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ECONOMIC DEVELOPMENT REVIEW SUB-COMMITTEE

**City Hall
200 Lincoln Avenue**

**Councilor's Conference Room
Tuesday, May 31, 2016
1:30 PM – 4:00 PM**

- I. PROCEDURES
 - A. Roll Call
 - B. Approval of Minutes – January 28, 2016
 - C. Approval of Agenda
 - II. REPORTS (none)
 - III. UNFINISHED BUSINESS (none)
 - IV. NEW BUSINESS
 - A. Request for approval of 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 Santa Fe Distillery, LLC, "Santa Fe Spirits" for expansion to the existing manufacturing facility, a local economic development project. (Councilors Rivera and Dominguez, Mayor Gonzales)(Fabian Trujillo)
 - B. Request for approval of 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 improvement to the Farmer's Market Pavilion, a local economic development project. (Councilor Villarreal) (David Chapman)
 - C. Request for approval of 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 Wildflower International, LTD. for the purchase of land, equipment, engineering and design related construction of a technology facility, a local economic development project. (Mayor Gonzales) (Fabian Trujillo)
 - V. INFORMATIONAL ITEMS (None)
 - VI. ITEMS FROM THE COMMITTEE
 - VII. ITEMS FROM STAFF
 - VIII. NEXT MEETING DATE – July 6, 2016 – discuss time
 - IX. ADJOURN
- Persons with disabilities in need of accommodations, contact the City Clerk's Office at 955-6520, five (5) working days prior to meeting date.

**ECONOMIC DEVELOPMENT REVIEW SUBCOMMITTEE
CITY HALL, 200 LINCOLN AVENUE
COUNCILOR'S CONFERENCE ROOM
Tuesday, May 31, 2016, 1:30 pm**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF MINUTES January 28, 2016	APPROVED	2
APPROVAL OF AGENDA	APPROVED	2
REPORTS	NONE	2
<u>UNFINISHED BUSINESS</u>	NONE	2
<u>NEW BUSINESS</u>		
REQUEST FOR APPROVAL OF 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 SANTA FE DISTILLERY, LLC, "SANTA FE SPIRITS" FOR EXPANSION TO THE EXISTING MANUFACTURING FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.	APPROVED	2-5

<p>REQUEST FOR APPROVAL OF 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'S MARKET INSTITUTE FOR IMPROVEMENT TO THE FARMER'S MARKET PAVILION, A LOCAL ECONOMIC DEVELOPMENT PROJECT.</p>	<p>APPROVED</p>	<p>5-7</p>
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<p>REQUEST FOR APPROVAL OF 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 WILDFLOWER INTERNATIONAL, LTD, FOR THE PURCHASE OF LAND, EQUIPMENT, ENGINEERING AND DESIGN RELATED CONSTRUCTION OF A TECHNOLOGY FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.</p>	<p>APPROVED</p>	<p>7-9</p>
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<p>INFORMATIONAL ITEMS</p>	<p>NONE</p>	<p>9</p>
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<p>ITEMS FROM THE COMMITTEE</p>	<p>NONE</p>	<p>9</p>
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<p>ITEMS FROM STAFF</p>	<p>NONE</p>	<p>9</p>
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<p>NEXT MEETING DATE - July 6, 2016</p>	<p>INFORMATION/DISCUSSION</p>	<p>9-10</p>
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<p>ADJOURN</p>	<p>ADJOURNED</p>	<p>10</p>
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**ECONOMIC DEVELOPMENT REVIEW SUBCOMMITTEE
CITY HALL, 200 LINCOLN AVENUE
COUNCILOR'S CONFERENCE ROOM
Tuesday, May 31, 2016, 1:30 pm**

1. CALL TO ORDER

The Economic Development Review Subcommittee was called to order by Chair Simon Brackley at 1:30 pm on Tuesday, May 31, 2016 in the Councilor's Conference Room, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

1. ROLL CALL

MEMBERS PRESENT

Simon Brackley, Chair
Kathy Keith, Vice chair
Lisa Alejandro
Cervantes "Buddy" Roybal
Damien Taggart

OTHERS PRESENT

Councilor Rene Villarreal
Fabian Trujillo, Division Director, Economic Development
Kate Nobel, Economic Development
Juan Torres, Director, State of New Mexico Finance Development, Economic
Development Division
David Chapman, Grant Administrator, ADA Coordinator
Zachary Quintero, Economic Development
Sam Baca, Santa Fe Farmers Market
Mike McGeary, Santa Fe Farmers Market
Theresa Gheen, Assistant City Attorney
Robert Sequiros, Project Manager
Colin Keegan, Santa Fe Spirits
Caitlin Richards, Santa Fe Spirits
Jesse Guillen, Legislative Liasion
Elizabeth Martin, Stenographer

2. APPROVAL OF MINUTES
January 28, 2016

MOTION A motion was made by mr. Taggart, seconded by Mr. Roybal, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

3. APPROVAL OF AGENDA

Mr. Trujillo asked that item 4 (B) be moved to the first item under 4.

