

ALBUQUERQUE DEVELOPMENT COMMISSION

August 26, 2022

Local Economic Development Act Hearing

Case #2022-16

LEDA-23-1: Craftworks LLC LEDA Project

REQUEST: Approving an Ordinance for Craftworks LLC Pursuant to the Local Economic Development Act

PROJECT SUMMARY:

Craftworks LLC (“Craftworks” d.b.a. “Sandia Hard Cider”), a New Mexico limited liability company legally registered and headquartered in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds to be used for the acquisition and renovations of a beverage manufacturing facility (the “Project”). Craftworks is seeking LEDA funding in the amount of \$400,000. The State has agreed to provide \$350,000 and the City proposes to provide \$50,000. The City will act as fiscal agent for the State’s LEDA funds. Craftworks will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

Craftworks was established in New Mexico in 2015 and is engaged in the business of Manufacturing Alcoholic Beverages for consumption. Their products are currently distributed throughout New Mexico and in 2022 the company began distributing products through a distributor in the state of Texas. Craftworks products are currently sold within the state of New Mexico in all major chains including, but not limited to Albertsons, Walmart, Costco, Total Wine, Smiths, Speedway, Circle K, etc. The company is “on tap” and sold on premises by over 200 local bars and restaurants including chains like Applebee’s, Buffalo Wild Wings and many more.

Craftworks anticipates occupying and operating its Project facilities and will hire and retain at least 20 employees as outlined in the Project Participation Agreement (PPA). Many of these jobs may provide opportunities and training for low/moderate income residents. Craftworks will maintain the Project’s operations in Albuquerque for a minimum of ten (10) years.

The ordinance would allow reimbursement of approved Project costs so the company can undertake the acquisition and renovation of its manufacturing facility located in Albuquerque of up to \$400,000. The total investment in the acquisition and construction for its new facility is estimated at \$4,676,000.

At the time of application, the company had 7 existing employees locally and they intend to increase their employment by adding 20 new jobs. Salaries will average \$40 thousand. The company expects the majority of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in manufacturing and other areas. Manufacturing positions include those for brewing, distilling, testing, warehouse, packaging and production. The renovation project is expected to create numerous construction jobs sourced from local labor pools.

Craftworks LLC desires to relocate its beverage manufacturing facility from 2809 Broadbent

Parkway in Albuquerque to a new facility located at 1501 12th Street that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing HVAC, completing electrical distribution improvements, plumbing upgrades, and some build out of the facility.

Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including: contract canning for others beverage manufacturers, space to launch new beverage lines and other business opportunities.

The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$447,402 in net benefits over the 10-year period and the Project will generate \$1,738,801 in total for all local taxing districts.

The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts. Qualifying entities for these projects include:

“A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

(1) An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;

The LEDA application, as shown in Exhibit 1, provides details of the project and the number and types of jobs to be created.

Exhibit 2 delineates the required Project Participation Agreement (“PPA”) between Craftworks LLC and the City. The PPA is summarized in Section V.

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the project is from information the company provided. The analysis shows that the company will be making a substantive contribution to the community.

FINDING:

1. LEDA 22-8 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-8 would make positive substantive contributions to the local economy and community by creating 20 base jobs; and

3. Subject to the development of acceptable security documents, LEDA 22-8 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and

4. Subject to the development of acceptable security documents, LEDA 22-8 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

PROJECT ANALYSIS: The project, as proposed in the project application, will be analyzed in accordance with the City's LEDA project evaluation criteria.

I. PROJECT ELIGIBILITY

1. QUALIFYING ENTITY

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a "Qualifying Entity" eligible for LEDA funding assistance.

Craftworks qualifies under the Act and the Ordinance by meeting the following definition:

As stated in the Summary, qualifying entities for these projects include:

"A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

(1) An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;

2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES

The City's enabling legislation also states that applications for LEDA assistance, which meet the policies and objectives of the City's community economic development plans, shall receive priority. Craftworks qualifies as the type of project that meets the City's identified economic development priorities under (F/S O-04-10) in the following categories:

(2) Private companies seeking to build, expand or relocate facilities;

(3) Private companies which provide facilities or services which enhance the ability of Albuquerque businesses to operate;

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The proposed project is located at 1501 & 1500 12th Street NW, Albuquerque, NM 87104.

Map 35, TR341A2A1A1AB CONT 0.62 A & TRACT A LANDS OF MODERN PRESS INC
REPLAT OF TRS 341-A2-A1-A2-C MR IN BERNALILLO COUNTY, NM

The project also conforms to the City's Economic Development strategies:

Smart Recruitment, Retention, and Expansion – The Economic Development Department (EDD) is focused on recruiting companies from specific industries that build upon Albuquerque's existing assets. The EDD supports new enterprise creation, cluster development, and strategic attraction and recruitment of businesses that align with and complement existing strengths.

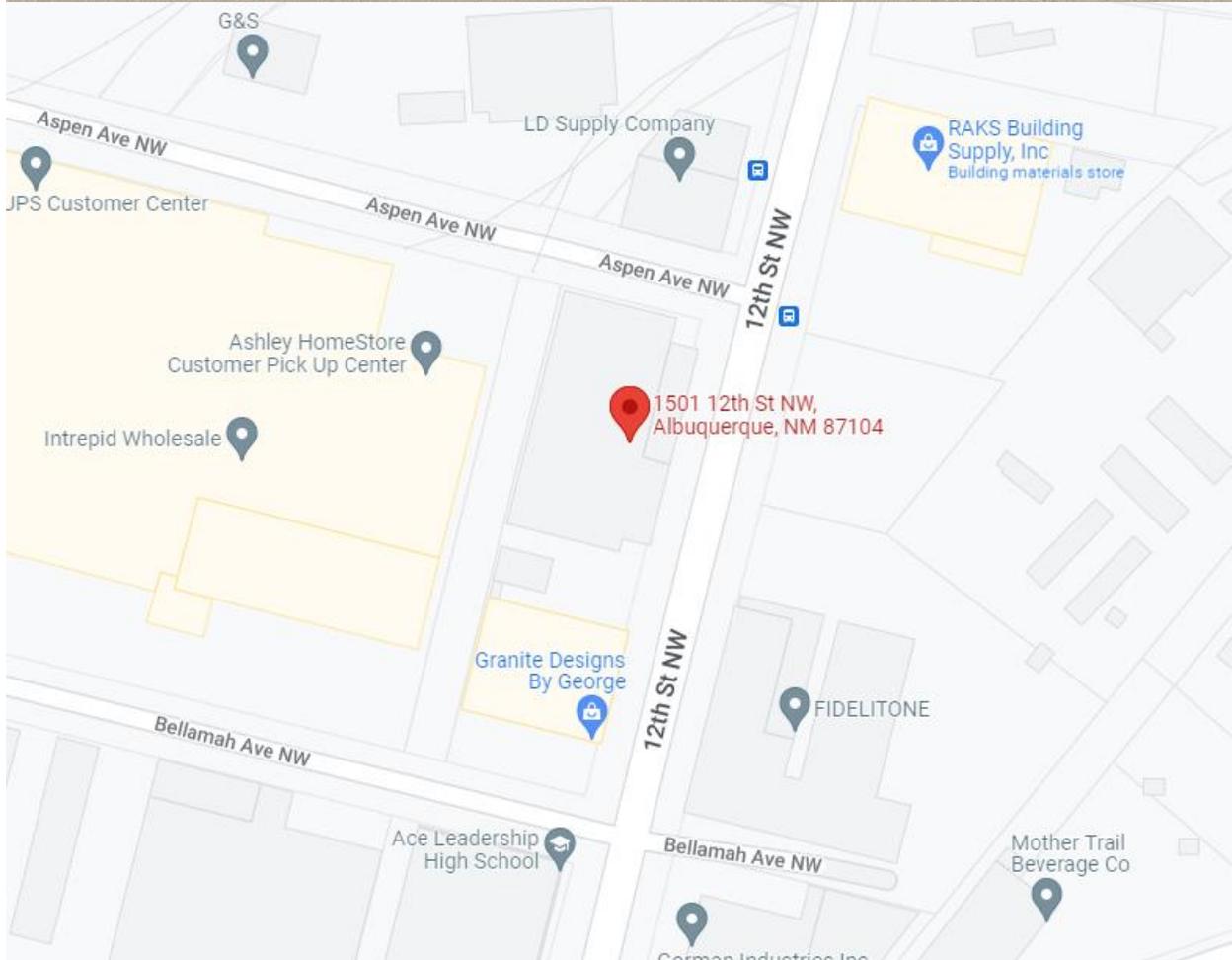
2. LAND USE:

In general, the design of these renovations will represent a significant step up from the state of the existing building. Construction will consist of renovation of the warehouse space and refurbishment of the facade for that portion of the building. Enhancements and upgrades to the interior spaces will also be part of the project.

