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**CITY COUNCIL
SPECIAL MEETING AGENDA
April 29, 2020
9:00 A.M.**

Due to the COVID-19 pandemic and in compliance to the State of New Mexico Open Meetings Act, the Governing Body will be meeting remotely via GoToMeeting.com with the credentials listed below.

CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL

- 1. To Consider the Approval for the Purchase of the Old K-Mart Building*
- 2. To Consider the Approval of a Memorandum of Agreement (MOA) by and between the City of Deming and the Deming Luna County Economic Development*
- 3. Adjourn Meeting

**Due to the COVID-19 pandemic and in accordance with the Guidance to Public Entities by AG Balderas regarding compliance with the Open Meetings Act, all action items will require a roll call vote of the governing body.*

CREENTIALS FOR CALLING INTO MEETING-Due to the COVID-19 restrictions, the meeting will only be held remotely and may be accessed by dialing the following number 10 minutes before the meeting begins:

United States (Toll Free) 1-866-899-4679
United States: +1 (312) 757-3119

Access Code: 595-334-189

The next regular City Council Meeting is scheduled for May 19, 2020 5:30 p.m.

CITY COUNCIL SPECIAL MEETING MINUTES

April 29, 2020

Remote meeting in compliance with the New Mexico Open Meetings Act due to COVID-19 Pandemic.

Council Present:

Benny L. Jasso, Mayor

David L. Sanchez, Councilor (*Telephonically*)

Dr. Victor Cruz, Councilor

Joe "Butter" Milo, Mayor Pro Tem (*Telephonically*)

Irmaisela "Irma" A. Rodriguez, Councilor (*Telephonically*)

Council/Staff Absent: None

Staff Present:

Aaron Sera, City Administrator

Laura Holguin, Treasurer

Alexi Jackson, Community Svcs. Director

Jim Massengill, Public Works Director

Cassie Arias, DLCED Coordinator

Alex Valdespino, Police Chief

David McSherry, Engineer I

Mary Mackey, Community Svcs. Admin. Sec.

Recording Secretary:

Lila Jasso, Admin. Secretary/Assistant Deputy Clerk

Mayor Jasso called the meeting to order at 9:00 a.m. and led the Pledge of Allegiance.

The attendance was taken by the following roll call:

ATTENDANCE ROLL CALL

Mayor Jasso	Aye
Mayor Pro Tem Milo	Aye
Councilor Sanchez	Aye
Councilor Rodriguez	Aye
Councilor Cruz	Aye

1. To Consider the Approval for the Purchase of the Old K-Mart Building

Mr. Sera mentioned that the City has been looking into the purchase of the old K-Mart building for about 2 ½ -3 years. He stated that the City Council had previously approved a purchase price of \$1.6 million. Mr. Sera stated that the company who owns that building has accepted the purchase price of \$1.75 million, but the City would have a \$75,000 fee on top of that, totaling \$1.8 million. Mr. Sera stated that he, Mayor Jasso, and some staff went to look at the building. He noted that it is in incredible shape and that the roof has a warranty until 2023. He also noted that there are a lot of good things about that building and what the City could do with it. Mr. Sera stated that in this purchase plan, if the Council agrees to purchase it at \$1.8 million, there's a development agreement that the City is going to work on to where if somebody wants to develop it, the City would sell them a portion of that building. He stated

this would be done at the cost the City paid for it. He noted that what would happen would be that it would create jobs and get more economy going in the City. Mr. Sera stated that the City is not interested in making money off the property; they are interested in creating jobs for the community. He further stated that there is a lot going on with this building, such as assignment agreements and development agreements. Mr. Sera stated that the City has hired an attorney who is working with the City right now and a majority of the information he has provided to the Council came in late yesterday and this morning. He recalled that at the last Council meeting a resolution was approved to pay for the building with a loan. He noted that they are planning on getting a loan through the New Mexico Finance Administration. What happens now is that the City cannot use that loan to pay for the building, because they must close on the property before the end of the fiscal year. He explained that if the City does a reimbursement resolution, which he plans on bringing to Council for approval in May, then when the loan closes in July, they can reimburse the General Fund \$1.8 million.

Councilor Cruz asked Mr. Sera to explain what the City plans to do with this property. Mr. Sera stated that originally, they had planned to remodel the building and move City Hall into that building and move the Police Department into the existing City Hall building to have all the Public Safety Departments at one location. He mentioned that in the development agreement they are working on with the developer, he wants to put a Marshall's at that location and a pizza restaurant. Mr. Sera stated that the developer mentioned this to him as well as possibly getting a Harbor Freight at that location. He stated the additional space would go out to RFP to see if anyone is interested. Mr. Sera stated that the City would do an RFP and whoever wants to purchase that property could come in and purchase it from the City for their own development. He asked if Council had any more questions for him.

Councilor Cruz mentioned that he recalls the City trying to get funding to expand and repair the police department. Mr. Sera stated that the City has spent \$300,000 on the police department for an addition; which he felt the City overpaid on the addition.

Mr. Sera mentioned that if the City owns this building and enters into this development agreement, the developer who knows the businesses interested in developing at this location, would be the agent for the purchase. He noted that the City would in turn get the portion of property taxes and gross receipt taxes from those businesses. Mr. Sera did mention that he and Ms. Holguin have been working this, and they aren't positive that they want to make that City Hall, right away. He stated that there are other projects that may work for the use of municipal offices. He stated that the original purchase of this building is of concern, right now. Mr. Sera pointed out that there is currently \$1.6 million in the budget that the Council had originally approved for the purchase of this building. He stated that, if approved by Council, they would make a budget adjustment for the additional amount totaling \$1.8 million.

Mayor Pro Tem Milo stated that in reality the City would be at the mercy of the developer in that he would be responsible for developing the property, and the City would collect the GRT and property taxes. He mentioned that there is really nothing concrete in what they are discussing, it's all an "if". Mayor Pro Tem Milo stated that supposedly the guy Mr. Sera is talking to would help the City develop the property. Mr. Sera stated that what the developer would get out of this deal would be \$200,000 per year, but he would have to buy back the floor

space from the City. He would have to do the remodel and anything else that needs to be done. Mr. Ser mentioned that if he would want to develop additional space, he would have to purchase that additional space, at the price the City paid for it. It reiterated that the City is not looking to make any money on the sale of the space to the developer. Mr. Sera stated that in order to pull this off, the City would need to purchase this property. He noted that the developer could currently purchase this space, if he wanted to, but if the City would want to move City Hall to that location in the future, the cost of the property would likely be higher than what is being currently discussed. He explained that the City's thought is that we buy the building and sell the developer back any space he needs for his development, as he does this for a living. Mr. Sera noted that this developer does this for a living, as he has bought the old malls in Alamogordo and Gallup, as well as other K-Mart buildings. Mr. Sera stated that he knows the people from Marshall's, Ross's, and Harbor Freight to see if they are interested in developing at this location. Mr. Sera stated that nothing is ever set in concrete someone's going to develop here in Deming, New Mexico. Mr. Sera stated that apparently Marshall's does have an interest and he actually read a letter of interest that they sent him that said "yes, they would be interested in leasing space from him in Deming, New Mexico".

Mayor Pro Tem Milo asked if the developer wants the City to be the front guy for this project. Mayor Jasso stated that was not correct, as he was in the meeting. Mr. Sera stated that the developer wants to sell the City 25,000 square feet of floor space to put City Hall in, or the City can purchase the entire building and we sell him back the space he needs to develop. Mr. Sera stated that the best way for the City, the cheapest way for the City, is for us to buy the whole building and sell back the floor space that he needs. He further mentioned that it gives the developer incentive to develop that floor space. Mr. Sera stated that if we own the whole building and there is no development agreement involved, he doesn't have to develop it, but the City could still develop it. However, this would take much more to get it done. He summarized that the best thing for the City to do is to buy the whole building outright so that we have that floor space. He noted that right now, the price is approximately \$20/square foot to buy it, which is extremely cheap. He noted that the building is in really good shape and an appraisal is currently being done for the building. Mr. Sera recommended that the Council approve the purchase of this building up to no more than \$1.8 million and allow staff to execute any purchase and development agreements, thereafter.

Mayor Pro Tem Milo asked what the interest rate on the loan is that the City will be applying for through New Mexico Finance Authority. Mr. Sera stated that the rate is variable, and they don't know what the current rate will be but will be estimated at 1.6% and up to 1.8%. He stated that there is a forgiveness component in that loan of which 10 percent of what is borrowed will be considered under the Disadvantaged Funding Loan. Mr. Sera stated that they will bring that paperwork with all details to the Council once they get to that point.

Councilor Sanchez asked if the City would be hurt by the variable interest rate. Mr. Sera replied it would not. Councilor Sanchez asked how much square footage would be needed for City Hall. Mr. Sera stated that we would need 20,000 square feet for City Hall. Councilor Sanchez asked what the total square footage of the building is. Mr. Sera replied that it is 97,000 square feet. Councilor Sanchez asked if there is the capability of putting in a second floor. Mr. Sera stated that it may be able to be done, he is not sure. Councilor Sanchez commented

that the first plan for the purchase of this building was to move the City Hall in there and move the police department to the current City Hall location. He expressed his concern with the costs of remodeling other buildings if they will not go into the originally discussed locations.

Mr. Sera responded that is a moot point, as the concern at hand is whether to purchase the K-Mart building at \$1.8 million and have an option to put other municipal facilities in this building. Councilor Sanchez still expressed his concern with the old police department building and the costs involved in the situation. Councilor Sanchez noted that he is in favor of purchasing the K-Mart building to hopefully utilize it for municipal facilities. He further noted that if then the developer is there to help the City develop the rest of the building, it would give the City an advantage of not having to look for developers. Councilor Sanchez asked if the City would be interested in purchasing the property behind the K-Mart building. Mr. Sera stated that he does not know about that property, at this time. He stated that he would think that in the future, the City would definitely try to do that so we can keep it cleaned up. He stated that the property owner has recently indicated that he may be interested in selling it but has not come up with a price. The last work Mr. Sera received about this property is that the owner would not sell it for less than \$280,000, but at some point, they can look more into that. Councilor Sanchez recalled that there were some conditions on the purchase of the property which he did not agree with.

Mayor Jasso asked if there were any further questions from Council.

Mayor Pro Tem Milo asked about the \$1.6 million in the budget so what would need to be added to the current budget for this purchase. Mr. Sera stated that we would need to add \$200,000 to the current budget for a total of \$1.8 million. Mayor Pro Tem Milo asked if the budget was looking good enough where this purchase would not negatively affect it. Mr. Sera explained that is the reason to take out a loan. He stated that the City has the funds to purchase the property, but due to the uncertainty with everything going on and not knowing how the drop of gross receipts tax will affect the City, they decided to borrow the funds for this purchase instead of using money from the cash balance.

Mayor Jasso entertained a motion from Council.

Councilor Sanchez moved to approve the purchase of the old K-Mart building, as presented. Councilor Rodriguez seconded the motion; motion carried by the following roll call vote:

ROLL CALL VOTE

Councilor Sanchez	Aye
Councilor Rodriguez	Aye
Mayor Pro Tem Milo	Aye
Councilor Cruz	Aye

2. To Consider the Approval of a Memorandum of Agreement (MOA) by and between the City of Deming and the Deming Luna County Economic Development

Mr. Sera stated that the Memorandum of Agreement (MOA) between the Economic Development Board of which Cassie Arias is the Executive Director, and Economic Development Coordinator. He explained that what is trying to be done is to set up a stimulus relief package for local business, however, the City cannot give money out without the exchange for some type of good or service. He stated that in this case and in accordance with Article I of the MOA, the Deming Luna County Economic Development will create an application, perform initial screening of qualified businesses, advertise and promote the relief fund. He went on to say that the City will provide up to \$125,000 in FY2020 and up to \$125,000 in FY2021 through a stimulus fund for economic relief toward economic development in Deming, New Mexico. The City will review and approve final applications for the stimulus funds and administer reimbursement funds to DLED for economic development and COVID-19 relief. Mr. Sera summarized that what this is not a whole lot of money to help with, but it is something. He noted that there is a draft of the application process which the businesses will be required to complete, should the Council approve this agreement. He stated that the City is hoping to help our local business a little bit with these funds.

Mayor Jasso asked if there were any questions from the Council.

Mayor Pro Tem Milo asked if there was a cap on the limit of funds per business. Mr. Sera stated that they have talked about capping the amount, however they have not decided to do so. He stated that the economic development board will review the applications and based on the information provided and the economic impact of the business, they will make a recommendation of the amount to be awarded per business.

Councilor Sanchez asked what the time frame would be to start receiving applications and the cut-off date. Mr. Sera stated that if this agreement is approved by the Council, then they will most likely start the process tomorrow. He noted that the whole process would be complete by June 1, 2020 to be paid out in this fiscal year, then another \$125,000 of the budget would be allocated to the program to be paid out in the next fiscal year.

Mayor Jasso entertained a motion from Council.

Councilor Rodriguez moved to approve the Memorandum of Agreement between the City of Deming and Deming Luna County Economic Development. Councilor Cruz seconded the motion; motion carried by the following roll call vote:

ROLL CALL VOTE

Councilor Cruz	Aye
Mayor Pro Tem Milo	Aye
Councilor Rodriguez	Aye
Councilor Sanchez	Aye

Councilor Sanchez asked a question regarding the COVID-19 restrictions as to why local parks can remain open and why the golf course cannot be opened. Mr. Sera stated that Governor Lujan Grisham specifically indicated that golf courses will be closed. Councilor Sanchez stated that he understood that and asked if there might be the possibility of speaking to someone

at the Governor's office to overturn this. Mr. Sera stated that he has been speaking, frequently, to the Governor's office within the past few weeks, and he stated that they are working on that right now. He went on to say that the Governor has a group of professionals working on opening certain businesses with limitations. Mr. Sera stated that he recommends that we, as the City, should let them tell us when certain businesses should open. Councilor Sanchez stated he understands the Governor's recommendations, however, he was posed with this question by some of his constituents who are wondering if anyone has posed the question to her office. Mr. Sera stated he understands and again, feels we should adhere to the professional recommendations.

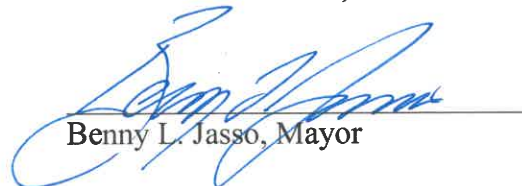
3. Adjourn Meeting

With no further business to discuss, Councilor Cruz moved to adjourn the meeting. Councilor Sanchez seconded the motion; motion carried unanimously by the following roll call vote at 9:32 a.m.:

ROLL CALL VOTE

Councilor Cruz	Aye
Councilor Sanchez	Aye
Councilor Rodriguez	Aye
Mayor Pro Tem Milo	Aye

CITY OF DEMING, NEW MEXICO


Benny L. Jasso, Mayor



ATTEST:


Aaron Sera, Administrator/Clerk