

Council Meeting Staff Report

August 27, 2019

Agenda No.: A.
Indexes (Council Goals):
Presenters: Joanie Ahlers
Legislative File: OR0856-19b

Title

Incorporated County Of Los Alamos Ordinance No. 695; AN ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT FOR PUBLIC SUPPORT OF TNJLA LLC., A NEW MEXICO CORPORATION

Recommended Action

First, a motion needs to be made to remove from the item from the table per Council rules:

I move that Council remove Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT from the table, and reconvene the public hearing on this ordinance that began at the August 27, 2019 Council Meeting.

Possible Motions:

If no amendments are made:

I move that Council adopt Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT FOR PUBLIC SUPPORT OF TNLJA, LLC., A NEW MEXICO CORPORATION

If there is an amended project participation agreement ("Amended Exhibit A") presented to Council then:

I move the Council amend to Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT A NEW MEXICO CORPORATION to remove Exhibit A of the current ordinance, and replace it with Amended Exhibit A as tendered previously into the record by Councilor _____. And I further move that amended Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT be considered for adoption at a future council meeting to occur no earlier than seven (7) days from this council meeting."

If Council makes other amendments from the dais then:

"I move the Council amend to Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT A NEW MEXICO CORPORATION in the following manner:

And I further move that amended Ordinance No. 695: ORDINANCE ADOPTING AN ECONOMIC DEVELOPMENT PROJECT be considered for adoption at a future council meeting to occur no earlier than seven (7) days from this council meeting."

County Manager's Recommendation

The County Manager recommends Council approval of this Ordinance

Body

Procedure:

This item was tabled at the Public Hearing held on the August 27, 2019 Council meeting. In accordance with Council's Procedural Rules, a motion to take the item off the table is necessary prior to any discussion on the matter.

If no amendments are made to the ordinance, including the Project Participation Agreement which is attached as Exhibit A to the ordinance, then Council may take action on the ordinance.

If amendments are made to the ordinance, including the Project Participation Agreement which is attached as Exhibit A to the ordinance, then Council must bring the amended ordinance back for consideration at a future council meeting no earlier than seven (7) days from tonight's meeting for consideration.

Summary:

On June 9, 2009 the Council approved Incorporated County of Los Alamos Ordinance No. 543 which amended and restated the County's Economic Development Plan in compliance with the New Mexico Local Economic Development Act (LEDA). Based upon the guidelines within this program the applicant, TNJLA LLC., submitted the required materials for consideration of support.

TNJLA is a New Mexico corporation located in Albuquerque, NM. TNJLA is one of several LLC's that are owned and operated by Tushar Patel and associates, a family run small business. TNJ Group has an average of 4.25 "stars" on Tripadvisor.com for their portfolio of properties. They have other hotel properties in New Mexico and this would be their first investment in Los Alamos County. TNJLA has made the request for the donation of the County land so that they can develop a new 86 room extended stay hotel with an event center that accommodates 250-300 people banquet style in Los Alamos.

The requested public support is a grant of County owned parcels of land: on 20th Street Extension; Lots 1C, 2C, 3C, 4C, 5C, and 6C which has the "Smart House" located on it. The total acreage is approximately 2.6 acres.

Los Alamos County has been seeking an "event" space for more than 20 years. The concept of "event" or "conference" space appears in many of the County's strategic plans, including the Comprehensive Plan (2016); the Tourism Strategic Plan (2018); and the Economic Vitality Action Plan (in both plans 2010 and 2019). Approximately 8 years ago the County considered contributing as much as \$6 million to a hotel and conference center concept that would have been a Hilton property, however, the market study at the time determined that adding hotel rooms would not be conducive to our existing hotel properties, although the study did extensive research on the event/conference center space and it was abundantly clear that there was necessity and demand for such a space even in the 2012 market. Since then our market has improved/changed and LAC has completed many of the milestones that were reasons why not to move forward with the project at that time.

The current project includes the following key terms:

1. County land will only be released to TNJLA upon entering into a Project Participation Agreement

with the County;

2. TNJLA must submit and be issued a Building Permit for new construction for the new hotel within 12 months of the Effective Date of the PPA;
4. TNJLA will issue the County a Financial Guaranty in the form of a subordinated lien for the balance of the grant amount in decreasing value for the ten (10) year period of the PPA and a personal guaranty for the time period from the date of the County conveys the property to TNJLA until six (6) months after the Certificate of Occupancy is issued for the hotel/conference center;
5. TNJLA agrees to actively and continuously operate the hotel and conference center for the Ten (10) year PPA term;
6. TNJLA will create and maintain a minimum of 17 full time jobs.

The ordinance and project participation agreement are included as Attachment A, and the developer has submitted photos/site plan/elevations to illustrate conceptual plans for the proposed facility. As will be discussed during the meeting, these conceptual presentations are subject to minor changes as the developer has not yet performed site specific due diligence.

At the August 27 Council meeting, a public hearing was held on this matter yet Council voted to table any action on this item until October 1, 2019. Since that time several follow up conversations have been held with the developer to discuss potential changes to items highlighted at the August 27 meeting. Some potential changes are anticipated to be introduced as part of this continuation of the public hearing, and Council may subsequently consider how to proceed. If amendments are made to the ordinance, including the Project Participation Agreement, then Council must bring the amended ordinance back for consideration at a future council meeting no earlier than seven (7) days from tonight's meeting for consideration.

Alternatives

Council could choose not to approve this Ordinance or Council could choose to make amendments to this Ordinance or Project Participation Agreement.

Fiscal and Staff Impact/New Item

The fiscal impact is minimal to the County since the grant is in the form of a land donation. The staff impact will be minimal as the performance review metrics will be studied and reviewed on an annual basis for compliance.

Attachments

- A - Incorporated County of Los Alamos Ordinance No. 693
- B - Publication Notice
- C - ROI for 20th Street LEDA
- D - Pictures of other TNJLA hotel properties
- E - Elevations
- F - Proposed site map