MOTION A motion was made by Mr. Roybal, seconded by Mr. Taggart, to approve the agenda as amended.

VOTE The motion was approved unanimously by voice vote.

4. REPORTS

None

5. UNFINISHED BUSINESS

None

6. NEW BUSINESS

A. REQUEST FOR APPROVAL OF 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 SANTA FE DISTILLERY, LLC, "SANTA FE SPIRITS" FOR EXPANSION TO THE EXISTING MANUFACTURING FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

Mr. Trujillo said he would like to first introduce the people here from Santa Fe Spirits, Colin Keegan and Caitlin Richards. He also introduced Juan Torres from the State of New Mexico Economic Development Department.

Mr. Trujillo referred to the information in the packet and said there is going to be an expansion of Santa Fe Spirits adding manufacturing and warehouse capabilities. It is

an additional 4,000 sq ft and is a ten year project participation. The City of Santa Fe is the fiscal agent. The City will realize additional taxes coming to it and fourteen new jobs over a ten year period with the average salary well over minimum wage. This is funded through the LEDA Fund program.

Mr. Keegan said it gives us the ability to capture our sales which we are projecting three years out. You have to age whiskey three years so we need the facility now. We can't keep up with the sales we have now. This will allow us to get ahead of the game.

Chair Brackley asked what is the background on the LEDA Fund.

Ms. Nobel said there is no separate LEDA Fund. It is from contract funds for the City of Santa Fe just like those with the State. The City has an Economic Development fund fed by a variety of sources including land sales, a portion of the GRT and the sale of City property. Economic Development contracts and our portfolio of investments that will come before this Committee is budgeted at \$830,000 for this year and has been for several years. Those monies are generally put into entrepreneurial support and business programs. We have been spending down the funds, however, with the Office of Asset Development the projection is that \$200,000 will go into that fund in 2017.

Chair Brackley asked are they restricted for Economic Development projects and as the GRT increases will the fund increase as well.

Ms. Nobel said yes. We are projecting 5% above what was projected for this year.

Mr. Roybal said congratulations to Santa Fe Spirits. What is the process for the State to give this money to a private entity.

Mr. Torres said the local program is connected to the state program for Economic Development which allows the state to participate in activities we are not usually able to. The State Legislature changed the Constitution and allowed the State to participate with public dollars through LEDA. We have to show significant public benefit. In this case, job creation and supporting industries in the targeted areas of the City such as manufacturing and local farmers were the determining factors. The funds are approved by the Legislature. The previous Legislature recommended \$50 million. Last session was \$6 million. Those funds are disbursed through a series of guidelines whereby the City engages in a partnership with the company in a formalized way. He thanked Ms. Gheen for her assistance. The Contract outlines the scope of work such as the number of jobs and time limits.

Mr. Roybal asked is this totally a grant with no pay back.

Mr. Torres said that is correct.

Mr. Roybal asked is there no guarantee that we will get economic development from this.

Mr. Torres said the terms of the agreement are monitored very carefully. We manage the relationships with the companies and the government and review their periodic reporting. It is the responsibility of the State.

Mr. Roybal said he is always concerned about how this is monitored.

Mr. Torres said historically we did not have much money. Now with the \$50 million and the \$6 million we have more to deal with. The Secretary recognized the responsibility and we set up the monitoring mechanisms.

Chair Brackley said the City will monitor it's investment as well with annual reviews.

Mr. Keegan said it is quite a detailed project participation agreement that holds us to reports and job creation.

Mr. Trujillo said they are going to have to do an investment of over \$880,000 on their part. The public investment is \$425,000. There are hard assets to make sure that these public dollars are secure for this project and there are significant recapture provisions if they don't meet the economic goals they are supposed to meet. That is required by Ordinance and State law.

Ms. Gheen said it is a State Statute requirement. All three of the items you are looking at today are scrutinized.

Chair Brackley asked how many requests does LEDA get at a State level from Santa Fe.