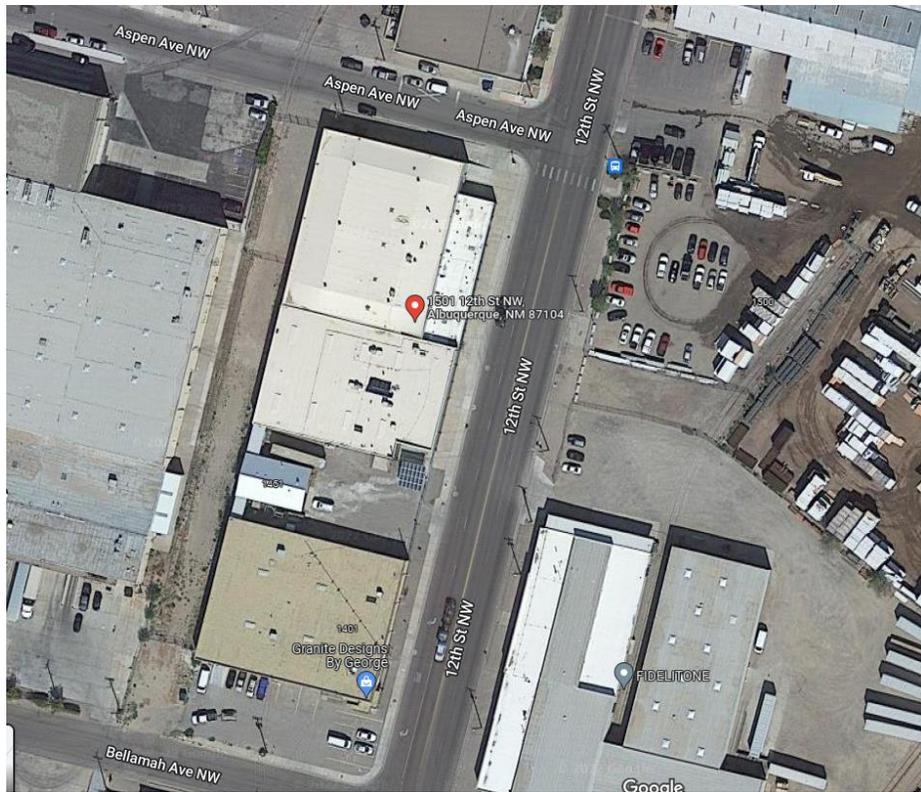
As mentioned previously, the project site is an existing building and is already in-fill. As noted in their application, the building has fallen into some disrepair due to the lack of use, yet it is in a highly visible location. The infusion of millions in purchasing, developing and improvements will greatly enhance the area.

3. INFILL:

LEDA 22-8: Craftworks LLC LEDA



LEDA 22-8: Craftworks LLC LEDA



4. DESIGN AND CONSERVATION:

No individuals, families, or businesses will be displaced by the activities outlined in this plan.

5. RENEWABLE ENERGY:

There are no plans to incorporate renewable energy technology into the facility.

III. ECONOMIC BENEFITS

6. COMPETITION:

This is an existing, local business that is expanding. It is not a new entry to the market, so it is not increasing competition.

7. JOBS:

Craftworks will be creating and hiring to fill approximately 20 manufacturing jobs. The newly created jobs will have an average salary of \$40,000. The company estimates that the majority of the new permanent jobs will be filled by current Albuquerque residents. The jobs will be in line the median wages for the industry within the community and will match the skills of current city residents.

During the onboarding process, employees receive general company training as well as position-specific training. The duration of the training can vary and is based on the specific requirements of the position.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

The Craftworks project will be capitalized with the following capital structure:

- Equity - \$1,450,000.00
- SBA 504 Loan financed by New Mexico Bank and Trust- \$3,800,000.00

LEDA funding is subject to City Council approval.

10. DEVELOPER'S RECORD:

Craftworks has been in operation for nearly a decade and has consistently grown their product line and sales. The company has a proven track record of successful expansion.

Additional information is available on: <https://sandiahardcider.godaddysites.com>

11. EQUITY:

Based upon financial information provided, the company appears capable of managing and completing the project.

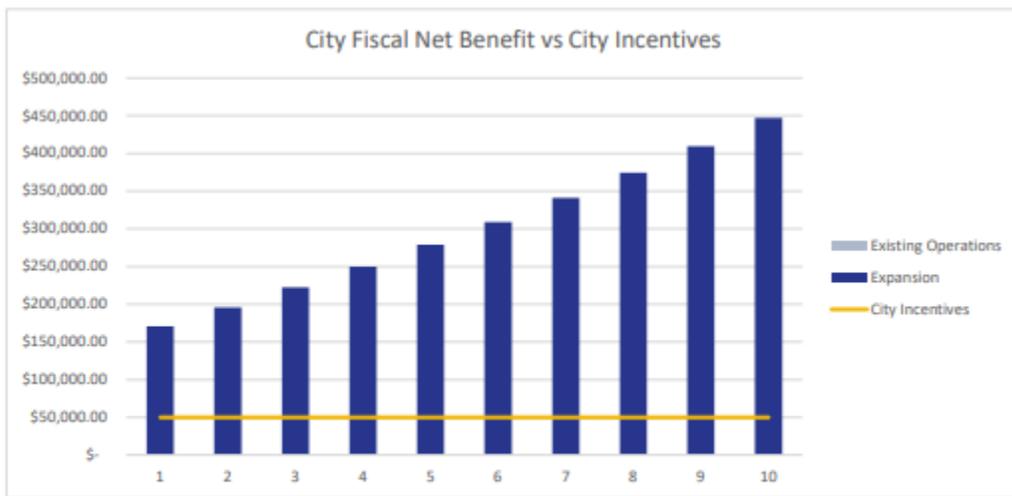
12. MANAGEMENT:

Based on the description given in the project plan, management appears to be qualified to manage the project.

Lorenzo Melendez, Managing Member
Jesse Allen

13. FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model.



Incentives	
Total City Incentive:	\$ 50,000
City Incentive Per Job:	\$ 3,333

City Combined Net Benefits						
Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	171,815	\$	755	\$	171,060
2	\$	25,771	\$	1,371	\$	195,460
3	\$	28,472	\$	1,759	\$	222,174
4	\$	29,574	\$	1,791	\$	249,957
5	\$	30,793	\$	1,823	\$	278,927
6	\$	32,149	\$	1,856	\$	309,220
7	\$	33,668	\$	1,888	\$	341,001
8	\$	35,382	\$	1,920	\$	374,463
9	\$	37,326	\$	1,951	\$	409,838
10	\$	39,547	\$	1,982	\$	447,402

**City Breakdown of Combined Benefits, Costs, and Net Benefits
Over the Next 10 Years**

Taxes and Revenue	
Gross Receipt Taxes	\$ 263,075
Misc. Taxes and Revenue	\$ 23,678
Property Taxes	\$ 177,745
Subtotal of Benefits	\$ 464,498

V. PROJECT PARTICIPATION AGREEMENT

Pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City adopted Ordinance No. F/S 04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance. The Ordinance calls for the preparation and approval of a Project Participation Agreement (PPA), which is the formal document, which states the contributions and obligations of all parties in the LEDA project. The agreement must clearly state the following items:

- (1) **The economic development goals of the project;**
- (2) **The contributions of the City and the qualifying entity;**
- (3) **The specific measurable objectives upon which the performance review will be based;**
- (4) **A schedule for project development and goal attainment;**
- (5) **The security being offered for the City's investment;**
- (6) **The procedures by which a project may be terminated and the City's investment recovered; and,**
- (7) **The time period for which the City shall retain an interest in the project. Each project agreement shall have a "sunset" clause after which the City shall relinquish interest in and oversight of the project.**

B. Each project participation agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.

The primary terms of the Craftworks Project Participation Agreement are summarized and attached as an Exhibit.

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes and enhances local economic development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Craftworks Application.

2. Company Contribution. Craftworks shall acquire, renovate and improve its Facility for the manufacturing and distribution of its products at an estimated cost of approximately \$4,200,000, and will hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in this Agreement. Craftworks will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Craftworks will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$350,000 will be delivered to the City for subsequent disbursement to Craftworks, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Craftworks in the manner as follows:

- 1) \$200,000 upon obtaining an Occupancy Permit for the Facility.
- 2) \$100,000 for hiring seven additional full-time employees and retention of seven existing employees for total employment of fourteen.
- 3) \$50,000 for hiring five additional full-time employees and retention of fourteen existing employees for total employment of nineteen.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$50,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon Craftworks obtaining an Occupancy Permit for the Facility.

5. Time Commitment. Craftworks intends to invest approximately \$4,200,000 for the acquisition, renovation and improvement of the Facility. Operations at the Facility are expected to begin following completion of the acquisition, renovation and improvement or as soon thereafter as possible. Craftworks will continue to operate the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through October __, 2032.

6. Use of Public Contributions. Craftworks will be eligible for reimbursement of up to \$400,000 for costs of the acquisition, renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Craftworks following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets set forth herein.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Craftworks or its employees.

