

1 **CITY OF SANTA FE, NEW MEXICO**

2 **BILL NO. 2016-27**

3 **INTRODUCED BY:**

4
5 Councilor Renee D. Villarreal

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9
10 **AN ORDINANCE**

11 **RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN**
12 **ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL**
13 **ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN**
14 **THE CITY OF SANTA FE AND THE SANTA FE FARMERS' MARKET INSTITUTE FOR**
15 **IMPROVEMENTS TO THE FARMERS' MARKET PAVILION, A LOCAL ECONOMIC**
16 **DEVELOPMENT PROJECT.**

17
18 **BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:**

19 **Section 1. Short Title.** This Ordinance shall be known as the "Santa Fe Farmers'
20 Market Institute Local Economic Development Project Ordinance."

21 **Section 2. Recitals.**

22 A. The Local Economic Development Act, Sections 5-10-1 et. seq. NMSA 1978
23 explicitly permits municipalities to assist qualifying entities with economic development projects
24 through the use of public resources; and

25 B. The City of Santa Fe has complied with the requirements of the Local Economic

1 Development Act by adopting an Economic Development Fund Ordinance (11-14 SFCC (1987)),
2 incorporating within that ordinance its community economic development plan and its economic
3 development strategy for implementation dated May 21, 2008; and

4 C. In 2004 and 2007, the City approved an Economic Development Project Participation
5 Agreement (“PPA”) between the City and the Santa Fe Farmers’ Market Institute and designated the
6 Santa Fe Farmers’ Market Institute as a “Qualifying Entity” to receive funding from the City for the
7 Santa Fe Farmers’ Market Institute that would support the City’s Economic Development Plan. This
8 Plan was successfully completed.

9 D. The Santa Fe Farmers’ Market Institute Economic Development Project is an indoor
10 facility at the Santa Fe Railyard for vendors to become successful in their business by bringing more
11 and better products to the market while educating the community on the benefits of healthy local
12 food.

13 F. In 2013, the State Legislature appropriated \$135,000 to design, construct, equip and
14 furnish the pavilion, including lighting, and to design, purchase and install a counter in the café at the
15 concession facility at the Santa Fe Farmers’ Market in Santa Fe. This project identified as Project 13-
16 L-1773 will provide opportunity for more weddings, quinceaneras and other fundraisers at the
17 pavilion and thus, generate more tax bases, more gross receipts taxes and more parking usage.

18 **Section 3. Findings.** The governing body hereby finds:

19 A. The City of Santa Fe has determined that it is in the interest of the welfare of the
20 citizens of Santa Fe to enter into an Economic Development Project Participation Agreement for the
21 purposes of effectuating its Economic Development Plan and the Project.

22 B. In compliance with the City’s Economic Development Fund Ordinance, 11-14 SFCC
23 (1987), this Project Participation Agreement between Santa Fe Farmer’s Market Institute and the City
24 clearly state the following:

25 (1) The economic development goals of the project;

- 1 (2) The contributions of the City and Santa Fe Farmers' Market Institute.;
- 2 (3) The specific measurable objectives upon which the performance review will
- 3 be based;
- 4 (4) A schedule for project development and goal attainment;
- 5 (5) The security being offered for the City's investment;
- 6 (6) The procedures by which the Project may be terminated and the City's
- 7 investment recovered;
- 8 (7) The time period for which the City shall retain an interest in the Project; and
- 9 (8) The Farmers' Market is a qualifying entity; and
- 10 (8) A "sunset" clause after which the City shall relinquish interest in and
- 11 oversight of the project.

12 **Section 4. Approval and Adoption of the Project Participation Agreement.** The

13 governing body hereby approves the 2016 PPA (attached as Exhibit A) whereby the City will be the

14 Fiscal Agent for the State Legislative appropriation of \$135,000. The City will pass through the State

15 Legislative appropriation of \$135,000 to the Santa Fe Farmers' Market Institute and the funds shall be

16 used to design, construct, equip and furnish the pavilion, including lighting, and to design, purchase

17 and install a counter in the café at the concession facility at the Santa Fe Farmers' Market in Santa Fe.

18 **Section 5. Severability Clause.** If any section, paragraph, clause, or provision of this

19 ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder

20 shall for any reason be held to be invalid, unlawful, or unenforceable, the invalidity, illegality, or

21 unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the

22 remaining portions of this ordinance or the regulation so challenged.

23 **Section 6. Effective Date.** This ordinance shall become effective immediately upon

24 adoption.

1 Kelley A. Brennan
2 KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

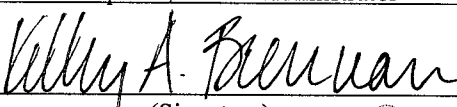
(Check) Bill: X Resolution: _____
(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AN ORDINANCE RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN THE CITY OF SANTA FE AND THE SANTA FE FARMERS' MARKET INSTITUTE FOR IMPROVEMENTS TO THE FARMERS' MARKET PAVILION, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

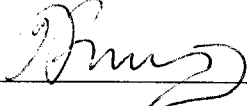
Sponsor(s): Councilor Villarreal

Reviewing Department(s): Public Works Department

Person Completing FIR: David A. Chapman, Grant Administrator Date: May 2, 2016 Phone: Ext. 2012

Reviewed by City Attorney: 
(Signature)

Date: 5/13/16

Reviewed by Finance Director: 
(Signature)

Date: 5-16-2016

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution.

The purpose of this Bill is so that an Ordinance can be adopted enabling the City to execute a Project Participation Agreement between the Santa Fe Farmers' Market and the City which will allow, when approved by the State, the release of a \$135,000 Severance Tax Bond Agreement Grant that was authorized by the 2013 State Legislative Session. This appropriation requires no city match or funding.

Section C. Fiscal Impact

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
 "N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
 "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 2016	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY 2017	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel* \$1,097.70 A NR \$7,028.10 A NR _____

Fringe** \$ 297.55 A NR \$3,566.72 A NR _____

Capital Outlay \$ _____ _____ _____ \$ _____ _____ _____ _____

Land/ Building \$ _____ _____ _____ \$ _____ _____ _____ _____

Professional Services \$ _____ _____ _____ \$ _____ _____ _____ _____

All Other Operating Costs \$ _____ _____ _____ \$ _____ _____ _____ _____

Total: \$1,395.25 \$10,594.82

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- To indicate new revenues and/or
- Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue 2013 STB 13-1773	FY 2016	"R" Costs Recurring or "NR" Non-recurring	FY 2017	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____ \$ _____ \$ _____

_____ \$ _____ \$ _____

_____ \$ _____ \$ _____

Total: \$ 0 \$ 0

3. Expenditure/Revenue Narrative:

No significant direct fiscal impacts are anticipated.

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The revenue source is a 2013 State Legislative Appropriation in the amount of \$135,000. There is no City match. The City will act as the Fiscal Agent and Project Manager for the appropriation. The funds will be available once the Severance Tax Bond (STB) Agreement between the State and the City is fully executed. The STB Agreement will not be released to the City until a Project Participation Agreement (PPA) between the City and the Santa Fe Farmers' Market Institute (SFFMI) is 'agreed to in form' by the State. The PPA requires that this Ordinance be adopted.

- There will be no personnel or salary increases required for this project. A Project Manager will need to be assigned (Robert Siqueiros) for this project and the project will be added to the Grant Administrator's (David A. Chapman) task list of responsibilities for grant administration and oversight.

Miscellaneous expenses/costs will be absorbed within existing budgets of Public Works and other departments:

- Purchase of printed copies of grant reimbursement and project management documents
- Administrative costs related to the City acting as the Fiscal Agent for this appropriation

There is a positive and significant direct impact to City revenues that are expected:

- Over the next 10 years, the benefits from these improvements to state and local governments will amount to \$304,954.
- These additional revenues will exceed the value of the State grant.

Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Yes, failure to enact the bill would result in the loss of a \$135,000 State Legislative Severance Tax Bond appropriation for the non-profit, Santa Fe Farmers' Market Institute. It would also have adverse consequences to the City from the non-profit interests and the overall community.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

Public Works staff is not aware of any drafting issues in the proposed ordinance. One concern is that the funding of this project in the form of a 2013 State Legislative Severance Tax Bond Grant will expire on June 30, 2017. Both the non-profit and City are aware of this timeline and are geared up to complete the project on-time.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The total revenue received by state and local government during the construction components of this project (13-1773) and over the next 10 years of market operations from GRT, property tax and parking is estimated at \$304,954. This exceeds the value of the grant (\$135,000).*

***Attachment A to the PPA titled: Analysis of the Historic and Future Benefits & Costs of the Santa Fe Farmers' Market Building, Bruce Poster, dated January 2015.**

Still needed for completion of project:Equipment: Back of house, phase two:

Mixer	\$1,200
Dishwasher	\$3,250
Worktable, 96"	\$1,100
Under-counter fridge	\$3,100
72" Tables (25)	\$3,650
Table Racks (3)	\$720
Juicer	\$3,000
Back of house subtotal:	\$16,020
GRT (8.3125%)	\$1,332
5% variance	\$801
Back of house equipment Subtotal	\$18,153