Mr. Torres said we have received five or six requests over the last few years. A few other projects are in various stages of review. The Mayor identified the desire and need. The Secretary stated the need and that we need to step up our efforts in Santa Fe.

Ms. Keith asked what is the breakdown between land, equipment and infrastructure.

Mr. Keegan said the land is already purchased by us. The \$425,000 will go toward the building, infrastructure and warehousing. Our contribution is \$200,000 for the land \$600,000 for equipment.

Mr. Torres said it is prohibited to use State funds for equipment. It can only be used for land and infrastructure.

Mr. Roybal asked is it the same for the City.

Mr. Trujillo said yes.

Ms. Alejandro asked what does that do for your production capacity.

Mr. Keegan said it is doubling the production capacity but actually will increase threefold due to efficiencies of scale.

Chair Brackley said congratulations to you on your success. It is great to have a local manufacturer. It helps to diversify our economy, including careers and training.

Chair Brackley said you are also an ambassador for Santa Fe in your travels.

MOTION A motion was made by Mr. Roybal, seconded by Ms. Keith, to approve the request.

VOTE The motion passed unanimously by voice vote.

Mr. Keegan said from the prospective of doing business with the State and City, Juan, Kate, Fabian and Theresa have been very helpful. We have worked well as a team. Also Caitlin has worked very hard on this.

Chair Brackley said thank you for collaboration and your patience and working your way through it.

Ms. Keith asked what is the time line.

Ms. Nobel said this will go to Quality of Life next then to Council. It will be published for thirty days before Council.

Mr. Guillen said Santa Fe Spirits will publish Wednesday.

B. REQUEST FOR APPROVAL OF 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'S MARKET INSTITUTE FOR IMPROVEMENT TO THE FARMER'S MARKET PAVILION, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

Councilor Rene Villarreal said this is a long overdue appropriation. She was on the Farmers Market Institute Board for a long time and they have been working on this for several years. She would like to defer to staff to explain the background and how this came to be.

Mr. Baca said in 2013 the New Mexico State Legislature appropriated \$135,000 for improvements to the Farmers Market kitchen. The Hall is located in the Rallyard and was completed in 2008. It is now the permanent home for the Farmers Market. It operates year around every Saturday and Tuesday from May to November. The kitchen is fairly limited. It has no stove. The Market Hall concession area is also the kitchen. With improvements and the addition of a stove, the café would be able to cook. We only have warmers now. Market Hall is rented out as a public facility and for private parties. It is also available to nonprofit organizations at a reduced rate. The stove will make catering a lot more feasible and will up grade the facility as well.

Chair Brackley said there is no fiscal impact to the City. The City is the fiscal agent.

Mr. Baca said that is correct. The benefits to the City are in terms of the generation of wages from construction and gross receipts tax and the parking will impact the City positively.

Mr. Roybal asked is there any administration fee at all for this.

Ms. Noble said there is none.

Mr. Chapman said there is no administrative reimbursement. There is no liability for the City in terms of any local match. It is strictly a State Severance Tax Bond appropriation. The City investment is Robert Sequiros as Project Manager and himself as Project Administrator.

Mr. Roybal asked why so long since 2013.

Mr. Chapman said there have been several changes in terms of staffing with the Farmers Market and the City. We redid the PPA and had fifteen revisions. The Project Manager and the staff of the Farmers Market are aware of the June 30, 2017 deadline and it is workable. He thanked Ms. Gheen who worked hard putting this together.

Chair Brackley asked who will have access to use the kitchen.

Mr. Baca said the staff of the Farmers Market every Tuesday and Saturday for concessions. They do heating and prep of the food sold at the concession. Also Market Hall has about forty five events a year where the Hall is rented out. They will have access to use the kitchen as part of leasing the Hall.

Chair Brackley asked will they be responsible for cleaning it up.

Mr. Baca said yes.

MOTION A motion was made by Mr. Roybal, seconded by Mr. Taggart, to approve the request.

VOTE The motion passed unanimously by voice vote.

C. REQUEST FOR APPROVAL OF 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 WILDFLOWER INTERNATIONAL, LTD, FOR THE PURCHASE OF LAND, EQUIPMENT, ENGINEERING AND DESIGN RELATED CONSTRUCTION OF A TECHNOLOGY FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

Ms. Nobel said you have the replacement documents in your packet because we have been working to expedite this. The company on a very fast track. They have a new Department of Defense contract that they need to get going on with this expansion. It does not involve City funding directly. The City is functioning as a path through for \$75,000 from the state. The City's contribution is that and working on broadband capacity.

Chair Brackley asked is there any cost to the City.