7. Job Commitment and Clawbacks.

A. Number of Jobs. Craftworks will increase employment, above the current level of seven full-time employees, by (i) at least seven full-time employees as measured as of close of business on June 30, 2023 for a total employment of fourteen, (ii) at least five full-time additional employees as measured as of close of business on June 30, 2024 for a total employment of nineteen, and (iii) at least three full-time employees as measured as of close of business on June 30, 2025 for a total employment of twenty-two, at an average salary of approximately \$40,000 plus benefits, and maintenance of at least 90% of projected employees through October __, 2032 as measured for the preceding year on an annual basis beginning June 30, 2023. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Craftworks employees. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. Craftworks anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If Craftworks does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by June 30, 2023, or by June 30 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, Craftworks will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution and City Contribution paid on behalf of Craftworks pursuant to this Agreement that has already been disbursed to Craftworks for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

<i>Job Creation Commitment and Schedule</i>						
<u>Year</u>	<u>Annual Full Time Job Creation Target</u>	Min Job (90% of target new jobs)	<u>Cumulative Payroll for New Jobs</u>	<u>Job Determination Period</u>		<u>%-Clawback</u>
1	7+7=14	13	\$662,523	Ordinance Date	1/31/23	100%
2	14+5=19	18	\$870,235	01/01/23	1/31/24	100%
3	19+3=22	20	\$1,015,907	01/01/24	1/31/25	100%
4	Retain 22	Retain 20	\$1,046,384	01/01/25	1/31/26	100%
5	Retain 22	Retain 20	\$1,077,776	01/01/26	1/31/27	75%
6	Retain 22	Retain 20	\$1,110,109	01/01/27	1/31/28	50%
7	Retain 22	Retain 20	\$1,143,412	01/01/28	1/31/29	50%
8	Retain 22	Retain 20	\$1,177,715	01/01/29	1/31/30	25%
9	Retain 22	Retain 20	\$1,213,046	01/01/30	1/31/31	25%
10	Retain 22	Retain 20	\$1,249,438	01/01/31	1/31/32	25%
Additional Notes: Starting Headcount seven as of 6/30/2022 as defined by ES903A or its equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Craftworks will be required to pay to the City upon Craftworks’ failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Craftworks during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Craftworks as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Craftworks maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Craftworks exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Craftworks shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Craftworks meets the

Minimum Full-Time Job Creation at any time during the Cure Period, Craftworks shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Craftworks fails to reach the Job Target during the Cure Period, then Craftworks shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

Notwithstanding the foregoing, if Craftworks fails to employ the required full-time employees as identified in Section 7.A herein, and Craftworks believes Business Climate Changes were the cause for the failure to meet such requirements, Craftworks will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Craftworks, in the segment of the industry in which the Craftworks operates, that cause a significant decrease in the amount of sales Craftworks is able to achieve. The shifting of Craftworks’ operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Craftworks’ ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies Craftworks of its decision or the decision of the State EDD. If Craftworks does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Craftworks cease operations, or notify the City of its intent to cease operations, of the Project (i.e., cease to conduct operations at the Project) before June 30, 2032, Craftworks shall, within ninety (90) days of the cessation of operations at the Facility, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by Craftworks):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before June 30, 2027	100%
From July 1, 2027 through June 30, 2029	60%
From July 1, 2029 through June 30, 2032	25%

Winding down of Craftworks’ operations at the Facility in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback and reimbursement payable hereunder will be \$400,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

8. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to Craftworks, Craftworks shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. See Exhibit C. If Craftworks chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7, herein, whichever is less.

9. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by Craftworks to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Craftworks in writing, and Craftworks shall have thirty (30) days in which to cure such Event of Default. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

10. Fees. Craftworks will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Craftworks shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third party expenses during the term of this Agreement, such expenses could include, without limitation, expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

11. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, Craftworks will provide to the City and

to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding the workforce for Craftworks and such other information necessary for the City or its independent contractor to determine whether Craftworks has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if Craftworks has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

FINDINGS:

1. LEDA 22-8 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-8 would make positive substantive contributions to the local economy and community by creating 20 base jobs; and
3. Subject to the development of acceptable security documents, LEDA 22-8 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 22-8 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 22-8 as proposed in the project plan application.

Economic Development Department



EDD ECONOMIC
DEVELOPMENT
DEPARTMENT

3/17/2022

FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF CRAFTROOM

Prepared by:

New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505





Purpose and Limitations:

This report and analysis, provided by the New Mexico Economic Development Department, relies on prospective estimates of business activity. These estimates, which are provided by the company, may not be realized due to unforeseen events that are outside the control of the company and unknown to the New Mexico Economic Development Department.

The New Mexico Economic Development Department made reasonable efforts to ensure that the estimates provided by the company, are realistic estimates of future activity.

The model was created by the New Mexico Economic Development Economists and used assumptions to generate the final report. The report and analysis provided by the New Mexico Economic Development Department is not a guarantee that any of the estimates or results contained in this report will actually be achieved.

Introduction:

This report and analysis presents the results of an economic impact analysis performed using a model developed by the New Mexico Economic Development Department. The report estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA).

Most projects produce a growth in population and/or a growth in the workforce in a City, County and the State of New Mexico. All growth comes at a cost, the additional economic activity and population growth stimulated by the project will generate additional costs in terms of providing basic infrastructure (roads and utilities) and public services (including public safety and schools). For example, if the applicant hires employees from outside the State, County and City, those workers who end up relocating their residence to within one or all of those areas, the population for which the government must provide services also increases. The costs associated with the expansion are broken down into two categories: 1) New residents to the State, County and City. 2) New Mexican residents hired to work for the company. The analysis assumes that all workers will live in the area of the expansion.

Description of the Company:

Craftworks LLC was established in New Mexico in 2015 and is engaged in the business of Manufacturing Alcoholic Beverages for consumption. Our products are currently distributed throughout New Mexico and beginning in 2022 our products will start being distributed through a distributor in the state of Texas. Our products are produced and packaged in kegs and cases. We are currently sold within the state of New Mexico in all major chains including but not limited to Alberstons, WalMart, Costco, Total Wine, Smiths, Speedway, Circle K etc... We are also currently on "tap" and sold on premises by over 200 local bars and restaraunts including chains like Applebees, Buffalo Wild Wings and many more. Our brand, Sandia Hard Cider, has started to pleatuea as it reaches market saturation. As such we have decided to move forward in other markets like the Texas market. We are also vigorously creating new brands in the beer and distilling market. In order to continue to grow our business, we are seeking a new facility, and additional equipment in order to meet projected demand.

Description of the Project:

Craftworks LLC desires to relocate its facility from 2809 Broadbent Parkway in Albuquerque to a new facility that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing hvac, completing electrical distribution improvemets, plumbing upgrades, and some build out of the facility. Additional costs associated with the project include, but are not limited to, design fees, permitting, license relocation, moving/transporting the existing equipment to new facility etc...



Total Impacts

Fiscal Impact of Existing and Expanded Operations Over the Next Ten Years

Cumulative Net Benefits

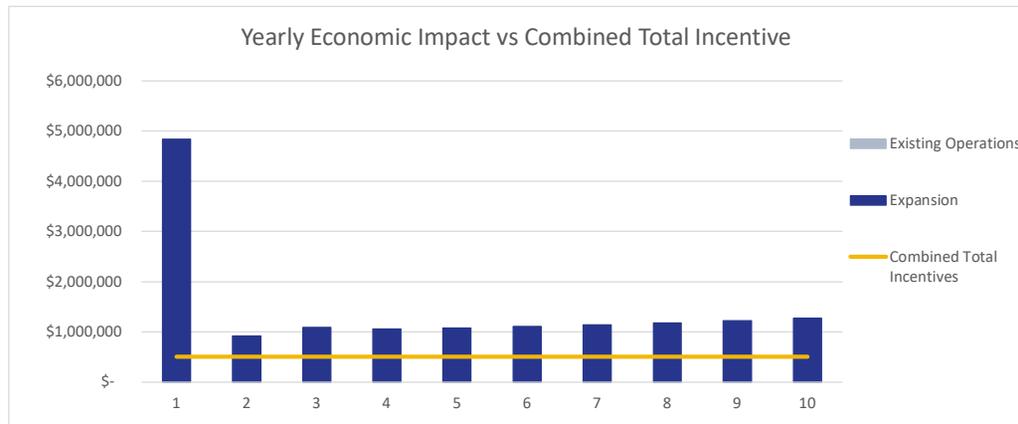
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*
State of New Mexico	\$ -	\$ 1,005,559	\$ 1,005,559	\$ 833,531
County	\$ -	\$ 298,650	\$ 298,650	\$ 249,974
City	\$ -	\$ 447,402	\$ 447,402	\$ 385,751
School District	\$ -	\$ 174,670	\$ 174,670	\$ 140,484
Special Taxing District	\$ -	\$ 160,467	\$ 160,467	\$ 129,060
Total	\$ -	\$ 2,086,749	\$ 2,086,749	\$ 1,738,801

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

** In the cumulative net benefits of the existing and expanded operations for the State of New Mexico, corporate income tax has been removed from the existing operations total to avoid double counting.