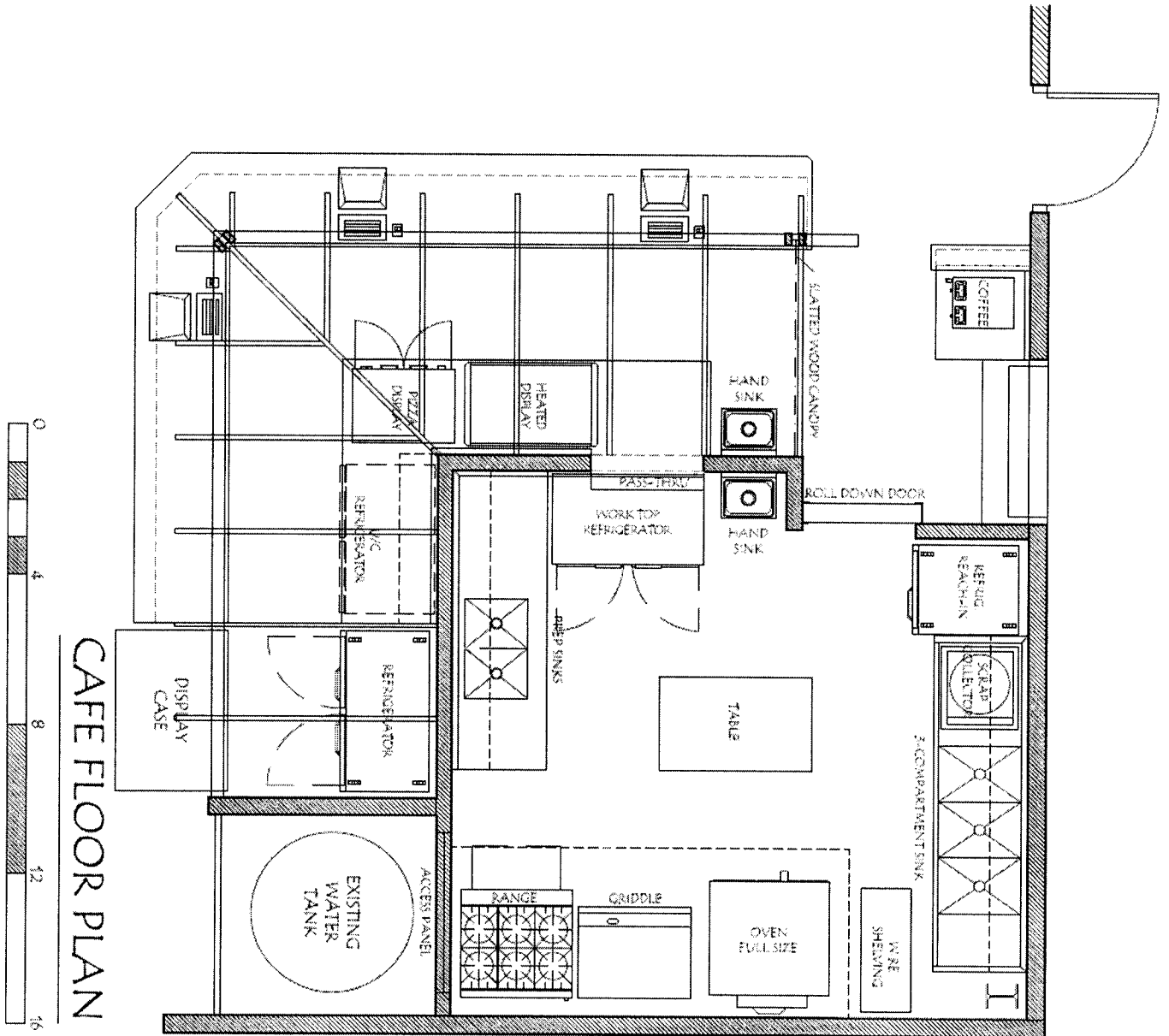
Equipment: Front of house, phase two:

Fridge	\$2,150
Freezer	\$2,500
Display Case	\$2,500
Front of house subtotal:	\$7,150
GRT	\$585
5% variance	\$358
Front of house equipment Subtotal	\$8,093

Construction: front of house, phase two:

	\$53,000
GRT	\$4,339
5% variance	\$2,650
Construction Subtotal	\$59,989

Grand Total Still needed for \$86,235



A2

SANTA FE FARMERS MARKET CAFE SANTA FE, NEW MEXICO

TEAM:
PEREZ-DAPLE ARCHITECTS, LLC
SANDRA PEREZ DESIGN, LLC
VIGIL DESIGN
RDA DESIGN GROUP

09-28-09

ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT

THIS ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT ("Agreement") is made and entered into by and between the City of Santa Fe ("City") and Santa Fe Farmers' Market Institute, a non-profit incorporated and in good standing in the State of New Mexico (hereinafter referred to as the "Qualifying Entity" or "Q/E"), collectively referred to as the "Parties."

WHEREAS, the State of New Mexico ("State") has deemed it in the best interest of its citizens to enact the Local Economic Development Act (NMSA 1978, Sections 5-10-1 through 5-10-13 (1993) (as amended) (the "Act") to permit municipalities to assist qualifying entities with economic development projects through the use of public resources;

WHEREAS, pursuant to the Act, the City enacted via Ordinance No. 1996-21, §1, its Economic Development Plan Ordinance, (11.1 through 11-11.16 SFCC (1987)), which provides for economic development projects within the City through the use of public resources;

WHEREAS, pursuant to the Act, the City incorporated within the Development Fund Ordinance its Community Economic Development Plan dated May 21, 2008 (CEDP);

WHEREAS, the City has determined that it is in the interest of the welfare of the citizens of the City of Santa Fe to enter into this Agreement for the purposes of effectuating its Community Economic Development Plan, pursuant to the Act and the Economic Development Plan Ordinance;

WHEREAS, as a condition precedent to the execution of this Agreement, the City's Governing Body will have approved this Agreement via ordinance at a public hearing;

WHEREAS, the Santa Fe Farmers' Market Institute is a qualifying entity under the Economic Development Plan Ordinance (11-11.4(F) SFCC) and the Act (NMSA 1978, Section 5-10-3(I)(6)), in that the Q/E has a 40-year lease for and operates a "facility for the direct sales by growers of agricultural products, commonly known as farmers' markets";

WHEREAS, the Q/E has already received capital outlay funds appropriated by the State Legislature to construct the facility (the "Building"), including funds under a prior successfully performed economic development project participation agreement with the City;

WHEREAS, pursuant to the Act, the 2013 State Legislature appropriated \$135,000.00 in capital outlay funds ("Appropriation") "to design, construct, equip and furnish the pavilion, including lighting, and to design, purchase and install a counter in the café at the concession facility at the Santa Fe farmers' market", identified as project 13-1773 ("Project");

WHEREAS, this Appropriation expires June 30, 2017;

WHEREAS, the Appropriation is for improvements to the pavilion ("Pavilion") in the Building;



WHEREAS, the City will act as fiscal agent for the Appropriation pursuant to a grant agreement between the City and the New Mexico Department of Finance Administration expected to be entered into soon after the execution of this Agreement;

WHEREAS, the improvements to the Pavilion will provide more opportunities for weddings, quinceañeras and fundraisers in the Building, thus generating increased tax bases, gross receipts taxes, and parking revenues;

WHEREAS, the City has complied with the requirement of its Economic Development Plan Ordinance (11-11.1 through 11-11.16 SFCC), by adopting this Agreement which states the contributions and obligations of all parties in the economic development project;

WHEREAS, the Act, at NMSA 1978 Section 5-10-10(B), provides that, in order to receive assistance, a qualifying entity shall be required to provide a substantive contribution, which shall be of value and may be paid in money, in-kind services, jobs, expanded tax base, property or other service of value for the expansion of the economy; and

WHEREAS, this Agreement clearly states the following as required by the Act and the Economic Development Plan Ordinance: (1) the economic development goals of the Project; (2) the contributions of the City and the Q/E; (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 and State's investment; (6) the procedures by which the Project may be terminated and the City's investment recovered; (7) the time period for which the City shall retain an interest in the Project; (8) that the Farmers Market Institute is a qualifying entity; and (9) a "sunset" clause after which the City shall relinquish interest in and oversight of the Project.

NOW THEREFORE, in consideration of the foregoing premises, the following and other good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned parties hereby agree as follows.

1. **CONTRIBUTIONS AND OBLIGATIONS OF THE CITY AND THE Q/E**

The Q/E acknowledges and agrees that the City's dispersal of the 2013 Appropriation in the amount of \$135,000.00 is contingent upon the City's compliance with all the terms and conditions of the grant agreement to be entered into between the City and the State of New Mexico Department of Finance and Administration (DFA) Local Government Division (LGD).

A. **Economic Development Goals.** The Project addresses the following economic development goals from the CEDP:

- (1) Implementing comprehensive economic development policies that address both local and regional objectives;
- (2) Directing major economic development initiatives toward creating opportunities for local residents that result in the steady improvement in the standard of living;

- (3) Ensuring that the City's economic prosperity is shared equitably;
- (4) Fostering the region's economic development while preserving its unique and diverse quality of life;
- (5) Using sustainably the region's natural, financial, intellectual, technological and physical resources; and
- (6) Diversifying the economic base of the City to support a vibrant and sustainable mix of jobs and opportunities.