Ms. Nobel said none. We did for this agreement and outlined that the City would recapture staff time costs in the event of claw backs. Wildflower plans to create more than forty jobs. We have done the agreement for more than forty jobs over the next three years. They have fifty five employees now. The average wage is \$37,000 a year. Wildflower is on Pacheco and is expanding to another facility. They need to remodel the building and upgrade HVAC and the capacity. They will put in \$250,000. There are significant performance measures.

Mr. Roybal asked is the City going to monitor this or the State.

Mr. Torres said the State will be monitoring this project. It is identified as critical for Santa Fe in terms of software and the type of business.

Mr. Roybal said \$75,000 is not a lot of money. You would think they would ask for more.

Mr. Torres said they asked for \$75,000 and received \$75,000. He thanked Kate and Fabian for all the work they did in fast tracking this project. He also commended the staff.

Ms. Alejandro said regarding the broadband, is that cost separate.

Ms. Nobel said the expansion of the broadband infrastructure is an eligible expense. The City is working separately to facilitate the faster broadband connection they need. They have extensive needs. They also need to connect to operations in Tennessee.

Ms. Alejandro said these funds are eligible, is that the intention. Those costs could be substantial. It is a separate pot of money or this money.

Ms. Nobel said there is not expected to be additional funds from City monies to support this. The City's Broadband Project is designed to benefit the greatest number of businesses. Given the complexity of the broadband world, our Project Manager knows where everything is and who is charging what. That is what we are working to do. On Pacheco they are feet away from the Simms Building where most of State broadband is. Their needs are being met by the Company. The \$75,000 will go to support the overall project. It is very likely the broadband structure will be cabling in the buildings. They could use a portion of this \$75,000 for that if they need to.

Mr. Roybal asked is the benefit to the City only in more people being employed at this point.

Ms. Nobel said job creation primarily. There is a marginal impact in the construction industry and GRT. We see this also as a critical expansion of our IT employment base and segment of the economy.

Chair Brackley asked this is a priority for the City tech staff, access to what they need.

Ms. Nobel said it is certainly a priority for the Economic Development Division to work with them to meet their needs. We have already outlined a number of options and provided them with contact information. They need to get bids and choose a company.

Ms. Keith said she has to recuse herself from this. She works for Los Alamos Labs and Wildflower is a subcontractor to them.

Chair Brackley said he is somewhat familiar with this company. Governor

Martínez and Secretary Barela celebrated this company last week and their success. They are very committed to diversity in their hiring and are a good neighbor. There is no fiscal impact on the City and it diversifies the economy.

MOTION A motion was made by Mr. Roybal, seconded by Mr. Taggart, to approve this request.

VOTE The motion passed by a vote of 4 yes and Ms. Keith recused.

7. INFORMATIONAL ITEMS

None

8. ITEMS FROM THE COMMITTEE

None

9. ITEMS FROM STAFF

None

10. NEXT MEETING DATE - July 6, 2016.

Ms. Nobel said it would be helpful if we can get time from the Committee. We will be bringing forward the portfolio of proposals and you will be seeing the entirety of the Economic Development portfolio at once at this meeting. We have brought to BQL the priority economic indicators to outline what we are measuring and looking at. We would include that in the packet for this Committee as well. It will be a fairly meaty agenda.

Chair Brackley said he would like to request that the Committee get the packet before the 4th of July weekend.

Ms. Nobel said we have on our schedule to send it out before the 4th of July weekend. If anyone wants a paper packet let her know and she will get it for you on July 1st.

Mr. Taggart asked is this for the latest round of RFPs. His company put in for that round. Should he recuse himself from the entire process.

Chair Brackley said no, just the one you are in.

Ms. Nobel said she will check on that. Regarding the timing how about the afternoon, 2:30 to 5:30 pm.

Mr. Roybal asked to start at 3:00 pm.

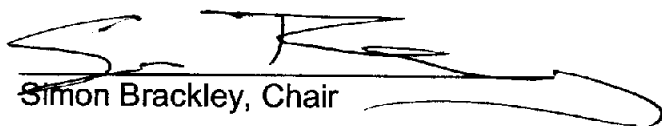
Ms. Keith said she will not be able to attend the meeting as she will be out of town.

Ms. Nobel said we will try for 3:00 to 5:30 pm.

Chair Brackley said if we get materials ahead of time that will help. If you have questions you want asked Kathy let us know.

11. ADJOURN

The meeting adjourned at 2:30 pm.



Simon Brackley, Chair



Elizabeth Martin, Stenographer