Total Economic Impact

	Total
Estimated Economic Impact Over 10 Years:	\$ 14,900,112
Combined Total Incentive Over 10 Years:	\$ 508,326
Economic Impact Rate of Return:	2,831%

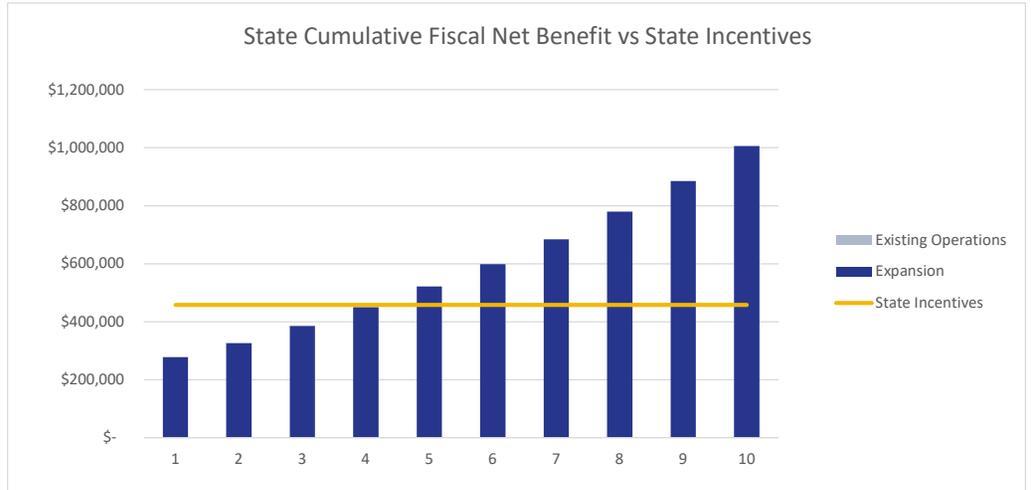


Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	15	6
Estimated Number of Construction Workers:	38	
Estimated Number of New Residents to the State:	2	
Estimated Number of New Residents to the County:	2	
Estimated Number of New Residents to the City:	2	

State Impacts





Incentives

Total State Incentive:	\$ 458,326
State Incentive Per Job:	\$ 30,555

Combined Payback and Return

State Payback Period Combined:	4.11 Years
State Rate of Return Combined:	82%

Expansion Only Payback and Return

State Payback Period Expansion:	4.11 Years
State Rate of Return Expansion:	82%

State Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

State Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 279,784	\$ 800	\$ 278,984	\$ 278,984
2	\$ 48,839	\$ 1,403	\$ 47,436	\$ 326,420
3	\$ 61,356	\$ 1,785	\$ 59,571	\$ 385,991
4	\$ 66,520	\$ 1,825	\$ 64,695	\$ 450,686
5	\$ 72,508	\$ 1,867	\$ 70,641	\$ 521,327
6	\$ 79,477	\$ 1,909	\$ 77,569	\$ 598,896
7	\$ 87,619	\$ 1,951	\$ 85,667	\$ 684,563
8	\$ 97,159	\$ 1,995	\$ 95,164	\$ 779,726
9	\$ 108,373	\$ 2,040	\$ 106,332	\$ 886,059
10	\$ 121,586	\$ 2,086	\$ 119,500	\$ 1,005,559

State Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 279,784	\$ 800	\$ 278,984	\$ 278,984
2	\$ 48,839	\$ 1,403	\$ 47,436	\$ 326,420
3	\$ 61,356	\$ 1,785	\$ 59,571	\$ 385,991
4	\$ 66,520	\$ 1,825	\$ 64,695	\$ 450,686
5	\$ 72,508	\$ 1,867	\$ 70,641	\$ 521,327
6	\$ 79,477	\$ 1,909	\$ 77,569	\$ 598,896
7	\$ 87,619	\$ 1,951	\$ 85,667	\$ 684,563
8	\$ 97,159	\$ 1,995	\$ 95,164	\$ 779,726
9	\$ 108,373	\$ 2,040	\$ 106,332	\$ 886,059
10	\$ 121,586	\$ 2,086	\$ 119,500	\$ 1,005,559

State Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 367,329
Personal Income Taxes	\$ 628,299
Corporate Income Taxes	\$ -
Misc. Taxes and Revenue	\$ 27,594
Subtotal of Benefits	\$ 1,023,222

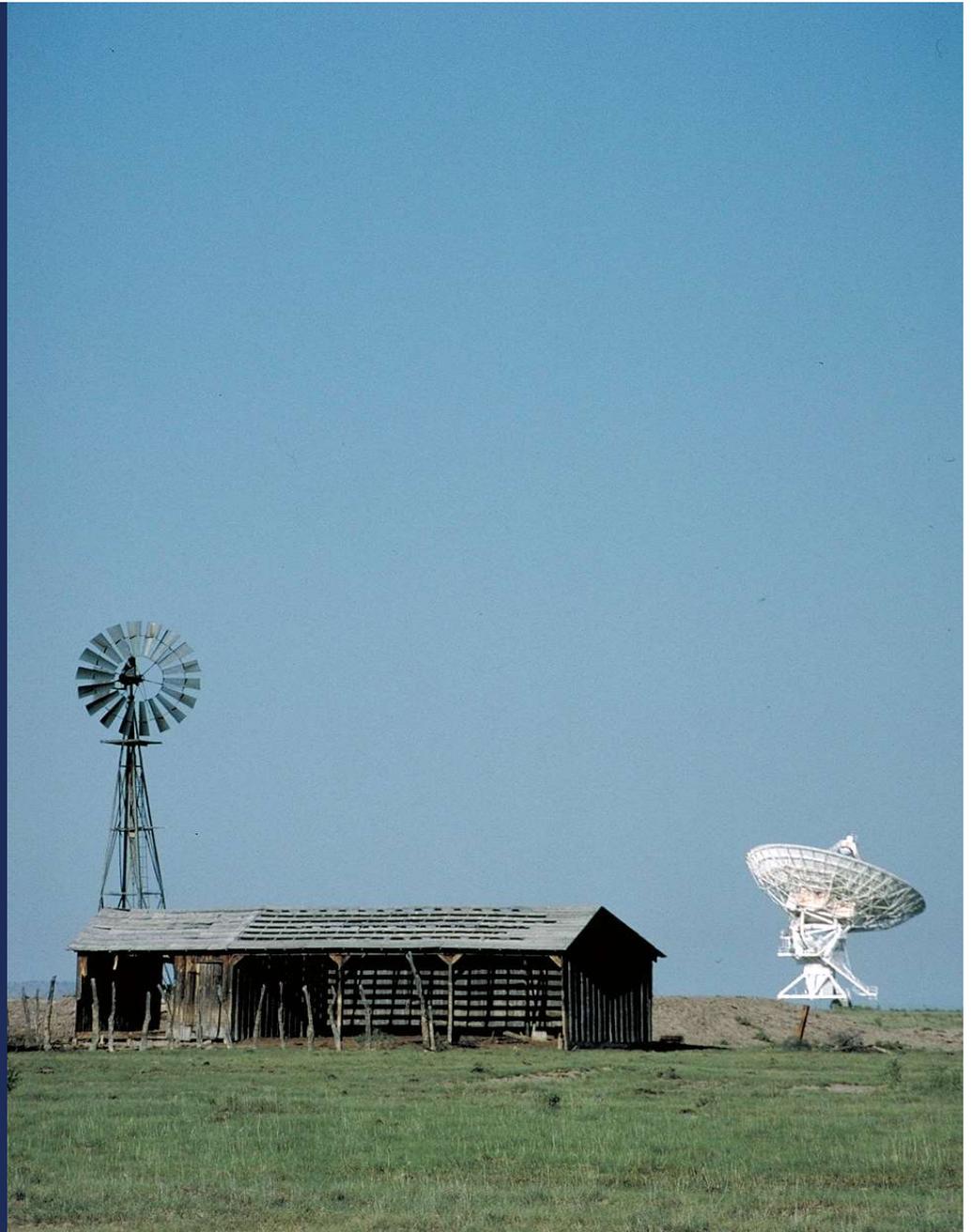
Costs

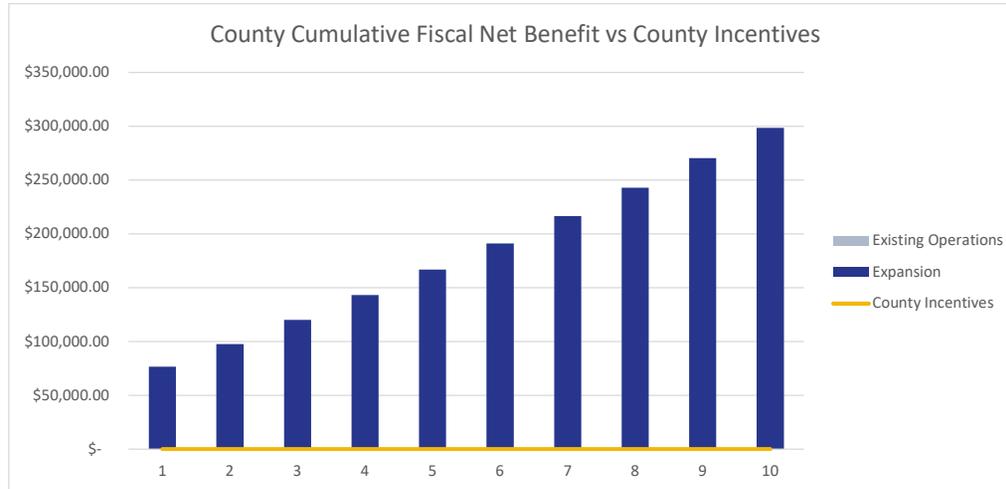
Costs	\$ 17,663
Subtotal of Costs	\$ 17,663