B. City's Disbursement of Funds. To date, the Q/E has already received prior awards of \$1,800,000.00 in capital outlay funds from the State Legislature to construct the Building. The City shall act as fiscal agent for the Q/E for 2013 Appropriation of an additional \$135,000.00 in capital outlay from State legislative appropriations for the Project: improvements to the Building to design, construct, equip and furnish the Pavilion, including lighting, and to design, purchase and install a counter in the café at the concession facility at the Building. The legislative appropriations will be disbursed by the City as reimbursements to the Q/E upon the City's receipt of payment applications from the Q/E. Payment applications will have a cover letter from the Q/E requesting that State grants be paid toward reimbursement of design, construction and equipment expenses, and receipts and/or invoices to support those requests. The City will disburse the granted funds to the Q/E within thirty (30) days of receipt of the payment applications. The City may require a specific form to be submitted for the application. The Q/E's failure to abide by these rules may result in the denial of its payment requests or delay in their processing. The City has the right to reject a payment request unless and until it is satisfied that the expenditures in the payment request are for valid purposes and that the expenditures and the Q/E are in compliance with this Agreement and enable the City to comply with its grant agreement with DFA.

C. Q/E's Contribution and Performance Requirements. The Q/E shall have the following Contribution and Performance Requirements under this Agreement.

(1) Construction Jobs. The Project is estimated to generate 3,408 hours of construction labor at an average wage of \$30/hr, for total construction wages of \$102,239, as outlined in the January 2015 Economic Benefits Analysis, attached hereto as **Attachment "A"**.

(2) Expanded Tax Base. The Project's estimated contributions to the City's tax base are enumerated on pages 10 to 12 of the Economic Benefits Analysis. It is estimated that the gross receipts tax (GRT) generated from construction of improvements to the Pavilion will be \$9,768.00. Upon completion of the Project, the GRT from operation of the farmers' market at the Building is estimated to increase by an additional \$19,650.00 on an annual basis and \$196,650.00 on a ten-year projection. The property taxes are estimated to increase by an additional \$1,357.00 on an annual basis and \$13,570.00 on a ten-year projection. Parking revenues are estimated to increase by \$9,000.00 on an annual basis and \$90,000.00 on a ten-year projection.

(3) In-Kind Services. The Q/E through the direction of the City's Project Manager will manage all aspects of the Project, from concept to completion.

(4) Other.

a)

The Q/E will continue to offer the following programs:

- (i) Q/E will offer free of charge to the community, quarterly workshops, films, and/or lectures on food, agricultural and ecological issues.
- (ii) Q/E will offer every other month facility tours to Santa Fe youth to discuss green building techniques and instruction on gardening/planting.
- (iii) Q/E will offer nonprofit groups involved in the manufacture and sale of regional arts and crafts (like the Artist Market, Wood Workers Guild, and Spanish Colonial Arts Society) affordable use of the Market Hall on any day or evening of the week except for when the Santa Fe Farmers' Market is operating at the Building.
- (iv) Q/E will offer nonprofit organizations with a focus on land, agriculture, water, ecology and sustainability issues affordable use of the Market Hall and will give first priority to nonprofits that work in these areas for leasing office space on the second floor of the Building.
- (v) Q/E will implement a food stamp program at the Santa Fe Farmers' Market to serve the 4,000 families and 8,700 individuals receiving food stamp benefits in Santa Fe County that augments the WIC program, already underway;
- (vi) Q/E will administer a micro-lending program for farmers, through the Permaculture Credit Union;
- (vii) Q/E will provide estate planning information for farmers;
- (viii) Q/E will initiate links between farmers and land trust organizations to help keep agricultural lands in use;
- (ix) Q/E will develop an internship program to bring new farmers into contact with the experienced farmers at the Santa Fe Farmer's Market for knowledge sharing and mentoring;
- (x) Q/E will run the information booth at the Santa Fe Farmers' Market to provide outreach and education up to 8,000 visitors per market day;
- (xi) Q/E will provide professional development resources to farmers;
- (xii) Q/E will support the efforts of the Santa Fe Farmers' Market to run a farmers' market in the Railyard; and
- (xiii) Q/E will oversee the subleasing of the Market Hall and all its uses.

b)

Q/E will offer at least one additional daytime event per month; and

c)

Q/E will make the Building and its Pavilion with its improved kitchen facilities and equipment available for private and public functions, including but limited to weddings, quinceañeras and fundraisers.

2. **PERFORMANCE REVIEW AND CRITERIA**

A. Project Completion. Upon final disbursement of the 2013 Legislative Appropriation disbursed by the City as fiscal agent, the Q/E will provide the City with a copy of the final inspection from the New Mexico Construction Industries Division (CID).

B. Biannual Reports. The Q/E will provide biannual reports to the City's Grant Administrator by May 1 and November 1 of each year during the duration of this Agreement, and City staff shall review these reports. The Q/E's biannual reports shall contain a description of accomplishments to date, the methods and procedures being used to implement the Project and the impact of the Project, any problems or delays that have occurred, as well as a detailed budget breakdown of expenditures to date. The biannual reports shall clearly indicate how the Q/E has verified the revenue estimates and other indices contained in Section 1(C) of this Agreement and the Economic Benefits Analysis. See Attachment "A". The review shall determine whether the Project is in compliance with the Agreement and whether the Q/E is substantially achieving the Contribution and Performance Requirements herein.

C. Monthly Status Reports. Submit a monthly status report to the City's Grant Administrator by the 20th of each month in order to facilitate the City's Capital Project Monitoring System (CPMS) Reporting requirements.

D. Final Project Report. The Q/E shall submit to the City a Final Report for the Project. The Final Report must be submitted with the final payment request for the Project and shall include all of the information in Section 2(B), herein.

E. Job Creation. The City's review of the biannual reports shall determine whether the Q/E has substantially achieved and maintained the job creation estimates embodied in Section 1(C) of this Agreement and the Economic Benefits Analysis. If, in the opinion of the City, these estimates are not substantially met, the City, in its review, shall determine whether a default has occurred.

F. Requests for Additional Information/Project Inspection. The City may require additional information as deemed necessary and the City and the DFA shall, upon reasonable times and upon reasonable notice, be permitted by the Q/E to conduct onsite inspections of the Project. The Q/E shall respond to such requests for reasonable information within a reasonable period of time.

3. **GENERAL PROJECT CONDITIONS**

A. Compliance With Law and Procurement Code. Appropriation funds must be spent in accordance with applicable laws, regulations, policies and guidelines, including but limited to, the City's Procurement Code.

B. Certification of Non-Interest. By the time of the Q/E submits its first application for payment, or the first annual report, whichever is earlier, the Q/E shall certify to the City that no member, officer, or employee of the City (or its designees or agents), no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure (or for

one year thereafter) shall have any interests (direct or indirect) in the Q/E or any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The Q/E shall certify that such a provision shall be included in all contracts and subcontracts in connection with the Project.

C. The Q/E shall at no time convert any property acquired or developed with Appropriation funds to uses other than those specified for the Project under this Agreement.

4. **PROJECT SCHEDULE**

A. Construction Start-Up. Construction of the Project is expected to commence during the second half of 2016. The timeline and expected sequence of activity shall include:

(1) Conceptual design development and cost determination: one month after commencement

(2) Design: one month after completion of conceptual design development and cost determination

(3) RFP and Equipment Purchase Orders (PO): 46 days after completion of design

(4) Construction and Installation: 76 days after completion of RFP and Equipment purchase orders

B. Operating Start-Up. Operations at the Building are expected to continue during construction.

C. Projected Expenditures. **Attachment “B”** lists the projected expenditures under this Agreement.

5. **FAILURE TO PERFORM; REMEDIES; SECURITY**

A. Default.

During the Term of this Agreement, in the event the Q/E fails to fulfill, in whole or in part, the Contribution and Performance Requirements under Section 1(C), the Q/E shall be in default. If the Q/E is found to be in default, the City reserves the right to terminate the Agreement and recall public funding proportionally, to the extent that the Q/E has not fulfilled the Contribution and Performance Requirements.

In the event of such default the City may demand and the Q/E shall reimburse the City in the amount of appropriations already disbursed to the Q/E by the City or the State in support of the Project under the Act, adjusted to an amount that the City, in its sole discretion, deems proportionate to the extent of the default. The Q/E shall reimburse the City within ninety (90) days after such notice of default is given. In the event the Q/E fails to timely make such payment, the City may pursue its rights under the Irrevocable Letter of Credit, securing performance under this Agreement.

B. Security for Performance.

This is a grant project only, with the City acting as fiscal agent. The Q/E has no loan obligations for repayment to the City or State, but is obligated to fulfill the Contribution and Performance Requirements of this Agreement, however if the Q/E is found by the City to be in default, then the City may elect to demand financial reimbursement by the Q/E.

As security for fulfilling the Contribution and Performance Requirements, before the City may disburse any appropriations to the Q/E, the amount of public monies to be disbursed shall be securitized in a manner satisfactory to the City. The expected securitization method is an irrevocable stand-by letter of credit, with the City as beneficiary, from which the City may immediately draw down upon the City's presentation of a demand for payment and evidence of Q/E's default ("Irrevocable Letter of Credit"). The expiry date ("Expiry Date") of the Irrevocable Letter of Credit shall extend to the Term of this Agreement. The Letter of Credit shall be from an issuing financial institution, in substantially the same form as **Attachment "C"**. At any given time, the Irrevocable Letter of Credit must secure an amount, and the City shall be able to draw down an amount, at least equal to the amount of appropriations made to the Q/E for the Project, the maximum being \$135,000.00. Funds from the Irrevocable Letter of Credit may be drawn in one drawing or from time to time in one or more partial drawings on or before the Expiry Date. The Q/E shall have executed and delivered to the City all documents the City shall reasonably require to evidence such an Irrevocable Letter of Credit. The Q/E's failure to do so shall constitute a material breach of this Agreement.

