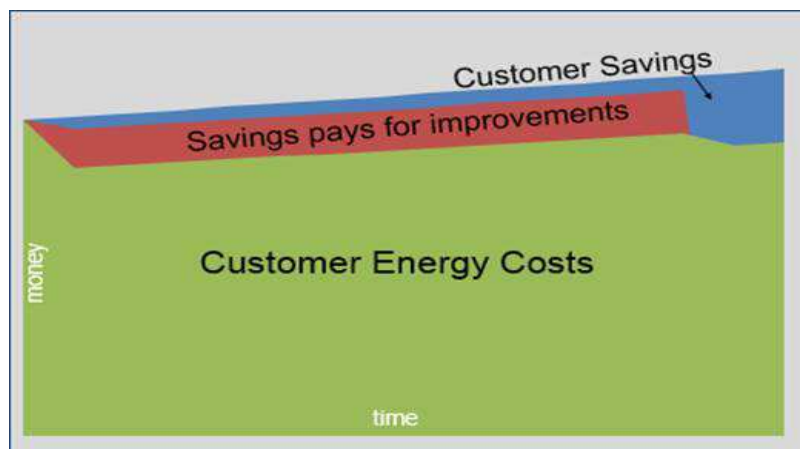
The City of Las Cruces is considering a request for a variance from White Sands Construction, Inc. to conduct work operations on the new East Mesa Public Safety Campus outside the hours of 7 a.m. to 6 p.m. on specific days September through December. A public meeting on the request will be held at 6:30 p.m. Tuesday, September 1st, at the Doña Ana Community College East Mesa Campus, DASR Commons Area, 2800 N. Sonoma Ranch Blvd.

Local Energy Efficiency Program

By Daniel Avila, P.E., Assistant City Manager, Chief Operating Officer

The City of Las Cruces is participating in the New Mexico Energy, Minerals, and Natural Resources Department (NMEMNRD) Local Energy Efficiency Program (LEEP), funded through a U.S. Department of Energy grant.

The goal of the LEEP is to increase energy efficiency and renewable energy investments using an Energy Service Company (ESCO). An ESCO forms a partnership with the City in developing Energy Service Performance Contracts (ESPC) to finance, implement, and monitor projects.



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This fall the City plans to select a qualified ESCO and enter into a contract to conduct an investment grade audit of a City facility. With the results from this audit, the City may select from various conservation measures and enter into an initial ESPC with the company.

ESPCs provide a mechanism to make long-needed interior and exterior facility energy improvements without tying up capital funding. Energy cost savings pay for the improvements over time and typically without creating additional debt for the City. After the ESPC loan has been paid back to the financial institution, all subsequent energy cost savings are realized by the City and operating budgets are permanently lowered.

Additionally, ESPCs can help perform required equipment maintenance (e.g., for chillers, boilers, cooling towers, air handlers, pumps, valves, etc.) and provide a method for completing maintenance activities (either via equipment replacement or through repairs and overhauls).

The projects will reduce utility and maintenance costs, energy, and greenhouse gas emissions while increasing everyone's comfort. ESPCs are an important strategy to improve the City's energy management.

Youth activities

Registration for the second annual Teen Retreat hosted by the City of Las Cruces Parks & Recreation Department and Phi Beta Sigma Fraternity continues from 8 a.m. to 9 p.m. thru Wednesday, September 2nd at Meerscheidt Recreation Center (MRC), 1600 E Hadley Ave.

The retreat will be at MRC from 8 a.m. – 5 p.m. Saturday, September 5th. During this time, the center will be closed to the public. The event is for youth 12 - 19, but those 12 – 17 must be registered by a parent or guardian. A free t-shirt will be given to each teen participating in the retreat. Security will be on site during the event.

The goal of the Teen Retreat is raise awareness on issues such as teen pregnancy prevention, bullying, gang violence, healthy life habits, budgeting, leadership skills and insight on how to enter college. The event fosters teamwork, communication, physical fitness, and social networking among teens.

Teens will be allowed to challenge themselves, as well as their peers, through group discussion, by acting out situations involving teen issues, and coming up with the best solutions to solve problems. There will be music, fitness, sports, relays, arts & crafts, games and contests. Several groups, agencies, and community leaders will be on hand to present and perform throughout the event.



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NMML Annual Meeting

The New Mexico Municipal League (NMML) annual conference will take place in Albuquerque next Wednesday through Friday. NMML is a non-profit, non-partisan association representing all 104 New Mexico cities, towns, and villages. As a league member, communities benefit from the many services provided, such as technical research services, legislative advocacy, training and development, publications, and advocacy in multiple arenas where municipal interests are discussed and contemplated.

The conference is an opportunity for all member communities to gather with more than 700 elected officials, managers, and administrative staff to network, engage in discussions of local government management, as well as general sessions and workshops. The conference offers delegates an opportunity to examine emerging issues, develop new skills and engage in discussions on a variety of topics important to municipal officials and their constituents. It also serves as a forum for attendees to exchange ideas and meet people whose municipalities share common challenges.

In addition to the formal programs, an exhibit hall will feature more than 50 companies and organizations and will serve as a one-stop-shop for municipal officials. Exhibitors will present the latest equipment, services and technology for municipal governments. The gathering provides vendors the opportunity for face-to-face contact with the state's top decision makers. Several City officials plan to attend. **Since I will be attending this conference, there will be no weekly newsletter next week.**

No City Council Meeting on Monday, August 31st

The Mayor and City Council meet for regular business meetings the first and third Monday of each month. They also meet on the second and fourth Monday of each month for work sessions. August 31st is the fifth Monday of the month and therefore no meeting of the City Council will be held.

The Week Ahead – Standard, Non-Standard, Operational and Joint Board and Committee Meetings

Monday – August 31, 2015

1:30 – 2 p.m. City Council Agenda Setting Meeting - City Hall, 700 N. Main St., Council Chambers (541-2076)

Tuesday – September 1, 2015

No Scheduled Meetings

Wednesday – September 2, 2015

9 – 11 a.m. Development Review Committee - City Hall, 700 N. Main St., Conference Room 1158 (528-3277)



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Thursday – September 3, 2015

2 – 4 p.m. Extra-Territorial Development Review Committee - City Hall, 700 N. Main St.,
Conference Room 1158 (528-3277)

6 – 9 p.m. ETZ Commission Meeting - Doña Ana County Government Complex, 845 N.
Motel Blvd., Commission Chambers (528-3266)

Friday – September 4, 2015

No Scheduled Meetings

Meeting dates for boards and committees are gathered from the public meetings calendar in Outlook. Meetings may be cancelled or scheduled after this notice is issued.