Net Benefits

Net Benefits	\$ 1,005,559
Present Value	\$ 833,531

County Impacts





Incentives

Total County Incentive:	\$	-
County Incentive Per Job:	\$	-

Combined Payback and Return

County Payback Period Combined:	-	Years
County Rate of Return Combined:	N/A	

Expansion Only Payback and Return

County Payback Period Expansion:	-	Years
County Rate of Return Expansion:	N/A	

County Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

County Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 76,860	\$ 92	\$ 76,768	\$ 76,768
2	\$ 21,191	\$ 162	\$ 21,029	\$ 97,797
3	\$ 22,518	\$ 206	\$ 22,312	\$ 120,110
4	\$ 23,192	\$ 210	\$ 22,981	\$ 143,091
5	\$ 23,918	\$ 215	\$ 23,703	\$ 166,794
6	\$ 24,704	\$ 220	\$ 24,484	\$ 191,278
7	\$ 25,562	\$ 225	\$ 25,337	\$ 216,615
8	\$ 26,503	\$ 230	\$ 26,273	\$ 242,888
9	\$ 27,542	\$ 235	\$ 27,307	\$ 270,194
10	\$ 28,696	\$ 240	\$ 28,456	\$ 298,650

County Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 76,860	\$ 92	\$ 76,768	\$ 76,768
2	\$ 21,191	\$ 162	\$ 21,029	\$ 97,797
3	\$ 22,518	\$ 206	\$ 22,312	\$ 120,110
4	\$ 23,192	\$ 210	\$ 22,981	\$ 143,091
5	\$ 23,918	\$ 215	\$ 23,703	\$ 166,794
6	\$ 24,704	\$ 220	\$ 24,484	\$ 191,278
7	\$ 25,562	\$ 225	\$ 25,337	\$ 216,615
8	\$ 26,503	\$ 230	\$ 26,273	\$ 242,888
9	\$ 27,542	\$ 235	\$ 27,307	\$ 270,194
10	\$ 28,696	\$ 240	\$ 28,456	\$ 298,650

County Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 111,847
Misc. Taxes and Revenue	\$ 595
Property Taxes	\$ 188,243
Subtotal of Benefits	\$ 300,685

Costs

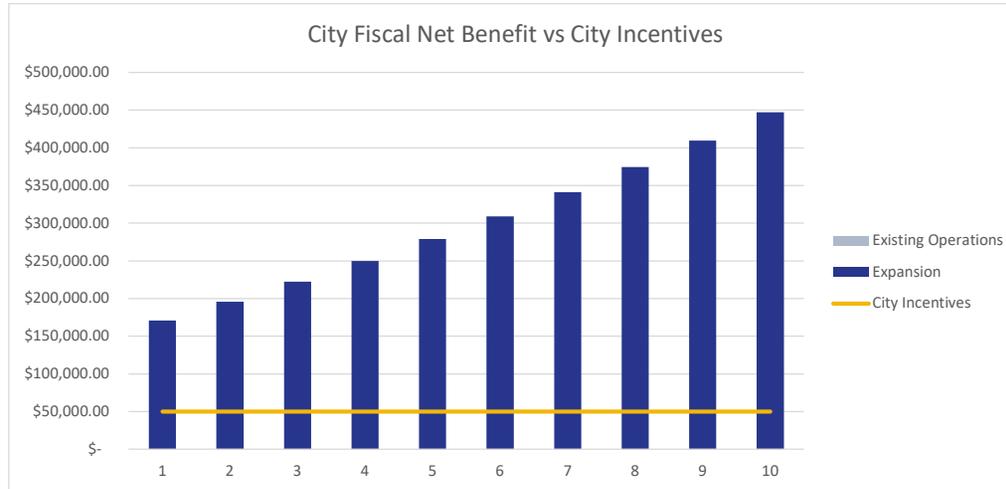
Costs	\$ 2,035
Subtotal of Costs	\$ 2,035

Net Benefits

Net Benefits	\$ 298,650
Present Value	\$ 249,974

City Impacts





Incentives

Total City Incentive:	\$	50,000
City Incentive Per Job:	\$	3,333

Combined Payback and Return

City Payback Period Combined:	0.29 Years
City Rate of Return Combined:	672%

Expansion Only Payback and Return

City Payback Period Expansion:	0.29 Years
City Rate of Return Expansion:	672%

City Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

City Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 171,815	\$ 755	\$ 171,060	\$ 171,060
2	\$ 25,771	\$ 1,371	\$ 24,400	\$ 195,460
3	\$ 28,472	\$ 1,759	\$ 26,714	\$ 222,174
4	\$ 29,574	\$ 1,791	\$ 27,783	\$ 249,957
5	\$ 30,793	\$ 1,823	\$ 28,969	\$ 278,927
6	\$ 32,149	\$ 1,856	\$ 30,293	\$ 309,220
7	\$ 33,668	\$ 1,888	\$ 31,781	\$ 341,001
8	\$ 35,382	\$ 1,920	\$ 33,462	\$ 374,463
9	\$ 37,326	\$ 1,951	\$ 35,375	\$ 409,838
10	\$ 39,547	\$ 1,982	\$ 37,565	\$ 447,402

City Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 171,815	\$ 755	\$ 171,060	\$ 171,060
2	\$ 25,771	\$ 1,371	\$ 24,400	\$ 195,460
3	\$ 28,472	\$ 1,759	\$ 26,714	\$ 222,174
4	\$ 29,574	\$ 1,791	\$ 27,783	\$ 249,957
5	\$ 30,793	\$ 1,823	\$ 28,969	\$ 278,927
6	\$ 32,149	\$ 1,856	\$ 30,293	\$ 309,220
7	\$ 33,668	\$ 1,888	\$ 31,781	\$ 341,001
8	\$ 35,382	\$ 1,920	\$ 33,462	\$ 374,463
9	\$ 37,326	\$ 1,951	\$ 35,375	\$ 409,838
10	\$ 39,547	\$ 1,982	\$ 37,565	\$ 447,402

City Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 263,075
Misc. Taxes and Revenue	\$ 23,678
Property Taxes	\$ 177,745
Subtotal of Benefits	\$ 464,498