During the term of this Agreement, the Q/E may request a full or partial release of the Irrevocable Letter of Credit, by the substitution of collateral, repayment of the disbursed appropriation, or proof that the Q/E has met the Contribution and Performance Requirements, in part or in whole, under this Agreement. Any full or partial release of the Letter of Credit will be proportional to the value of the substitute collateral, repayment, or the portion of Contribution and Performance Requirements met. Acceptance of substitute collateral or proof of performance goals shall be within the City's sole and absolute discretion.

6. **TERM**

This Agreement shall remain in force for ten (10) years from the start of the date this Agreement is entered into or until conditions of the Agreement are performed in full or to the satisfaction of the City. In the event that the Q/E performs or exceeds the required performance levels contained in this Agreement, this Agreement may be terminated at that time in writing by the City.

7. **SUNSET**

The term of this Agreement will not be deemed terminated and this Agreement will remain in effect unless and until the City determines that the objectives under this Agreement have been fulfilled and a closure letter by the City is provided to the Q/E.

8. **TERMINATION**

This Agreement may be terminated by the City upon written notice delivered to the Q/E

at least 45 days prior to the intended date of termination in the event that the Q/E ceases to operate the Project in accordance with the terms of this Agreement. If the Q/E is found to not be in substantial compliance with the Agreement, the City reserves the right to terminate the Agreement and recall public funding proportionally, to the extent that the Q/E has not fulfilled the goals, and exercise its rights to security interests as set forth in Article 5 of this Agreement.

9. **STATUS OF THE Q/E**

The Q/E, and its agents and employees are not employees of the City. The Q/E, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles or any other benefits afforded to employees of the City as a result of this Agreement. The Q/E shall be solely responsible for payment of wages, salaries and benefits to any and all employees or subcontractors retained by Contractor in the performance of the services under this Agreement.

10. **ASSIGNMENT BINDING EFFECT; SUCCESSORS AND ASSIGNS**

A. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors in interest by way of merger, acquisition, or otherwise, and their permitted assigns

B. The Q/E may not assign any of its rights, privileges, obligations or other interest under this Agreement, voluntarily or involuntarily (including any claims for money due or to become due under this Agreement), whether by merger, consolidation, dissolution, operation of law or any other manner, without the written consent of the City.

C. Any purported assignment of rights in violation of subsection (B) is void.

11. **LIABILITY**

It is expressly understood and agreed by and between Q/E and the City that Q/E shall defend, indemnify and hold harmless the City for all losses, damages, claims or judgments on account of any suit, judgment, execution, claims, actions or demands whatsoever resulting from Q/E's actions or inactions as a result of this Agreement, as well as the actions or inactions of Q/E's employees, agents, representatives and subcontractors. The Q/E shall maintain adequate insurance in at least the aggregate maximum amounts which the City could be liable consistent with the provisions of the New Mexico Tort Claims Act. It is the sole responsibility of the Q/E to be in compliance with the law.

12. **INSURANCE**

A. The Q/E, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City will be notified within 10 days of cancellation for any reason. The Q/E shall

furnish the City with a copy of a “Certificate of Insurance” as a condition prior to performing services under this Agreement.

B. The Q/E shall also obtain and maintain Workers’ Compensation insurance, required by law, to provide coverage for the Q/E’s employees throughout the term of this Agreement. The Q/E shall provide the City with evidence of its compliance with such requirement.

13. **NEW MEXICO TORT CLAIMS ACT**

Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et seq. NMSA 1978, as amended. The City and its “public employees” as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

14. **THIRD-PARTY BENEFICIARIES**

By entering into this Agreement, the Parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Q/E. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third-party beneficiary of this Agreement.

15. **RECORDS AND AUDITS**

The Q/E shall maintain throughout the term of this Agreement and for a period of six years thereafter, all related records, including but limited to, all financial records, requests for proposals (RFPs), invitations to bid, selection and award criteria, contracts and subcontracts advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the total funds from all sources budgeted hereunder, the purpose for which such funds were used, and other such records as the City or DFA shall prescribe. The Q/E shall be strictly liable for receipts and disbursements related to Project funds. These records shall be subject to inspection by the City, DFA, and the State Auditor upon request. The City shall have the right to audit billings both before and after payment; payments under this Agreement shall not foreclose the right of the City to recover excessive illegal payments.

16. **APPROPRIATIONS**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Department of Finance and Administration on behalf of the Q/E to the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Department of Finance and Administration on behalf of the Q/E to the City, this Agreement shall terminate upon written notice being given by the City to the Q/E.

17. **RELEASE**

The Q/E, upon final fulfillment of this Agreement, releases the City, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement. The Q/E agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Q/E has express written authority to do so, and then only within the strict limits of that authority.

18. **CONFIDENTIALITY**

Any confidential information provided to or developed by the Q/E in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Q/E without the prior written approval of the City.

19. **CONFLICT OF INTEREST**

The Q/E warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under this Agreement. The Q/E further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

20. **AMENDMENT**

This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

21. **SCOPE OF AGREEMENT**

This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, or understandings have been merged into this written Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said performance. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in the Agreement.

22. **REPRESENTATIONS AND WARRANTIES**

A. The Q/E hereby warrants the Q/E is and will continue to be compliant with the provisions of the Americans with Disabilities Act, 29 C.F.R. 1630 (ADA) and all rules and regulations promulgated there under. The Q/E hereby agrees to defend, indemnify and hold harmless the City from and against all claims, suits, damages, costs, losses and expenses in any manner arising out of or connected with the failure of the Q/E, its contractors and subcontractors, agents, successors, assigns, officers or employees to comply with provisions of the ADA or the rules and regulations promulgated there under.

B. The Q/E agrees to comply with the applicable provisions of local, state and federal equal employment opportunity statutes and regulations.

C. The Q/E shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this Agreement.

23. **NOTICES**

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the Parties at the following addresses:

If to City:

Attn: David A. Chapman, Grant Administrator
City of Santa Fe
P.O. Box 909
Santa Fe, New Mexico 87504-0909

If to Q/E:

Board of Directors Chairperson
Santa Fe Farmers' Market Institute
1607 Paseo de Peralta, Suite A
Santa Fe, NM 87501

24. **APPLICABLE LAW; VENUE**

The Q/E shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Q/E agrees that the laws of the State of New Mexico shall govern. The Parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court

25. **NON-DISCRIMINATION**

During the term of this Agreement, the Q/E shall not discriminate against any employee or applicant for an employment position to be used in the performance by the Q/E hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

26. **SEVERABILITY**

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

27. **HEADINGS**

The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

28. **ATTACHMENTS**

All attachments are fully incorporated herein and made a part of this Agreement.

29. **COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

30. **REPRESENTATION ON AUTHORITY OF SIGNATORIES.**

The signatory for the Q/E represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. The Q/E represents and warrants that the execution and delivery of the Agreement and the performance of the Q/E's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date shown below that is signed by the City.

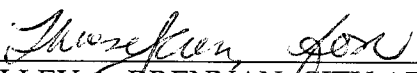
CITY OF SANTA FE:

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

OSCAR S. RODRIGUEZ, CITY FINANCE DIRECTOR

52852.572970 and 52852.572960

Business Unit & Line Item ^{dac}

**ECONOMIC BENEFITS ANALYSIS: HISTORIC AND FUTURE BENEFITS AND COSTS
OF THE SANTA FE FARMERS' MARKET BUILDING**

By Bruce Poster, President of Poster Enterprises

January 2015

Executive Summary

- The Farmers' Market Building received \$2,431,230 in grants from state and local government for its construction
- The construction of the building generated construction wages of \$1,171,943
- The operation of the building results in the direct employment of 58 persons (not counting contractors and consultants) and annual wages of \$2,784,570
- Using employment and earnings multipliers, the total employment from the operation is 78 persons, and the total annual earnings are \$3,748,741 (which does not count earnings by the farmers themselves)
- From 2008 to 2014, the construction and operation of the building has generated \$2,584,503 in gross receipts taxes (GRT), property taxes, and parking revenues for state and local governments
- The revenues generated to date already exceed the value of the grants received
- The improvements to the pavilion will be supported by a grant from state government of \$135,000
- Over the next 10 years, the benefits from these improvements to state and local governments will amount to \$304,954
- These additional revenues will exceed the value of the new grant from the state

Introduction

The Santa Fe Farmers' Market Institute (SFFMI) is a non-profit sister organization to the Santa Fe Farmers' Market. The Santa Fe Farmers' Market is responsible for operating the farmers' market in the building. The SFFMI owns the building and holds a long-term land lease with the Santa Fe Railyard Community Corporation. The SFFMI has received federal, state, and local governmental funds in support of the construction of a new building in the Santa Fe Railyard. That building was completed in September 2008. The Institute has also been awarded funds from the 2013 State Legislature to make improvements to the pavilion in that building. The purpose of this report is to:

1. Assess the costs and benefits derived from the original construction through 2014, and
2. Assess the future costs and benefits from the planned improvements to the pavilion

PART I: HISTORIC ANALYSIS OF ORIGINAL CONSTRUCTION

In this section, we assess the costs and benefits that have been derived from the original construction of the Farmers' Market building through 2014.

