

Drylands Brewing Company

Tabatha Lawson, Executive Director, Lovington MainStreet
James R. Williams, City Manager, City of Lovington



Property History

- 1977 - Fueling station burned down
- 1990's - Property quitclaimed to City
- Vacant until 2016



Property History

- Fuel tanks removed
 - Proof????
- RFP released 4 times



New Mexico Metropolitan Redevelopment Code

- NMSA 1978 3-60A-1 to 3-60A-48
 - Provides cities powers to correct conditions in areas or neighborhoods that substantially inflict or arrest the sound and orderly development within the city.
- This power can only be used in a designated MRA



• Lovington's MRA designed to:

- Eliminate detrimental public health and welfare conditions
- Conservation, improvement and expansion of commercial building stock
- Expansion of commercial activity
- Improvement and expansion of available housing
- Improvement of economic conditions through coordinated public and private investments



How did we make it happen?

• 3-60A-12 Disposal of Property

- A municipality may sell, lease or otherwise transfer real property or any interest therein acquired by it in a metropolitan redevelopment area.....**in accordance with the plan**
- Purchasers or lessees and their successors and assigns **shall be obligated to devote the real property only to the uses specified in the metropolitan redevelopment plan** for a period of years as set out in the sale or lease agreement and may be obligated to comply with other requirements which the municipality may determine to be in the public interest, **including the obligation to begin within a reasonable time any improvements** on real property required by the plan.





The real property or interest shall be **sold**, leased, otherwise transferred or retained **at not less than its fair value** for uses in accordance with the Redevelopment Law [3-6A-5 through 3-60A-13, 3-60A-14 through 3-6A-18 NMSA 1978] **as determined by the governing body of the municipality**.....



A municipality may dispose of real property in a metropolitan redevelopment area to **private persons** only in accordance with the procedures set out in this subsection.

The municipality shall consider all proposals submitted in accordance with the public notice and shall **only accept proposals it deems in the public interest and meeting the objectives of the metropolitan redevelopment plan** after considering the type of development, redevelopment or use proposed and the financial ability of the persons making such proposals to carry them out.



- How did we determine the value and how did we sell?
 - Previous failed attempts
 - RFP process - "best interests of the City of Lovington"
 - Plan identifies "improvement of economic conditions....public and private investments"
 - 30-60A-48: "Liberal Interpretation"



Economic Impact Over 10 Years

	Direct	Indirect & Induced	Total
Economic Output	\$83,096,944	\$31,028,399	\$114,125,343
Permanent Jobs Created	33	20.3	53.3
Salaries paid	\$8,061,320	\$7,042,369	\$15,103,689
Taxable sales and purchase	\$19,025,900	\$2,085,407	\$21,111,308



RFP Award and Sale

- RFP awarded on October 26, 2015
 - \$100!!!!
- Adopted Ordinance No. 540 November 23, 2015
- Closed on property January 2016



We Helped Build This!!

- Local Option Gross Receipts Tax
 - "LEDA 1/8"
- \$80,000 for purchase of brewing equipment
- Manufacturing category
- 25 new jobs



- Ordinance 542 approved May 9, 2016
- PPA executed
 - Begin brewing operation within 12 months of execution
 - Maintain 5 newly created jobs and remain in operation for three years





Sombra
Homes
LIC. #378349



DRYLANDS
BREWING COMPANY



LOVINGTON
MAINSTREET

Project partially funded by:



LOVINGTON

COMING SOON 2017
Brewery/Restaurant



Q&A



LOVINGTON
MAINSTREET



Project Funded by
Lovington

ORDINANCE NO. 540

AN ORDINANCE AUTHORIZING THE SALE TO ANDRES ARREOLA AND DANIEL TORRES OF
A TWO LOT PARCEL OF LAND LOCATED ON THE SOUTHEAST CORNER OF MAIN STREET
AND JEFFERSON AVENUE.