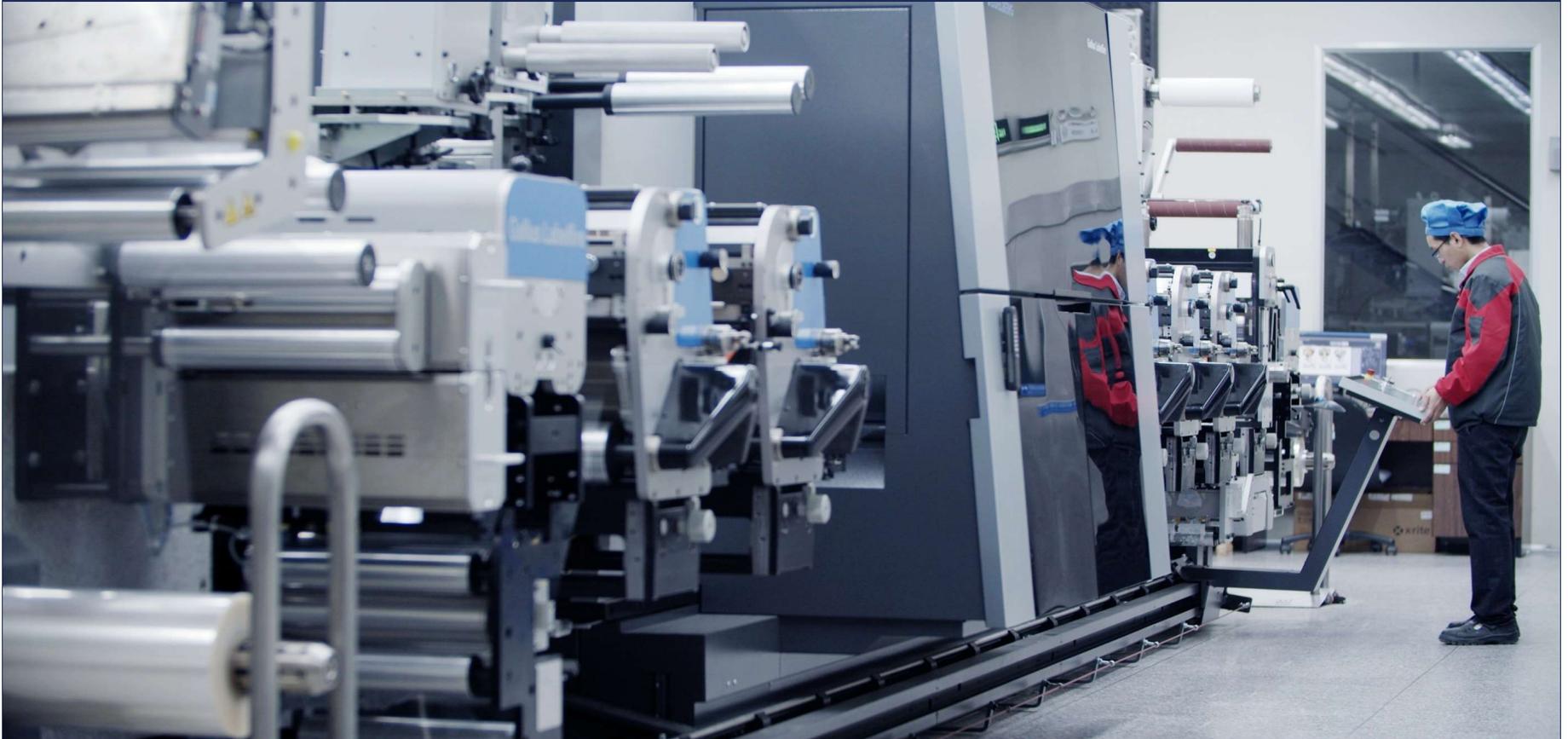
Costs

Costs	\$ 17,095
Subtotal of Costs	\$ 17,095

Net Benefits

Net Benefits	\$ 447,402
Present Value	\$ 385,751

Special Taxing District and Public Schools



Special Taxing District

Special Taxing District Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

Special District Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 14,610	\$ -	\$ 14,610	\$ 14,610
2	\$ 14,935	\$ -	\$ 14,935	\$ 29,545
3	\$ 15,254	\$ -	\$ 15,254	\$ 44,799
4	\$ 15,559	\$ -	\$ 15,559	\$ 60,357
5	\$ 15,870	\$ -	\$ 15,870	\$ 76,227
6	\$ 16,187	\$ -	\$ 16,187	\$ 92,415
7	\$ 16,511	\$ -	\$ 16,511	\$ 108,926
8	\$ 16,841	\$ -	\$ 16,841	\$ 125,767
9	\$ 17,178	\$ -	\$ 17,178	\$ 142,945
10	\$ 17,522	\$ -	\$ 17,522	\$ 160,467

Special District Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 14,610	\$ -	\$ 14,610	\$ 14,610
2	\$ 14,935	\$ -	\$ 14,935	\$ 29,545
3	\$ 15,254	\$ -	\$ 15,254	\$ 44,799
4	\$ 15,559	\$ -	\$ 15,559	\$ 60,357
5	\$ 15,870	\$ -	\$ 15,870	\$ 76,227
6	\$ 16,187	\$ -	\$ 16,187	\$ 92,415
7	\$ 16,511	\$ -	\$ 16,511	\$ 108,926
8	\$ 16,841	\$ -	\$ 16,841	\$ 125,767
9	\$ 17,178	\$ -	\$ 17,178	\$ 142,945
10	\$ 17,522	\$ -	\$ 17,522	\$ 160,467

Public Schools

Public Schools Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

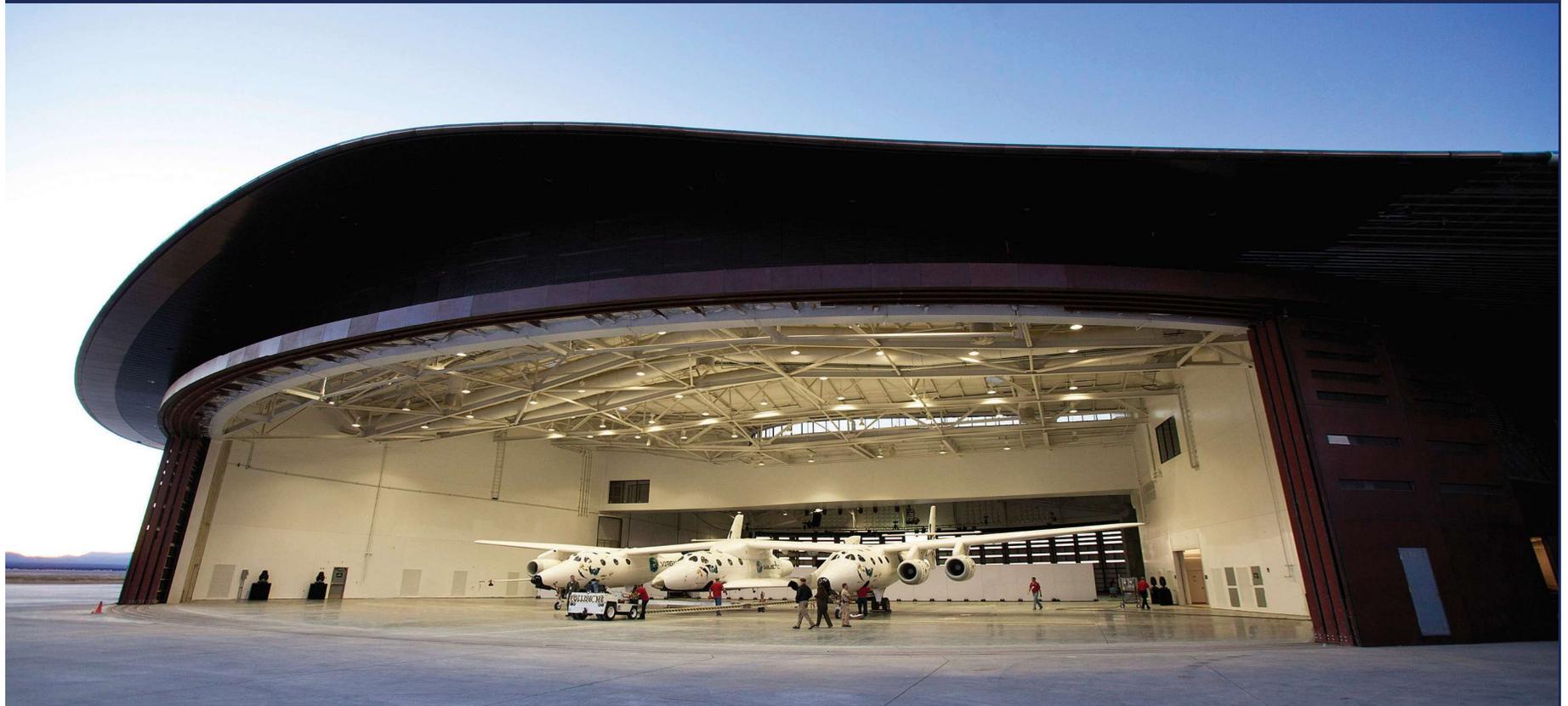
Public Schools Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 15,905	\$ -	\$ 15,905	\$ 15,905
2	\$ 16,258	\$ -	\$ 16,258	\$ 32,163
3	\$ 16,604	\$ -	\$ 16,604	\$ 48,767
4	\$ 16,936	\$ -	\$ 16,936	\$ 65,702
5	\$ 17,274	\$ -	\$ 17,274	\$ 82,977
6	\$ 17,620	\$ -	\$ 17,620	\$ 100,596
7	\$ 17,972	\$ -	\$ 17,972	\$ 118,568
8	\$ 18,332	\$ -	\$ 18,332	\$ 136,900
9	\$ 18,698	\$ -	\$ 18,698	\$ 155,598
10	\$ 19,072	\$ -	\$ 19,072	\$ 174,670

Public Schools Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 15,905	\$ -	\$ 15,905	\$ 15,905
2	\$ 16,258	\$ -	\$ 16,258	\$ 32,163
3	\$ 16,604	\$ -	\$ 16,604	\$ 48,767
4	\$ 16,936	\$ -	\$ 16,936	\$ 65,702
5	\$ 17,274	\$ -	\$ 17,274	\$ 82,977
6	\$ 17,620	\$ -	\$ 17,620	\$ 100,596
7	\$ 17,972	\$ -	\$ 17,972	\$ 118,568
8	\$ 18,332	\$ -	\$ 18,332	\$ 136,900
9	\$ 18,698	\$ -	\$ 18,698	\$ 155,598
10	\$ 19,072	\$ -	\$ 19,072	\$ 174,670

Property Tax Exemptions and Industrial Revenue Bonds



Property Tax Exemptions and Industrial Revenue Bonds

The City and/or the County is considering abating taxes on the Project's property. Below is a table that identifies the types of property that are under consideration for property tax abatement:

Land:	No
Building and Property Improvements:	No
Furniture, Fixtures and Equipment:	No

Property Tax Percentage Exemptions On Land and Building

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -
*Value of Payment in Lieu of Taxes Through 10 Years:	\$ -	\$ -	\$ -

*The model assumes that the payment in lieu of taxes will be administered to the either the county or city, and the local government will disperse the amounts to the appropriate districts.