Project Costs/Revenues received

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The SFFMI has received the following government funds in support of the original construction of the Farmers' Market building:

- Capital Outlay from the State Legislature: \$1,800,000
 - Regional Planning Authority (via Santa Fe County): \$200,000
 - City of Santa Fe CIP Bond: \$200,000
 - HUD: \$249,230
- TOTAL: \$2,449,230**

Construction Employment and Wages

Between September 2006 and August 2008, the Farmers' Market building was under construction. During this time, employees and subcontractors of Cameron Construction put in 42,442 hours of work on the building and were paid \$1,047,400 in construction wages. In addition, employees of the SFFMI logged another 5,352 hours in support of the construction of the building and were paid \$124,543. Thus, there were 47,794 total construction hours with total earnings of \$1,171,943 at an average wage of \$24.52 per hour.

Construction GRT

Gross receipts taxes (GRT) were paid on the one-time construction of the SFFMI building. The total cost of the building was \$4,981,007, including GRT. In 2008, when the building was completed, the City's GRT rate was 7.9375%, broken out as follows: 3.9% to the State, 1.25% to Santa Fe County, and 2.7875% to the City. Thus, the amount of GRT paid to each entity on the construction of the building was as follows:

- State of New Mexico: \$179,960
 - Santa Fe County: \$57,691
 - City of Santa Fe: \$128,642
- TOTAL: \$366,293**

Operational Employment and Wages

The Santa Fe Farmers' Market employs two full-time and eight part-time staff. In 2013, these individuals were paid a total of \$286,700.

The SFFMI has 4 full-time employees. Employment started at 3 FTEs in 2008, increased to 3.5 in 2009 and 2010, peaked at 5 in 2011, and has since been at 4. Gross employee pay was at \$224,860 in 2014, which is above the seven-year average of \$203,198 for the period 2008-2014. When consultants, contractors, and interns are added to the employee earnings, the total payments to staff were \$316,059 in 2014.

Bioneers and Second Street Brewery are tenants in SFFMI's building.

There were initially 24 full-time employees at Bioneers when they first occupied the additional office space in 2010, although that number has since been reduced to 20 employees; as of 2014, some of those positions were moved to California. In the fiscal year ending March 31, 2014, Bioneers paid \$1,519,469 to its personnel and another \$137,170 to local contractors, for total wages of \$1,656,639.

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Second Street Brewery has 28 full-time employees who are paid \$525,172 per year in total wages.

In summary, total FTEs in the building have averaged 58 persons, not counting contractors and consultants. Total earnings of employees and consultants are currently at \$2,784,570 per year. When the RIMS II multipliers for Santa Fe County are applied to the employment and earnings figures, they result in total employment in the building (counting the employment in the building) of 74 persons and total annual earnings (counting earnings related to the building) of \$3,748,741. This does not count employment or earnings of the 129 vendors who are supported by the Farmers' Market.

GRT on Operations

Gross receipts taxes (GRT) are paid on the sale of non-exempt products and on the purchase of goods and services. Food sold at the market is exempt from GRT, but the sales at the shop and café are taxable. In 2014, sales at the shop were at \$388,000, while sales at the café were at \$307,100, for a total of \$695,100. This implies that GRT (at the current rate of 8.1875%) was paid in the amount of \$52,604. In 2014, Second Street Brewery paid \$122,903 in GRT on its sales at the Railyard. Thus, total annual GRT on sales in the Farmers' Market Building was \$175,507.

GRT is also paid on purchases of goods and services made by the tenants of the building. In the most recent year for which data is available, purchases amounted to \$269,399. This implies that GRT of \$86,541 was paid that year. In addition, it is estimated that sponsors of events in the pavilion (some of which are non-profit organizations) spend \$350,000 per year putting on their events. Assuming that GRT is paid on half of this amount, annual GRT of an additional \$14,328 is generated on purchases for events.

Adding the GRT on sales to that on purchases yields a total annual GRT payment of \$276,376. Over the 6.5 years of operations, total GRT payments are conservatively estimated at four times this amount (due to Second Street Brewery not operating from the outset) or a total of \$1,105,504. These dollars were distributed to the various entities as follows:

- State of New Mexico: \$526,552
- Santa Fe County: \$168,810
- City of Santa Fe: \$410,142
- **TOTAL: \$1,105,504**

These tax revenues do not include GRT on purchases of food, beverages, security, supplies, and other expenses made by organizations holding events at the pavilion.

Property Taxes

In 2014, the property tax bill for the SFFMI's building was \$28,959.39. Since the building opened in 2008, the Q/E has paid \$185,380 in property taxes (including taxes for 2014). This amount has been distributed to the various entities as follows:

- State of New Mexico: \$8,435
- Santa Fe County: \$83,662
- City of Santa Fe: \$45,993
- Santa Fe Public Schools and charter schools: \$24,377

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- Santa Fe Community College: \$22,913
- **TOTAL: \$185,380**

Parking Revenues

We estimate annual market attendance at 365,809. Assuming that there were an average of two persons per vehicle and that 78% of attendees drove (based on survey data), 142,666 vehicles pay for parking (surface or underground) each year. Assuming an average stay at the market of one hour, this results in annual parking revenues of \$142,666. Over the 6.5 years of market operations, this is equivalent to **\$927,326** in revenues received by the City Parking Division.

This analysis is conservative in that it does not include any parking revenues associated with events held in the pavilion.

Social Benefits

The following social benefits have been offered to the community by the Farmers' Market Institute (the Qualifying Entity or Q/E) during the period 2008 to 2014.

A. Q/E offers quarterly workshops/films/lectures to the community free of charge on food, agricultural and ecological issues.

Every year since the Santa Fe Farmers' Market building opened in 2008, SFFMI has conducted an annual film series in the Market Hall. Each year the series consists of about five monthly film showings, followed by speakers who lead discussions on the various topics covered by the films. Refreshments are provided, and the Market Hall is converted into a theatre for the movie series which is open to the public. The films have showcased important current issues surrounding sustainable agriculture, local food systems, and other critical concerns related to food security and the environment. Over the course of the past seven years the Q/E has conducted a total of 33 film presentations. Local businesses have provided sponsorships that help defray the cost of the events. The film series has become a popular community event, attracting an average of over 100 attendees per film, and the discussions that follow have been lively and productive.

B. Q/E offers facility tours to Santa Fe youth to discuss green building techniques, and gardening planting instructions.

SFFMI has offered the Children's Nutrition Program at the Santa Fe Farmers' Market Pavilion during the Fall Tuesday Market for the past four years. Each year, the Q/E conducts a multi-week Children's Nutrition Program at the Market, where elementary school children come to the Market to learn about how fruits and vegetables are grown and to expose them to fresh, healthy food. The program targets elementary grades 1 through 6. Each fall, at the Tuesday morning market, beginning late August, two classes per day attend in shifts. Students go with their teachers and chaperones to an "education area" in a corner of the market hall. Volunteer teachers prepare and conduct lessons for the children. Children learn about our local produce through presentations by a local farmer. They then have the opportunity to taste selected fruits and vegetables and record their reflections on their tasting experience in program notebooks. At the end of the class, students are each given \$2 worth of tokens to spend at the market to buy samples of fresh produce from the farmers to take home to their families. Students may only use the tokens on fresh

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fruits and vegetables. They venture through the market in small, supervised groups during this shopping experience.

Each year SFFMI selects a different school to participate. The Q/E focuses primarily on schools in the Santa Fe Public School System with students from predominantly low income families, a large percentage of whom qualify for the Free and Reduced Lunch Program. Participating schools have been: Gonzales, Aspen, Nava and Ramirez-Thomas elementary schools. In the past four years, the program has served about 1,000 students.

- C. Q/E offers nonprofit groups involved in the manufacture and sale of regional arts and crafts, like the Artist Market, Wood Workers Guild, and Spanish Colonial Arts Society, affordable use of the Market Hall on any day or evening of the week except for when the Farmers' Market is running.**

The Santa Fe Farmers' Market runs its regular market every Saturday morning year round and Tuesdays from May through November. Since the regular market is restricted to local food and agricultural products, the Market also sponsors a separate Artisans' Market every Sunday from 10:00 to 4:00 in the Market Hall. It provides a venue for local artists and craftsmen to sell their work. The Artisans' Market runs year round and has an average of 30 to 40 vendors per market day. Over the course of the past seven years, over 300 different artists and craftspeople have participated in the Artisans' Market.

- D. Q/E offers nonprofit organizations with a focus on land, agriculture, water, ecology and sustainability issues affordable use of the Market Hall and gives first priority to nonprofits that work in these areas for leasing office space on the second floor of the building.**

Ample space and facilities at affordable rates have made the Market Hall attractive to many non-profit organizations that have used it extensively over the years for meetings, as well as a venue for major fund-raising events. For example, organizations that have used the Market Hall just this past year include: the New Mexico Acequia Association, the New Mexico Farmers Marketing Association, Wild Earth Guardians, New Mexico Environmental Law Center, Habitat for Humanity, and St. Elizabeth's Shelter.