WHEREAS, the City of Lovington, hereinafter “City”, holds title to two (2) lot parcel of certain real property located in Lovington, Lea County, New Mexico and being more particularly described as Lots 5 and 6, Block 2, Original Lovington Subdivision as found in Book 004, Page 340; and

WHEREAS, the City finds that this real property is no longer essential to any municipal purpose and the City’s interests would be best served by the sale of the property; and

WHEREAS, in Request for Proposal No. 102215 the City requested proposals for the purchase of this real property; and

WHEREAS, all proposals received in response to RFP No. 102215 were evaluated based upon the proposed utilization of the property, proposer’s capacity to achieve the proposed use, the economic impact of the proposed use, and the purchase price offered; and

WHEREAS, Andres Arreola and Daniel Torres, hereinafter “Mr. Arreola and Mr. Torres“, submitted a response to the RFP in which they offered to purchase this real property, with such property more particularly described on Exhibit “A” attached hereto and incorporated herein and hereinafter referred to as the “Property”; and

WHEREAS, Mr. Arreola and Mr. Torres proposed to use to construct and operate a brick oven pizza restaurant and craft brewery; and

WHEREAS, Mr. Arreola and Mr. Torres acknowledges that development and construction of any structures on the Property must be designed to conform with the character of the downtown district and such designs must be reviewed and approved by the Lovington City Commission; and

WHEREAS, Mr. Arreola and Mr. Torres shall make no offensive use of the Property; and

WHEREAS, Mr. Arreola and Mr. Torres shall not use or lease the Property, or any part thereof for permanent or temporary residences or RV or trailer parks; and

WHEREAS, Mr. Arreola and Mr. Torres shall not use or lease the Property, or any part thereof for any use that is extra hazardous on account of fire, chemical waste or for any purposes that is a nuisance or that is offensive to other tenants or occupants of other structures in the vicinity; and

ORDINANCE NO. 542

AN ORDINANCE OF THE CITY OF LOVINGTON AUTHORIZING THE EXECUTION OF A PROJECT PARTICIPATION AGREEMENT PROVIDING FUNDING TO THE DRY LANDS BREWING COMPANY - \$80,000 FOR ECONOMIC ASSISTANCE TO CONSTRUCT AND OPERATE A BREWERY IN LOVINGTON, LEA COUNTY, NEW MEXICO

WHEREAS, pursuant to the Local Economic Development Act, NMSA 1978 §§ 5-10-1 through 5-10-13, (LEDA), the City adopted the Ordinance #495, authorizing the City to consider applications for economic development assistance, to include cultural facilities; and

WHEREAS, the Lovington Economic Development Corporation project meets the requirements for economic assistance and is a qualified entity as stated in Ordinance No. 495; and

WHEREAS, the City of Lovington City Commission wishes to enter into an agreement with the Dry Lands Brewing Company, in the form of a Project Participation Agreement, as provided for in Ordinance No. 495.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LOVINGTON, NEW MEXICO:

Section 1. That the Mayor is authorized to execute on behalf of the Lovington City Commission an Project Participation Agreement with the Dry Lands Brewing Company that will provide funding in an amount not to exceed \$80,000.

Section 2. Repealer. All ordinances or parts of ordinances or provisions of the City of Lovington Code in conflict or inconsistent herewith be, and the same hereby are repealed to the extent only of such conflict or inconsistency, and as to all other ordinances, this ordinance is hereby made cumulative. This repealer shall not be construed to revive any ordinance or parts of any ordinance heretofore repealed.

Section 3. Severability. If any section, paragraph, clause or provision of this ordinance shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any other part of this ordinance.

Section 4. Effective date. This ordinance shall be effective thirty days after publication.

PASSED, ADOPTED, AND APPROVED this 9th day of May, 2016.

PAUL CAMPOS, MAYOR

ATTEST:

CAROL ANN HOGUE, CITY CLERK

PROJECT PARTICIPATION AGREEMENT

The Dry Lands Brewing Company ("Company") and the City of Lovington, a municipal corporation organized and existing under the law the State of New Mexico ("City"), agree:

1. Recitals:

A. Pursuant to the Local Economic Development Act, NMSA 1978, §§ 5-10-1 through 5-10-13, (LEDA), the City adopted the Ordinance #495, authorizing the City to consider applications for economic development assistance, to include cultural facilities, and Ordinance No. 533 approving an economic development project for the Lovington Theater.

B. The Company has submitted an application to City for assistance under the LEDA Program. In the application, the Company has proposed that the project provide for the purchase and installation of brewing equipment and facility infrastructure for the Company. The Company shall be operated in Lovington, New Mexico

C. The City has adopted Ordinance No. 542 finding that the Company is a qualifying entity as defined in Section 5-10-3 (G) NMSA 1978 and approving this Project Participation Agreement (this agreement) as meeting the requirements of LEDA.