Percentage of Gross Receipt Taxes Foregone on Newly Purchased Furniture, Fixtures and Equipment Over 10 Years

Year	State	County	City
1	0%	0%	0%
2	0%	0%	0%
3	0%	0%	0%
4	0%	0%	0%
5	0%	0%	0%
6	0%	0%	0%
7	0%	0%	0%
8	0%	0%	0%
9	0%	0%	0%
10	0%	0%	0%
Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -

FY22 LEDA Application-ABQ

Applicant	Miguel Melendez
Applicant ID	APP-015829
Company Name	The Craftworks
Phone	505-850-6839
Email	mmelendez100@yahoo.com
Status	Submitted
LEDA Starting Job Count	7
LEDA PPA Job Count Target	20

Contact Information

Question: Legal Company Name

Craftworks LLC

Question: Trade Name (dba)

Sandia Hard Cider

Question: Project Name

12th Street Project

Question: Company Street Address

2809 Broadbent Parkway Suite D

Question: Company City

Albuquerque

Question: Company State

NM

Question: Company Zip

87107

Question: Phone

505-850-6839

Question: Website

<https://sandiahardcider.godaddysites.com>

Question: Primary Contact Person First Name

Miguel

Question: Primary Contact Person Last Name

Melendez

Question: Federal Tax ID #

47-4757961

Question: NM State Tax and Revenue Identification Number

03-329564-00

Question: City/County Business License Registration will be pursued

Yes

No

Question: NAICS Code(s)-North American Industry Classification System

312120, 312130, 312140

Question: DUNS # (preferred but not required)

Not Answered

Question: This Business is organized as a:

C-Corporation

S-Corporation

LLC

Partnership

Sole Proprietorship

B-Corporation

Question: Incorporation Papers

[Craftworks Articles of Organization.pdf](#) (6/8/2022, 8:26 AM)

Question: Resumes of all principals (owners, partners, directors or officers; required for businesses 1 years or younger)

No Attachments

Question: Company Contact for Project Administration (if different from above)

Miguel Melendez

Question: Title

General Manager

Question: Telephone

Not Answered

Question: Cell Phone

505-850-6839

Question: Email

mmelendez100@yahoo.com

Project Information

Please include detailed information such as:

- Executive Summary; Business description and history
- Infrastructure Development/Needs
- Market analysis and strategy
- Summary of competition
- Tax Reporting Status
- Effect on Existing Industry and Commerce during and after Construction
- Land Acquisition

- Local Purchasing
- Water Conservation
- Relocation of Individuals or Businesses
- Construction Schedule
 - Target Close Date
 - General Contract Signed
 - Construction Start
 - Construction End
 - New Facility Operational Date
- Operations plan; Organizational chart
- Any document or record that the local governing body, in its sole discretion, deems necessary.

Question: Description of the Proposed Development, its product and its timeline.

Craftworks LLC desires to relocate its beverage manufacturing facility from 2809 Broadbent Parkway in Albuquerque to a new facility located at 1501 12th Street ABQ that would allow it to increase its production capabilities over the long term. The current project includes the purchase and improvements to an existing building located at 1500 and 1501 12th St. Albuquerque, New Mexico. Improvements include, but are not limited to, upgrading electrical service, installing floor drains, installing hvac, completing electrical distribution improvements, plumbing upgrades, and some build out of the facility. Additional costs associated with the project include, but are not limited to, design fees, permitting, license relocation, moving/transporting the existing equipment to new facility etc...

Once completed, Craftworks will have purchased and improved a facility more than double its current location. The added space will foster continued growth as well as providing space to add additional revenue streams including 1) Contract Canning for others, 2) Space to launch new beverage products like beer and cocktails 3) and to provide space for new companies interested in taking advantage of the space and improvements as tenants.

In the end, the new facility will be more productive and will be a magnet for new business opportunities

The timeline for the project is as follows.

- 1) Building Acquisition May 2022
- 2) Phase 1 Construction July 2022
- 3) Phase 2 Construction September 2022

Full operation at new facility is estimated to begin winter 2023

Question: Provide a detailed scope of work that is specific to the funding request/award and what the funds will be used for.

The WORK

ITEM Cost

Land/Building \$3,400,000.00 1501 and 1502 12th Street ABQ (New Purchase)
New Electric Service \$500,000.00 New 5000 Amp Service
Floor Drains/sewer line \$ 85,000.00 Includes RandR concrete floor to drain, drain structure, grease trap
Central Cooling \$145,000.00 Includes chiller and Install
Metal Framing \$135,000.00 tap room buildout/walls/etc/finishes
Electrical Wiring \$100,000.00 costs to install interior exterior wiring after new service installed
Heating \$ 55,000.00 Standard heating units
Plumbing \$103,000.00 Kitchen/Lab/Bathrooms/Brewery sinks
Move Existing Equipment \$ 75,000.00 Cost to move from current facility to new
Design Fees \$ 45,000.00 Architect, Mechanical, Electrical
Licensing/COA \$ 25,000.00
Professional Fees \$ 8,000.00 HVAC Design/Process Engineering/other permits
Total \$4,676,000.00

Question: Business Plan (required for businesses 1 year or younger)

see attached

Question: Supporting Documentation

[BP#2Final.pdf](#) (6/14/2022, 2:10 PM)

Financial Information

*Upload sources and uses chart; enter N/A and zero for questions that do not apply to your business

Question: Provide detailed assumptions for your project including three years of projected cash flow income statements. If the applicant has been in business less than one year, you may be requested to provide additional financial information after review .

[5 year projection to Bank and CDC.xlsx](#) (6/14/2022, 1:44 PM)

Question: Provide financial statements (balance sheet, profit and loss and cash flow) or tax returns for the past three years. Also provide interim statements within 90 days of application date.

[2020 Tax Returns \(1\).pdf](#) (6/14/2022, 11:32 AM)

[CW 2021 Tax Return \(2\).pdf](#) (6/14/2022, 11:29 AM)

[Craftworks LLC 2019 tax returns.pdf](#) (6/14/2022, 10:58 AM)

Question: What is the collateral/security to be pledged to the funds awarded?

Letter of Credit

Surety Bond

- Mortgage Security
- Security Agreement/Escrow
- Security Agreement/Lien
- Security Interest/Lien

Question: What is the method of appraisal for stated security (if Security Mortgage or Lien were selected above)?

n/A

Question: What is the equity investment from the applicant?

\$1,450,000.00

Question: External Equity Investment Sources

n/a

Question: External Equity Investment Amount

\$0.00

Question: City/County Funding Source

n/a

Question: City/County Funding Amount

\$0.00

Question: Bank Loan Source (financial institution names), type (commercial, USDA, SBA 504, etc.), and stage (applied or approved)

SBA 504 Loan financed by New Mexico Bank and Trust Approved and Closed

Question: Bank Loans Amount Total

\$3,800,000.00

Question: Other Loans Source

n/a

Question: Other Loans Amount

\$0.00

Question: Other Sources

n/a

Question: Other Sources Amount

\$0.00

Question: Total Project Amount (Sum of above)

\$4,250,000.00

Question: Supporting financial documentation

[Sources & Uses \(1\).docx](#) (6/22/2022, 1:40 PM)

Company History and Background

Question: How long has the company been in operation, as of the date of application?

7 Years

Question: At the time of this application, how many full-time employees do you currently employ? Please provide the most recent Department of Workforce Solutions report below. If no employees, disregard report. Enter 0.

5.00

Question: List owners with more than 20% ownership stake in the company. Additionally, please list principal directors and/or officers.

Lorenzo Melendez, Managing Member
Jesse Allen

Question: Are owners and/or officers current with financial obligations/payments to the State of New Mexico or any other Federal or State entity? If no, please explain.

Yes

Question: Does the applicant have any loans or other financial obligations on which payments are not current? If yes, please explain.

No

Question: Please identify any financially affiliated/associated companies in which any of the applicant's owners have a 20% stake.

Christopher Senutovitch, CMS Brewing LLC
Chris Tafoya, CTJ Electric Inc

Community Aspects

Question: At the community level, what are the infrastructure needs not yet in place or in process that will affect this project's application?

There is a need to provide safe means of crossing 12th street at the Aspen Rd intersection. There is currently a crosswalk but the traffic is terrible and there is a speeding problem. The COA has plans in the works to improve the section of roadway from I-40 to sawmill Rd. Providing traffic controls and parking buffer will help tremendously and will create a safer situation for pedestrians and our customers alike.