Upstairs from the Market Hall are two office suites. One suite is shared by the staffs of the Santa Fe Farmers Market and SFFMI. The other suite is leased to Bioneers, a nonprofit educational organization which acts as a hub of social and scientific innovators with practical and visionary solutions for the world's most pressing environmental and social challenges.

- E. Q/E implemented a food stamp program at the Santa Fe Farmers' Market to serve the 4,000 families and 8,700 individuals receiving food stamp benefits in Santa Fe County that augments the WIC program, already underway.**

An important goal of the SFFMI has been to improve access to healthy, local food by everyone in our community, especially low-income people who often lack that access. To that end, SFFMI developed a token system whereby Supplemental Nutrition Assistance Program (SNAP or food stamp) recipients can scan their Electronic Benefit Transfer cards at SFFMI's Information Table and receive \$1 tokens to spend on SNAP eligible food items at the Market. In order to facilitate and encourage that use, since 2010

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SFFMI has raised funding to run double value EBT campaigns at the Market. SFFMI matches EBT scans up to \$20 per market day. For example, SNAP recipients scan their card for \$20 and receive \$40 in tokens.

Since the Q/E began accepting EBT at the Santa Fe Farmers' Market, they have issued a total of \$265,000 in EBT tokens. Of that amount, over \$92,000 have been double value bonus tokens. To illustrate how much the doubling program has grown, nearly half of the EBT double value tokens were issued in 2014 alone. Because of the success of this program, SFFMI is committed to raising the funding necessary to run the doubling year round again in 2015. Last year, the City of Santa Fe Human Services fund provided the largest single contribution to the program with a \$20,000 grant. SFFMI plans to apply once again in 2015. The program has a great impact because, not only does it improve the health and nutrition of low income families, but it enhances the livelihoods of our local farmers, and even benefits the local economy with food dollars staying in our community.

F. Q/E raised the principal for and administers a micro lending program for farmers, through the Permaculture Credit Union.

The Institute raised \$200,000 to capitalize the loan fund. It began making loans in 2008 to provide our farmers and producers with ready access to the needed capital to take on projects and improvements to their farm operations that increase their capacity to bring more and better products to the market, while increasing their income and enhancing the livelihoods of their families. Many of these farmers would not qualify for a loan from a regular financial institution.

First the Q/E established a critical partnership with the Permaculture Credit Union (which has now merged with the Sandia Area Federal Credit Union). While the Credit Union manages the loans, SFFMI retains the authority and responsibility for all of the decisions regarding the approval of loans. We have a Loan Committee made up of peers (other SFFM vendors), as well as community members who know the Market. The Loan Committee accepts applications in three loan cycles per year, and also out of cycle in cases of emergency or time-sensitive projects. Over the past seven years of the loan fund SFFMI has made over 150 loans totaling about \$500,000, with only one default.

Many significant projects have been accomplished with these loans. The most popular use of the fund is for season start-up costs. Additional capital at this low cash flow time of the year allows farmers to produce more than they otherwise could have. Another popular use of the loan fund has been for building greenhouses or adding to or improving existing ones. Over 30 greenhouses have been built or improved with our loans. Other common uses have been irrigation systems that conserve our water resources, farm equipment for improved efficiency and production, and many more improvements to farm operations. Some farmers have used the fund as a bridge loan for grants such as Environmental Quality Improvement Program (EPIP) that work on a reimbursement basis. They have built greenhouses and installed irrigation systems with a loan from our fund, avoiding any up-front, out-of-pocket costs, and then paid the loan off in full upon reimbursement by the grant. These loans have improved the businesses and livelihoods of our SFFM farmers and agricultural producers and have resulted in more and better products for Farmers' Market customers.

G. Q/E provides estate planning information for farmers

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Because SFFMI has worked to link its educational programs to its Micro Loan Program, so that vendors can access financing to implement what they learn about, it established a program to mentor local vendors to develop good business plans. One of the SFFMI board members, who is a professional financial planner, volunteered her services to mentor vendors of the Market in business planning. She has worked one-to-one with farmers to help them develop business and strategic plans to expand their businesses and increase their profits.

The Program Director has also worked with several farmers individually to help link them to resources that can improve their businesses. USDA grants are available to farmers for many projects that can greatly enhance their operations. Many of these programs operate on a reimbursement basis, where farmers must provide the upfront costs of a project and be reimbursed only upon completion. This has been a major barrier for many farmers in the past. The Q/E has worked with several farmers to help them navigate the application process and to access a loan through our Micro Loan Program for the upfront cost. When the grant reimburses the farmer, he/she can repay the loan in full, avoiding out-of-pocket costs and continuing debt.

H. Q/E initiated links between farmers and land trust organizations to help keep agricultural lands in use.

An important goal of SFFMI has been to help preserve northern New Mexico's rapidly disappearing farmland. To address this problem, the SFFMI formed the Small Agricultural Land Conservation Initiative (SALCI) in May of 2009. Its purpose is to identify viable means of preserving small agricultural parcels in New Mexico in a way that rewards a family for the equity they've built up in the land, honors the cultural and agricultural traditions inherent in the land, and helps keep land accessible for future generations of agricultural producers. SALCI also established a bridge loan program to cover the cost of conservation easements that can be repaid by the sale of the transferrable tax credits.

In 2011, the Q/E worked extensively in partnership with the New Mexico Land Conservation Trust and a landowner in La Puebla to place 17 acres of prime irrigated farmland into a conservation easement. This would remove development rights and restrict it to agricultural use, significantly reducing the value of the property. Rather than selling at market rate, they were amenable to selling it to SFFMI for the reduced price, provided they could recuperate most of their loss by other means. Transferrable State Income Tax Credits for taking the development rights off the land and compensation from a USDA Farm and Ranch Land Protection Program grant with a Santa Fe County match could have made this scenario possible. SFFMI could then make that land available to small farmers for sale or lease at an affordable price, with a strict, enforceable mandate that the land remain in agricultural production in perpetuity.

In the end, title problems and an inability to come to terms on all of the issues caused the project not to come to fruition. Nonetheless, the process was well worth the time, since it helped establish a framework and replicable model that can be used in the future when another such opportunity becomes available.

I. Q/E developed an internship program to bring new farmers into contact with the Market's experienced farmers for knowledge sharing and mentoring.

SFFMI has a Training and Professional Development Program for SFFM vendors, which is described in more detail in K below. Some of the training workshops that were organized are hosted at the farms of

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some of our more experienced farmers. Some examples are: Don Bustos of Santa Cruz Farms, the Dixons of Green Tractor Farm, and Gurujwan Khalsa of Khalsa Greenhouses. Many of the younger, newer farmers request these trainings, where they can learn the techniques and practices of the masters; and, in addition, the workshops provide an excellent opportunity to network and share information and resources among farmers.

J. Q/E runs the information booth at the Santa Fe Farmers' Market to provide outreach and education to the up to 6,000 visitors per market day.

SFFMI hires staff to manage the information table at all of our Saturday markets year round and our Tuesday Market from May through November. In addition to providing information about the market and the available products and vendors, they also operate the machines that process credit, debit, and EBT transactions. Since vendors do not have the capacity to accept credit or debit cards, SFFMI, as a service for the convenience of customers, has machines at the information table which can scan their credit or debit cards and provide \$5 and \$10 tokens that can be spent like cash with any vendor at the Market, or even at the Café or Gift Shop. They can also process Supplemental Nutrition Assistance Program (SNAP) EBT cards and issue \$1 tokens which are accepted by all vendors of SNAP eligible food products.

K. Q/E provides professional development resources to farmers.

SFFMI has a Training and Professional Development Program for SFFM vendors. Our Education Fund provides scholarships for vendors to attend workshops and trainings related to their work. For example, the most requested training is the annual Organic Farming Conference in Albuquerque, attended by more than 700 participants each year. It is a two-day conference with many workshops in several different tracks, providing information on topics essential to farming and ranching. Many SFFM vendors, especially in the winter, would not be able to afford the \$100 registration fee and the one-night stay at the conference hotel covered by the scholarship. Over the past three years, SFFMI has provided over 80 such scholarships. It also accepts individual requests for scholarship assistance to other conferences, which can include partial assistance with travel expenses to out-of-state conferences. The Q/E has also cosponsored training series such as the Carbon Economy Series which brings in national experts on topics related to sustainable agriculture. In exchange for our sponsorship support, vendors are able to attend these trainings free of charge.

In addition to scholarships and sponsorships, SFFMI also organizes workshops of their own. The Q/E works with a Training Committee, composed of seven SFFM farmers to identify training needs. Past workshops have covered topics from business management to technical aspects of farming such as soil health, composting, and greenhouse growing. These trainings are offered free of charge to all vendors and their employees, and hundreds have taken advantage of these opportunities over the years.

L. Q/E supports the efforts of the Santa Fe Farmers' Market to run a farmers' market in the Railyard.

SFFMI is the non-profit sister organization of the Santa Fe Farmers Market, which is now recognized as one of the best farmers' markets in the country. As mentioned earlier, the staffs of the two organizations share office space and work very closely together. All of SFFMI's programs help to promote and strengthen the Market. The vendor support program helps local agricultural producers to

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be more successful in their businesses and to bring more and better products to the market. Community outreach efforts serve to educate the community on the benefits of healthy, local food and bring more people to the Market.