2. Substantive Contribution by the Dry Land Brewing Company: A minimum of five full time jobs will be created at the Dry Lands Brewing Company within the first year of operation. Additionally, the Company will begin brewing operations within 12 months of signing this agreement. The Company will also be required to maintain the five newly created jobs and remain in operation for a minimum of three years from opening of the brewing location. The terms and obligations of the parties under the Ordinance and Application are incorporated into this Agreement by reference.

3. Security Provided to City: City will require a Security Interest Document. Should the Company cease operation of the Dry Lands Brewing Company during the term of this agreement, it will repay \$80,000 to City. Any property or equipment acquired as a result of this Project, shall be transferred to the City and used by the City for future economic development purposes only.

4. Review: City will review the project timeline, progress and job creation annually until the three-year anniversary of this agreement. Job creation reporting will be supported by reports and documentation from the New Mexico Department of Workforce Solutions demonstrating the headcount of the operation to demonstrate compliance with this Agreement at each review cycle annually, and another at thirty (30) days prior to the anniversary date of this Agreement, for a period of one year.

5. Ratification: City and the Company hereby ratify all actions consistent with this Agreement that they or their respective agents may have taken in furtherance of the Project.

6. Miscellaneous: This Agreement binds and insures to the benefit of the parties and their respective successors and assigns. This Agreement may be amended or modified, and the performance by any party of its obligations hereunder may be waived, only in a written instrument duly executed by the parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the laws of the State of New Mexico, without giving effect to its choice-of-law principles.

7. Transfer of Funds: Funds will be transferred to the Dry Lands Brewing Company upon their submittal of an invoice to the City that includes proof of payment for the equipment purchased for the brewing operation and an itemized statement or receipt listing the equipment purchased, to include model numbers and serial numbers.

8. Term of Participation Agreement: Will be agreed upon through City and the Company by the ___ of _____ until the third year anniversary.

Adopted by the City of Lovington

On the _____ of _____, 2016

For the City of Lovington

For the Dry Lands Brewing Company

Paul Campos, Mayor

Andres Arreola

Attest: Carol Ann Hogue, City Clerk

Daniel Torres

Patrick McMahon, City Attorney

WHEREAS, development of the Property shall begin within twelve (12) months of acquisition of the Property from the City; and

WHEREAS, business operations shall begin within eighteen (18) months of acquisition of the Property from the City; and

WHEREAS, the City shall retain the right of first refusal should Mr. Arreola and Mr. Torres desire to sell the property; and

WHEREAS, prior to the sale of the Property to another individual or group, the sale must be approved by the City of Lovington; and

WHEREAS, any additional or change of use of the Property by Mr. Arreola and Mr. Torres or any future owners must have prior approval by the City of Lovington; and

WHEREAS, Mr. Arreola and Mr. Torres or any future owner(s) shall not violate any ordinances or other regulations of the City of Lovington or County of Lea, or any other state or federal rule, regulation or law, now in force or hereinafter adopted, which in any manner shall affect the use of the premises.

WHEREAS, Mr. Arreola and Mr. Torres proposal is that they would purchase the Property for one hundred dollars (\$100); and

WHEREAS, the City desires to sell the Property to Mr. Arreola and Mr. Torres for the remuneration described as it is located in a Metropolitan Redevelopment Area and the described use conforms to the City of Lovington Comprehensive Plan and Downtown Master Plan; and

WHEREAS, the City has published notice of this sale prior to the consideration of this Ordinance as required by N.M.S.A 1978, Sec. 3-54-1(D)(1999);

NOW THEREFORE, be it ordained by the Governing Body of the City of Lovington, County of Lea, State of New Mexico, as follows:

1. The sale of the Property as described on Exhibit "A" by the City of Lovington to Mr. Arreola and Mr. Torres for one hundred dollars (\$100) for a total purchase price of one hundred dollars (\$100) is hereby approved.
2. The total purchase price shall be due and payable to the City at closing.
3. The City shall purchase Title Insurance in the amount of the total purchase price. All other costs shall be borne by Mr. Arreola and Mr. Torres

4. The Mayor and City Manager are authorized to execute all documents necessary to implement the terms of this ordinance.
5. Notice shall be published pursuant to the terms of N.M.S.A. 1978, Sect.3-54-1 (1999).

ADOPTED BY THE GOVERNING BODY OF THE CITY OF LOVINGTON ON THE 23RD DAY of NOVEMBER, 2015.

SCOTTY GANDY, MAYOR

ATTEST:

CAROL ANN HOGUE, CITY CLERK