Question: What specific incentives are being REQUESTED from the COMMUNITY? Please explain where the applicant is in this process and provide an idea of a timeline for incentives' deployment.

None at this time

Question: What specific incentives will be PROVIDED from the COMMUNITY? (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

None at this time

Job Creation / Performance

Please download the job creation worksheet to work up the required information for this section.

- [Job Creation Worksheet](#)

Question: Outline the number and types of jobs to be created.

Please see attached...

Question: Outline the proposed pay scale and payroll proposed by the entity.

Please see attached...

Question: Outline the benefits offered to the employees, including but not limited to health care and retirement.

None at this time

Question: Outline any efforts being made or proposed by the applicant to hire people within the local employment pool.

Craftworks has made several hires of individuals who have completed the CNM Brewing Program. We actively recruit local interns and will continue to do so. 100% of our staff has been hired from local employment pool and we are confident all new hires will be hired locally.

Question: Attach job creation worksheet

[Craftroom copy of new hires leda A.xlsx](#) (6/8/2022, 10:13 AM)

Question: Starting Headcount (from worksheet above)

7.00

Question: Total new jobs to be created Year 1 (from worksheet above)

7.00

Question: Total new payroll Year 1 (from worksheet above)

\$251,000.00

Question: Total number of new jobs to be created Year 2 (from worksheet above)

5.00

Question: Total new payroll Year 2 (from worksheet above)

\$189,000.00

Question: Total number of new jobs to be created Year 3 (from worksheet above)

3.00

Question: Total new payroll Year 3 (from worksheet above)

\$68,000.00

Economic Impact Analysis

NMEDD will perform an Economic Impact Analysis to address the impact to the local tax base, the school system, etc. using the Impact Data Sheet provided by the applicant.

Question: Outline any impacts to the environment, positively or negatively.

There are no known negative impacts to the environment.

Attachments

Please download the authorization for examination and release of information template and the example employer quarterly wage and contribution report.

- [Authorization for examination and release of information form](#)
- [Employer quarterly wage and contribution report example](#)

If you are a new business, please apply for a NM Tax Identification Number here:

<http://www.tax.newmexico.gov/Businesses/wage-withholding-tax.aspx>

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

[Click here](#) to view a filled out sample.

Question: New Mexico Economic Development Department authorization for examination and release of information.

[authorization LEDA.pdf](#) (6/27/2022, 3:18 PM)

Question: Latest New Mexico employer's quarterly wage and contribution report submitted to the Department of Workforce Solutions.

[1Q NMDWS 2022 LEDA.pdf](#) (6/27/2022, 3:19 PM)

Question: Affirmation and any other supporting documents

[affirmation LEDA.pdf](#) (6/27/2022, 3:20 PM)

[12th street legal description.jpg](#) (6/24/2022, 5:05 PM)

City of Albuquerque Project Information

This section of the NMEDD LEDA Application contains information required by the City of Albuquerque Ordinance 0-04-10 and conforms with and complements the policies established for the Local Economic Development Act pursuant to the Council action. This documentation is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted.

Question: Project Supporting Documents: City Zone Atlas Map of Location, aerial/satellite picture of area, conceptual overview of finished location, Fiscal Impact Analysis from UNM BBER (if requested by City ED Director), Conceptual Site Plan and Elevation.

[12th st site plane 4Leda.pdf](#) (6/20/2022, 12:07 PM)

Question: General Description-Statement of benefit to be gained by the Albuquerque community from this development

This Development will benefit The City of Albuquerque in many ways!!!

First, the development will bring new jobs and added revenue to the city. With the ability to keep up with demand for our products, more people will get jobs and we will be able to sell more of our products. With the addition of the new tap room, Craftworks will be collecting more gross receipts and spending more on the products and services we buy during the regular course of business.

Additionally, the development will breath new life to the area in the form of a high retail taproom. Our goal is to host music, performance, and shows in the amply sized taproom area. This will bring a new culture and feel to the area all while maintaining the history of manufacturing!!!! This is a perfect location for a brewery!!!

Furthermore, the development falls in line with other developments like the Sawmill and the numerous other breweries in the area!!

Question: Site and Existing Conditions: Legal Description-Give both the precise and complete legal description and address or identification of location.

see attached legal

Question: Prevailing Site Conditions: Describe the present use and development of the site, including any improvements, vacant land, etc.

The property consists of two tracts of land. 1501 12th is a building with approx 46000 sf of space and limited parking. 1500 12th is vacant land that will be utilized for parking.

currently the structure is vacant and the vacant land is being used for parking for a local business.

Historically, the building has been used for warehousing and manufacturing. It has not been used for anything in the last several years.

Question: Present Assessed Value: According to the Bernalillo County Assessor's office.

1500 12th \$89,300 1501 12th \$1,186,100 total combined \$ 1,275,400

Question: Present Zoning of Property

NON-RESIDENTIAL – BUSINESS PARK ZONE DISTRICT (NR-BP)

Question: Proposed Zoning: If change in zoning is required for the proposed use, enter the proposed new zone.

The property is zoned for its intended purposes

Question: Status of Permitting/Regulatory matters needed for project.

Plans are being developed and will be submitted by end of June.

New Alcohol license applications are being prepared and will be submitted by end of June

Question: Sustainability Initiatives: Describe any sustainability initiatives or programs the

company already has and/or plans to use in its facility operations and processes.

n/a

Question: Renewable Energy: Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

n/a

Question: Products and Process: Will the proposed development generate air, noise or waste pollution or traffic congestion? If so, what plans are in place for the reduction and disposal of waste and/or project emissions?

N/A

Question: Competition: The Development Commission and City Council do not wish to make public funds available for projects with local competition. Describe any competition in the same area of commerce or industry existing in the City.

We are an existing business and are simply relocating. This project will not add any new competition

Question: Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business in the City.

Please see attached document provided to LEDA

Question: Proposed Development: Describe any construction to be undertaken in the project, including square footage, construction type, location of construction on project site.

There will be construction performed in order to improve the building for its intended purpose.

The construction will consist of some demolition (interior only) installing floor drains and some framing and electrical. Bathrooms will need to be built.

In general there will be minimal construction that is all considered TI

Question: Proposed Development: Will existing buildings will be rehabilitated or incorporated in the construction?

Existing Structures will be rehabilitated

Question: Proposed Development: Detail any demolition required and indicate whether it involves any identified historic properties.

The only demolition that will take place is to demolish interior walls. There will also be some glass and glass garage doors added to the front elevation. There will be a fenced patio created along 12th street and landscaping provided per city requirements.

Question: Infrastructure: Indicate if the project will require any extension or relocation of

utility or road systems and if so, what cost sharing agreements have been reached between the applicant and the City.

N/A

Question: Area Enhancement: Describe how project design and placement will enhance the area.

As discussed, Craftworks is purchasing an existing building. The architectural plans include adding landscaping, outdoor patio, storefront glass and glazing, a facelift of the front elevation (new paint/stucco). Phase three calls for a new outdoor/rooftop patio and deck. All of these items combined will bring the building to becoming a beautiful fixture on 12th street!!

Question: Local Purchasing: Provide and estimated annual expenditure on goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

Current Estimated Gross Receipts Taxable Expenditures
\$322,405

Estimated annual increase is 1-2% annual increase with expansion

Question: Water Conservation: Estimate average daily and monthly water consumption and include any plans for reduction or re-use of water.

We currently use approx. 930,000 gallons of water to produce our products and operate our business including the tap room. We estimate that volume to increase with growth in sales. All of our production and operations are performed with water conservation in mind and we have purchased equipment that allows us to reuse water (involved in cleaning) multiple times. Craftworks is interested in working with any government agency in finding ways or developing the means to conserve even more water in the future.

Question: Relocation of Individuals or Businesses: No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

N/a

Question: Corporate Citizenship Policy/Plan: List any company policies/plans regarding community charitable and civic donations and volunteerism.

N/A

Question: Positive Contributions: List all positive contributions that the project will make to the neighborhood.

Aside from taking an old building and creating a flourishing new facility with a welcoming tap room that will bring food, beverages, music and art to the neighborhood, one of the great ways our project will affect OUR community is the support we, as small businesses, offer each other. Craftworks purchases what is can locally. We hire local companies from Air conditioning maintenance contractors to farmer in Corrales who sell us local honey!! Craftworks prides itself in sponsoring various youth activities and other notable charities. Our businesses also actively

supports others through volunteer work, donations, participation in community activities, and simply by shopping at other local businesses. There's a sense of pride in being part of a community and providing quality products and services for the betterment of its residents. We feel that relocating both our manufacturing facility and creating a new taproom space will "soften" the neighborhood and begin to build a bridge that connects other parts of Downtown (breweries" with the amazing environment that has been created in the Sawmill area and beyond to the Biopark etc...

Question: Management: If the project will not be managed by the applicant, who will manage it and does the applicant have any long-range involvement?

The project will be managed by the applicant

Question: Indicate the estimated appraised value of the project after completion.

\$4,500,000