M. Q/E oversees the subleasing of the Market Hall and all its uses.

As owner of the Santa Fe Farmers' Market Pavilion, SFFMI manages all of the leasing of the building. The primary tenant, of course, is the Santa Fe Farmers' Market that runs a market Saturdays year round and Tuesdays from May through November. The Market also subleases the middle portion on the building. There they have an extension of their Gift Shop in the main hall and Café Fresh, which offers an espresso bar and additional menu items to their regular concession counter in the main hall. They also sublet the additional space to four outside commercial vendors who operate during all markets.

The Market Hall is available to rent for public as well as private events. It has become a popular venue for such private parties as weddings and quinceañeras. SFFMI also offers it to non-profit organizations at a reduced rate for meetings and major fund-raising events. Community usage of the hall has increased every year since it became available. In 2014 for example, the hall was rented out for 11 quinceañeras, 7 weddings, and 21 non-profit events. Thus, local non-profits benefit greatly from the availability of affordable rental space.

Other Community Benefits

In August 2009, 752 customers of the Santa Fe Farmers' Market were surveyed at the market. The results, compiled by Southwest Planning & Marketing, included the following and illustrate additional benefits provided to the community by the presence of the Market:

- 80% of the attendees were local residents, and 20% were from outside of Santa Fe County
- 56% of the customers visit the Saturday market 3-4 times per month and another 38% visit 1-2 times per month
- Average spending at the market was \$30.84 per party
- 58% of visitors and 31% of New Mexicans from outside of Santa Fe make purchases elsewhere in the Railyard area during their visits to the market, helping support the local economy
- Customers particularly value the quality and freshness of the food, the taste of the food, that it is locally grown, that the food is sustainable and environmentally friendly, that it is free of pesticides, and that much is organically grown

For the period 2008-2013, vendor-reported gross sales figures for farmers averaged \$2,261,198. Over 6.5 years, this amounts to \$14,697,787 in sales revenue. While these sales are not taxable, they support many farmers living in the region, who, in turn, spend money in the community.

Conclusion

Total revenues received by state and local government during the 6.5 years of market operations from GRT, property tax, and parking were \$2,584,503. This already exceeds the value of the grants (\$2,431,230). It does not take into account the GRT revenues generated by the spending of the farmers and by the spending of visitors elsewhere in the community. And, as noted above, the social benefits are also substantial.

PART II: IMPROVEMENTS TO THE PAVILION

In this section, we assess the future costs and benefits that are expected to be derived from the planned improvements to the Farmers' Market building. The Santa Fe Farmers' Market Institute has sought capital outlay funds to improve various aspects of the 10,000 square foot Pavilion in the Santa Fe Farmers' Market Building.

When the building opened in September 2008, the plan was to use it primarily for vendors at the Santa Fe Farmers' Market, especially to increase its Winter Market. Before the Pavilion was constructed, for example, the Winter Market was housed at El Museo Cultural or in the old Club Luna Building adjacent to Sage Bakehouse. In those days, in dank warehouse spaces, the Winter Market averaged about 10 vendors per market, except for during the holidays when the numbers went up to about 25 vendors. The Pavilion offered farmers and the community with a brightly lit, attractive space for winter vending, and now the Winter Market hosts up to 60 vendors during the holidays and from January through March an average of about 50 vendors each Saturday.

At the peak of the season, the Farmers' Market is about at capacity, especially if it is a good fruit year. In the winter, however, there are ample opportunities for farmers to market their products without excessive competition, but they had one small problem, which was a lack of capital to invest in their businesses to make winter growing a possibility. The Institute's micro loan program has now provided over 150 loans totaling almost \$500,000 to the farmers at the Market. Many of these loans were used for season extension or to build greenhouses for winter production. One can see the difference in the amount of fresh greens available in the wintertime at the Market. The loans have helped farmers grow their businesses and increase their income, and they have also helped create a thriving Winter Market for the community to enjoy.

The Pavilion, when empty, has become a busy event center, as well. In 2014 there were 45 events held in the Pavilion. Almost every weekend has an event in the Pavilion, with the exception of holiday weekends. The Q/E is working to bring more daytime events to the Pavilion during the week and is seeking capital outlay money to help fund improvements in the Pavilion to make it more user-friendly for events.

The skylight brings natural sunlight into the Pavilion during the Farmers' Market, but for business meetings, it makes it difficult to use audio visual equipment unless a retractable awning can be installed to block the light.

The halogen lights, though very efficient, must be warmed up before they provide enough light, and similarly, if they are turned off after being on for a while, they must cool off before they can be turned on again. This is a hazard to users of the Pavilion in the evenings. The bulb lights are fun and festive, but they are not energy efficient and ideally should be hard-wired into the facility.

The electrical services coming into the hall cannot accommodate heavy demand that an event often requires. As such, SFFMI has had to run cable across the common area into the electrical closet to bring in more power, which is a tripping hazard for customers and unsightly. It is also a hazard if a breaker is tripped due to insufficient power in the Pavilion.

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The café area in the Pavilion was never finished, as fundraising for the construction of the building stopped about \$400,000 short of what was needed. Now that the pavilion is having more weddings, quinceañeras and other fundraisers, there is a pressing need for a kitchen that can be used by caterers, better equipment for the Market's café, as well as capacity to cook limited snack bar items during the Market, using local farm food. Better displays, better equipment, and a more thoughtful layout are needed.

In order to be more competitive with event leasing, the SFFMI needs to purchase 25 72" round tables that can be rented for events. A sound system for the Pavilion is also needed for events.

Sound baffling is needed for the ceiling, as well as the north wall and garage doors. Window covers are needed for the clerestory windows, as the morning and afternoon sun can be blinding. More pipe and drape is needed to allow the room to be completely draped for events.

Project Costs/Revenues received

The SFFMI was awarded a capital outlay grant from the Legislature in 2013 in the amount of \$135,000 to pay for the improvements to the pavilion. (An additional \$77,873 will be needed to complete the improvements to the kitchen, not counting the sound baffling and electrical.)

Construction Employment

It is expected that the improvements will be made in the first half of 2016. The cost of construction labor is expected to be \$102,239 (with equipment costs equal to another \$32,601). At an average wage of \$30 per hour, this will amount to 3,408 hours of construction labor.

GRT on Construction

The value of the improvements to the pavilion is expected to be \$135,000, including GRT of \$9,768. In 2015, the City's GRT rate is 8.1875%, broken out as follows: 3.9% to the State, 1.25% to Santa Fe County, and 3.0375% to the City. Thus, the amount of GRT paid to each entity on the improvements will be:

- State of New Mexico: \$4,652
 - Santa Fe County: \$1,492
 - City of Santa Fe: \$3,624
- TOTAL: \$9,768**

GRT on Operations

It is expected that the improvements will enable the SFFMI to host at least one additional day-time event per month, generating an additional \$18,000 in annual event leasing revenues. In addition, the sponsors of a typical event can spend \$20,000 or more on coordination, food, beverages, security, supplies, and other expenses; many of these expenses are taxable. If we assume that half of the additional annual event-related spending of \$240,000 is taxable, that results in annual GRT revenues of \$19,650. Over 10 years, this is equivalent to \$196,500, which (at the current GRT rate) will be distributed to the various entities as follows:

- State of New Mexico: \$93,593
- Santa Fe County: \$30,005.50

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- City of Santa Fe: \$72,901.50
TOTAL: \$196,500

Property Taxes

It is expected that the property tax bill of the Q/E will increase to reflect the value of the improvements. This increase in assessed value is estimated at \$135,000. At current property tax rates, the annual increase in taxes will be \$1,357. Over a period of 10 years, the incremental property taxes will amount to \$13,570, with the following amounts distributed to the various entities:

- State of New Mexico: \$617.50
- Santa Fe County: \$6,124
- City of Santa Fe: \$1,677
- Santa Fe Public Schools and charter schools: \$3,366.50
- Santa Fe Community College: \$1,785
TOTAL: \$13,570

Parking Revenues

It is expected that the improvements will enable the SFFMI to host at least one additional day-time event per month. Assuming that 250 vehicles park for an average of three hours, the additional monthly event will increase annual parking revenues by \$9,000, equivalent to **\$90,000** over 10 years.

Social Benefits

The improvements to the pavilion will increase usage of the facility and, more importantly, provide for a safer and more aesthetic experience for organizations and their guests using the pavilion. It will also allow for more food for the cafe to be produced on site, potentially increasing the profitability of the operations. And it will increase the ability of local non-profits to generate revenues via use of the facility.

Conclusion

Total revenues received by state and local government during construction and over the next 10 years of market operations from GRT, property tax, and parking will be \$304,954. This will greatly exceed the value of the grant (\$135,000).

ATTACHMENT "B"

Santa Fe Farmers' Market Institute 2013 Capital Outlay Request

Revised Budget for the Actual Amount Allocated - \$135,000.00

This budget is for partial build-out of the kitchen area in the Santa Fe Farmers' Market Pavilion. It covers the cost of necessary equipment in the "back of the house" kitchen area, partial construction costs, and 1% for the arts. Still to complete would be the "front of the house" area, ie, the front counters, trellis, display cases, cash registers, counter lighting, cabinetry. Due to budget constraints, we also left off this budget a mixer, dishwasher, work table, prep sinks, under the counter refrigerator that can be added later to the "back of the house" area. Equipment costs shown are for used/refurbished equipment.

Equipment Costs

Oven, convection	6,500
Griddle	1,800
1 handsink	133
36" 6-burner gas range	1,500
Used hood assembly	3,000
Prep Sinks	1,500
<i>Subtotal:</i>	<i>14,433</i>
GRT (8.3125%)	1,200
≈5% variance on subtotal	722
Equipment Total	\$16,355

Construction Costs

Architectural, Engineering, @ 15% of \$150,000	
total construction estimate	22,500
Construction on back of house only	75,184
Hood Install	7,000
<i>Subtotal:</i>	<i>104,684</i>
GRT (8.3125%)	8,702
<5% variance on subtotal	5,234
Construction Total	\$118,620

Grand Total	\$ 134,975
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Still needed for completion of project:

Equipment: Back of house, phase two:

Mixer	\$1,200
Dishwasher	\$3,250
Worktable, 96"	\$1,100
Under-counter fridge	\$3,100
72" Tables (25)	\$3,650
Table Racks (3)	\$720
Juicer	\$3,000
Back of house subtotal:	\$16,020
GRT (8.3125%)	\$1,332
<u>5% variance</u>	<u>\$801</u>
Back of house equipment Subtotal	\$18,153

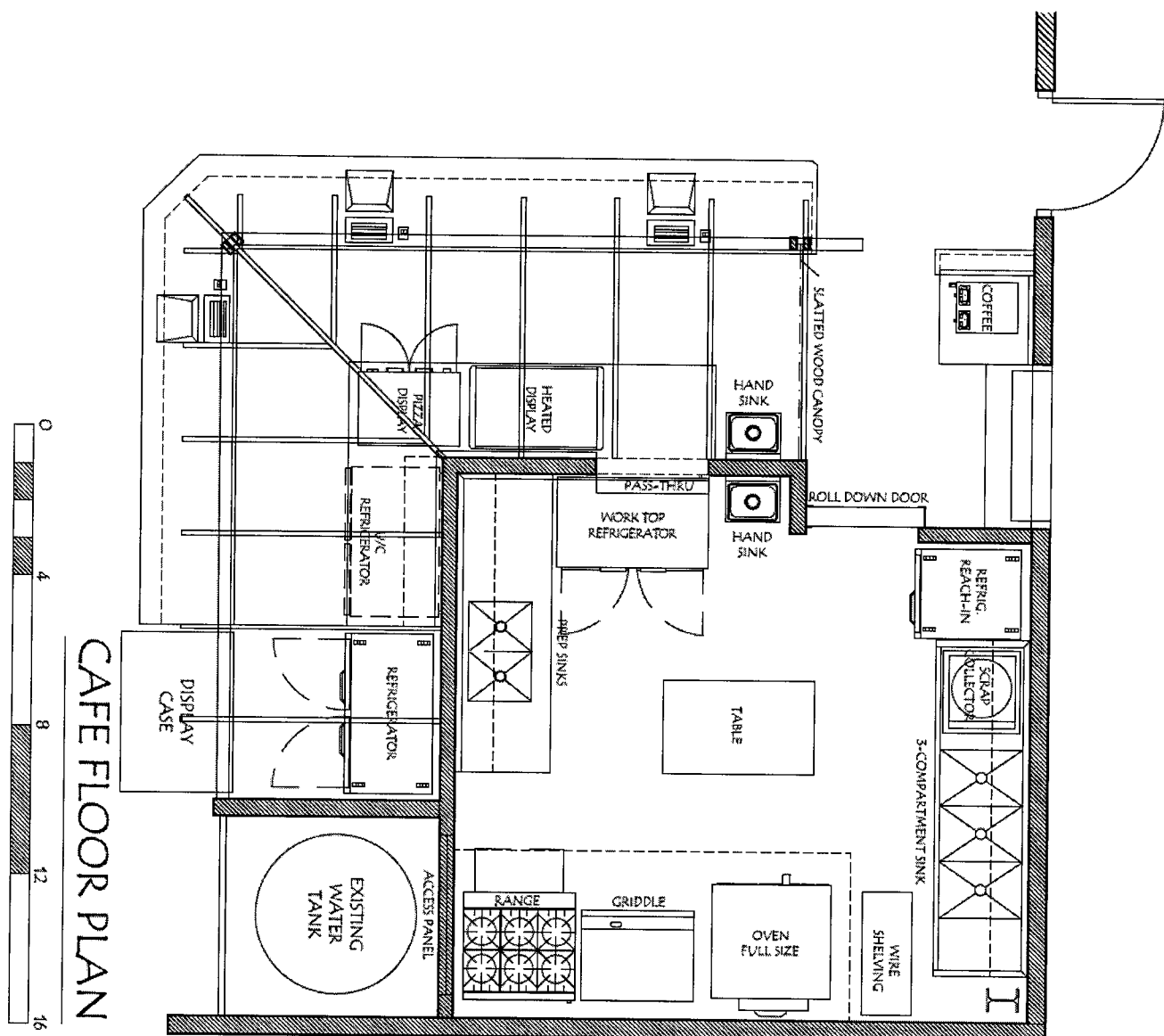
Equipment: Front of house, phase two:

Fridge	\$2,150
Freezer	\$2,500
Display Case	\$2,500
Front of house subtotal:	\$7,150
GRT	\$585
<u>5% variance</u>	<u>\$358</u>
Front of house equipment Subtotal	\$8,093

Construction: front of house, phase two:

	\$53,000
GRT	\$4,339
<u>5% variance</u>	<u>\$2,650</u>
Construction Subtotal	\$59,989

Grand Total Still needed for \$86,235



CAFE FLOOR PLAN

09-28-09

A2

SANTA FE FARMERS MARKET CAFE
SANTA FE, NEW MEXICO

TEAM:
 PEREZ-DAPLE ARCHITECTS, LLC.
 SANDRA PEREZ DESIGN, LLC.
 VIGIL DESIGN
 RDA DESIGN GROUP

CENTURYBANK

People • Relationships • Community

March 15, 2016

Kierstan Pickens, Executive Director
Santa Fe Farmers' Market Institute
1607 Paseo de Peralta, Suite A
Santa Fe, New Mexico 87501

Dear Sarah,

Century Bank ("Bank") is pleased to extend this letter of commitment to Santa Fe Farmers' Market Institute ("Borrower") as follows:

Proposed Borrower: Santa Fe Farmers' Market Institute, a New Mexico non-profit corporation

Proposed Guarantors: None

Loan Purpose: To provide an Irrevocable Standby Letter of Credit for the benefit of the City of Santa Fe

Proposed Total Loan Amount: \$ 135,000.00

Interest Rate: The interest rate will be floating at WSJ Prime plus 1.00% with a floor rate of 5.00%.

Interest After Default: Upon default, including failure to pay upon final maturity, the total sum due under the note may accrue interest at the rate of 21%. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

Fees to be Paid By Borrower:

Letter of Credit fee - \$2,025
Documentation fee - \$500.00
Mortgage Recording Fees - 25.00 est.
Title Search- TBD

Loan Term: One year term, with a provision for automatic renewal if not terminated

Repayment Schedule: If drawn, principal and interest are payable upon demand.

Late Charges: If a payment becomes late by fifteen (15) days Borrower will be charged 5% of the regularly scheduled payment or \$10.00, whichever is greater.

Prepayment: There is no prepayment penalty

Collateral: Second Leasehold Mortgage plus assignment of rents and land lease on 25,311 square foot building located a 1607 Paseo de Peralta in Santa Fe, New Mexico

No appraisal of title insurance will be required

Cure Provisions: If any default other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provisions of the note within the preceding twelve (12) months it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Financial Reporting Requirements:

Borrower will provide a CPA audited year end financial statement no later than June 30 of the following year.

Borrower will provide an annual rent roll listing outstanding third party leases and lease terms.

Approval Conditions: N/A

Hazard/Liability Insurance Requirements: Acceptable hazard and liability insurance must be purchased by Borrower listing Bank as loss payee and mortgage payee.

Commitment Termination: Bank may terminate this commitment prior to closing if (a) any material adverse change shall occur with respect to Borrower, Guarantors or any collateral or other source of repayment of the credit facility; (b) any part of the collateral shall have been taken in condemnation or other like proceeding; (c) the collateral or any part of the collateral shall have been damaged and not repaired to Bank's satisfaction; (d) a structural change in the physical condition of any portion of the collateral property has occurred; or (e) any other conditions set forth in this commitment have not been satisfied.

Commitment Transfer: This Commitment is made to Borrower and is not assignable to any other person or entity without the prior consent of Bank.

Governing Law: This Commitment, and all loan documents executed pursuant hereto, shall be governed and construed under the laws of the State of New Mexico.

If the aforementioned terms and conditions are acceptable to you, please sign below on behalf of Borrower and Guarantors return a copy of this letter to me at your earliest convenience. This commitment will expire if not accepted by March 31, 2016. Additionally, an accepted commitment will expire on April 15, 2016 if the loan is not by then consummated.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul A. Sowards", with a long horizontal flourish extending to the right.

Paul A. Sowards
Vice Chairman and Senior Lender

ACKNOWLEDGED AND AGREED TO:

Borrower:

Santa Fe Farmers' Market Institute

BY:

Kierstan Pickens, Executive Director

Date: