



# Agenda

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## Economic Development Advisory Committee

Market Station at the Railyard  
500 Market Station, Suite 200

Wednesday, December 13, 2017  
11:00 AM – 1:00 PM

### I. PROCEDURES

- A. Roll Call
- B. Approval of Minutes
  - 1. November 8, 2017
- C. Approval of Agenda
- D. Approval of Consent Agenda

### III. CONSENT AGENDA (None)

### V. ACTION ITEMS

- 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 Descartes Labs, Inc. for design, development and construction of tenant improvements; and lease payments for expansion of a new world headquarters facility, a Local Economic Development Project. (Mayor Gonzales and Councilors Lindell and Ives) (Fabian Trujillo)

#### Committee Review

|  |          |
|--|----------|
| Economic Development Review Subcommittee | 11/27/17 |
| Finance Committee                        | 12/04/17 |
| Economic Development Advisory Committee  | 12/13/17 |
| City Council (request to publish)        | 12/13/17 |
| City Council (public hearing)            | 1/10/18  |

Fiscal Impact: \$100,000 from the City Economic Development Fund



# Agenda

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VI. INFORMATIONAL ITEMS

- A. Economic Development discussion on definitions, population goals and performance goals – Matt Brown
- B. Economic Development Fund Update – Matt Brown

VII. ITEMS FROM THE COMMITTEE

VIII. ITEMS FROM STAFF

IX. ITEMS FROM THE CHAIR

X. ITEMS FROM THE PUBLIC

XI. NEXT MEETING DATE – **January 10, 2018**

Persons with disabilities in need of accommodation, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date.

**SUMMARY OF ACTION  
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE  
MARKET STATION AT THE RAILYARD  
500 MARKET STATION, SUITE 200  
ROUND HOUSE CONFERENCE ROOM  
WEDNESDAY, DECEMBER 13, 2017, 11:00 AM**

| <b><u>ITEM</u></b>                      | <b><u>ACTION</u></b> | <b><u>PAGE</u></b> |
|---|----------------------|--------------------|
| CALL TO ORDER                           |                      | 1                  |
| ROLL CALL                               | QUORUM               | 1                  |
| APPROVAL OF MINUTES<br>NOVEMBER 8, 2017 | APPROVED             | 1,2                |
| APPROVAL OF AGENDA                      | APPROVED             | 2                  |
| APPROVAL OF CONSENT AGENDA              | NONE                 | 2                  |
| CONSENT AGENDA                          | NONE                 | 2                  |

**ACTION ITEMS**

|  |          |     |
|--|----------|-----|
| REQUEST FOR APPROVAL OF<br>AN ORDINANCE RELATING TO<br>THE CITY OF SANTA FE<br>ECONOMIC DEVELOPMENT PLAN<br>ORDINANCE, ARTICLE 11-11 SFCC<br>1987; APPROVING AND ADOPTING<br>A LOCAL ECONOMIC<br>DEVELOPMENT PROJECT<br>PARTICIPATION AGREEMENT<br>BETWEEN THE CITY OF SANTA FE<br>AND DESCARTES LABS, INC, FOR<br>DESIGN, DEVELOPMENT AND<br>CONSTRUCTION OF TENANT<br>IMPROVEMENTS; AND LEASE<br>PAYMENTS FOR EXPANSION OF<br>A NEW WORLD HEADQUARTERS<br>FACILITY, A LOCAL ECONOMIC<br>DEVELOPMENT PROJECT. | APPROVED | 2-6 |
|--|----------|-----|

**INFORMATIONAL ITEMS**

|   |                               |            |
|---|-------------------------------|------------|
| <b>ECONOMIC DEVELOPMENT<br/>DISCUSSION ON DEFINITIONS,<br/>POPULATION GOALS AND<br/>PERFORMANCE GOALS</b> | <b>INFORMATION/DISCUSSION</b> | <b>6-7</b> |
| <b>ECONOMIC DEVELOPMENT<br/>FUND UPDATE</b>   | <b>INFORMATION/DISCUSSION</b> | <b>7-8</b> |
| <b>ITEMS FROM COMMITTEE</b>   | <b>INFORMATION/DISCUSSION</b> | <b>9</b>   |
| <b>ITEMS FROM STAFF</b>   | <b>NONE</b>                   | <b>9</b>   |
| <b>ITEMS FROM THE CHAIR</b>   | <b>NONE</b>                   | <b>9</b>   |
| <b>NEXT MEETING</b>   | <b>JANUARY 10, 2018</b>       | <b>9</b>   |
| <b>ADJOURNMENT</b>  | <b>ADJOURNED</b>              | <b>10</b>  |

**ECONOMIC DEVELOPMENT ADVISORY COMMITTEE  
MARKET STATION AT THE RAILYARD  
500 MARKET STATION, SUITE 200  
WEDNESDAY, DECEMBER 13, 2017, 11:00 AM**

**1. CALL TO ORDER**

The meeting of the Economic Development Advisory Committee was called to order by Councilor Michael Harris, Chair, at 11:00 am, on Wednesday, December 13, 2017 at Market Station at the Railyard, 500 Market Station, Suite 200, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT**

Councilor Michael Harris, Chair  
Holly Bradshaw-Eakes, Vice Chair  
Chuck Higgins  
Kate Kennedy  
John Feins  
Doug Orr  
Kim Kelly  
Helen Brooks  
(Vacancy)

**MEMBERS ABSENT**

Dr. Camilla Bustamante, Excused

**OTHERS PRESENT**

Matt Brown, Economic Development Director, City of Santa Fe  
Fabian Trujillo, Economic Development, City of Santa Fe  
Kevin McBride  
Teresa Gheen, City Attorney's Office  
Mark Roper, State Economic Development  
Amanda Giannini, Descartes Labs  
Jesse Guillen, Legislative Liaison  
Elizabeth Martin, Stenographer

**3. APPROVAL OF MINUTES  
NOVEMBER 8, 2017**

**MOTION** A motion was made by Mr. Orr, seconded by Ms. Bradshaw-Eakes, to

approve the minutes as submitted.

**VOTE** The motion passed unanimously by voice vote.

**4. APPROVAL OF AGENDA**

**MOTION** A motion was made by Mr. Fiens, seconded by Mr. Orr, to approve the agenda as presented.

**VOTE** The motion passed unanimously by voice vote.

**5. APPROVAL OF CONSENT AGENDA**

None.

**6. CONSENT AGENDA**

None.

**7. ACTION ITEMS**

- 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 DESCARTES LABS, INC, FOR DESIGN, DEVELOPMENT AND CONSTRUCTION OF TENANT IMPROVEMENTS; AND LEASE PAYMENTS FOR EXPANSION OF A NEW WORLD HEADQUARTERS FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.**

Mr. Orr recused himself and left the meeting.

Chair Harris informed the Committee that the information on this item is in their meeting packet.

Mr. Trujillo introduced Amanda Gianninni, Chief Financial Officer, Descartes Labs and other visitors.

Mr. Trujillo said Descartes Labs is a software development company. They opened here in Santa Fe in May and are looking to create a world headquarters here with these funds. They will be hiring 50 to 70 new employees and will have an annual payroll of \$7 million. The City of Santa Fe will realize \$28.5 million in economic

development benefits. They are an innovative, local, low environmental impact company that improves the technology sector in Santa Fe and meets all our criteria. We are asking for approval of a Project Participation Agreement for \$800,000. \$100,000 from the City and \$700,000 from the State over 4 years.

Ms. Giannini said we had a headquarters in Los Alamos for the last 2 years and are already outgrowing the space we have now. We will be creating a building here in Santa Fe that will be an awesome place for employees. We also have offices in New York and LA. Our new building will also be a place for the community to come and collaborate. We will have an amazing outside space that we can open up to others. We will encourage incubation as well. The space will be open to every one and will be high tech.

Mr. Roper said the State of New Mexico stands firmly behind the project. We are putting up to \$700,000 for this project. It checks all the boxes. The technology came out of the Los Alamos Labs. We fully support it.

Mr. Brown said this has appeared before the Finance Committee and the Economic Development Review Committee and both unanimously approved this project.

Chair Harris said it is on the agenda tonight at City Council as a request to publish.

Ms. Kelly said this is wonderful for the community. Are you going to take over the Community Bank building.

Chair Harris said they are taking over the old Firestone building. The Community Bank building is further up the street.

Ms. Kelly asked are most of the 70 people local people or from outside New Mexico.

Ms. Giannini said most of our recruiting is from in state. Some employees have come from out of state and are relocations.

Mr. Brown said they have a couple of employees who were raised here and left then came back here to work here for Descartes.

Mr. Higgins asked is the real estate being leased.

Ms. Giannini said yes.

Mr. Brown said both the ground and the building are leased.

Ms. Brooks asked what is the timing.

Ms. Giannini said we anticipate late June for the occupancy certificate. That is our goal.

Chair Harris said in a situation where the job creation is accelerated past what the schedule anticipates how does that work. Is the money accelerated.

Mr. Roper said on the State portion of the money, our payments are based on goals tied to employment not a date on the calendar. As they meet those goals they are eligible to receive those payments. If they exceed the agreed upon number we have allowed for additional monies to be distributed to the project in the amount of \$200,000.

Chair Harris said that is good to hear. Descartes Labs' organization is on a roll and moving fast. He very much appreciates the organization and wants to make sure the City and State can keep up.

Ms. Kennedy asked are any of the limitations of broadband downtown impacting your new project.

Ms. Giannini said none that she is aware of currently.

Ms. Bradshaw-Eakes asked you do have broadband at that location.

Ms. Giannini said we will have fiber at that location.

Chair Harris said the broadband phase that went from Century Link to the Railyard will be available to them.

Mr. Brown said generally speaking most of the processing going on there will be going on in the Cloud. Unlike the film industry, they do not have need for so much bandwidth. Their computing power is enormous. They are the largest user of the Google Cloud other than Google projects.

Ms. Bradshaw-Eakes said for the State part of the money that will go toward lease payment support, is that typical of LEDA. What percentage of LEDA projects have that.

Mr. Roper said it is not uncommon for us to use LEDA funds to support lease payments. It is pretty typical in call center spaces. He does not have the percentage number of LEDA projects that have that in their agreements, but it is a smaller.

Ms. Bradshaw-Eakes said she has made it clear that she is a big proponent of LEDA. Even if a company leaves Santa Fe the improvements made to buildings are conducive to others moving in. Something never mentioned is that another beneficiary of LEDA is the owner of the building. Are we to understand that no one who works for the City owns the building. Who owns the building.



Mr. Brown said that would be public information.

Ms. Bradshaw-Eakes said that is never indicated. It would give more transparency to LEDA if it was. Even if it was just to say there is no conflict of interest.

Ms. Giannini said it is a local family. Ernie Romero and his sons, Ryan and Aaron. Their company is Phase One Equities.

Ms. Brooks asked how do we tell the story as this moves forward so that we can get people to understand the excitement and benefits.

Mr. Roper said we send our marketing and film crew to do a before and after video and we make it part of our advertising and marketing campaign. It is also put on our website. At the end of the agreement is a small amount of money used for Descartes Labs to do an analysis, as they do at the beginning, of the actual economic impact.

Ms. Giannini said we are happy to leverage our marketing department to get the word out as well,

Mr. Feins said there was confusion in the community as to what LEDA is when Meow Wolf received money. People said the City and State were giving to the haves and not to the have nots. What is in place is good and works. It is important to find ways to tell the story of LEDA investments. We get great return on investment here. There are potential ways to use earned media here which has tremendous value to Santa Fe. It is an opportunity for Descartes Labs to tell the story as a Santa Fe, New Mexico company. Position your story as an entity of this area. There is tremendous value in that.

Chair Harris said as things settle down for Matt perhaps we can look for ways to bundle the stories such as Santa Fe Spirits, Wildflower and the 2<sup>nd</sup> Street Brewery. The way the League of Women Voters presented the story about Meow Wolf and Catapiller was not the full picture. We need to address that at some point.

Ms. Kennedy said we were supposed to scheduled a follow up for those projects but have not made the follow up. When can we expect some kind of LEDA update.

Mr. Trujillo said we can contact them and see when they can come in. We will have Santa Fe Spirits and Wildflower come in during the first quarter of the year. We like to wait a year so they can get through construction and hire the employees. In the 2<sup>nd</sup> or 3<sup>rd</sup> quarter we will have a report from Second Street Brewery then Descartes Labs about this time next year.

Ms. Kennedy said it should say somewhere in here that the company is expected follow up to Committees. It would help with the community idea that we give money

away and don't follow up on it.

Mr. Trujillo said we can do that. He wants everyone to understand that the City does not give money away. We invest in winners. That is what we are doing. We don't give money to businesses. That gets lost in all the things we do. As Matt has said we invest, these are investments we are making to improve the economy of Santa Fe. We want that to be clear. Descartes Labs is going to provide jobs and improve the economics of the City and the technology sector.

Mr. Brown said when this goes to Council in January he wants to go on record saying what was just said. He wants to be clear from the City standpoint that we do not give money away. We never have, we don't now and never will in the future. We invest money and there are guidelines for doing that as well. We want to be clear on that. He would like us to outreach to our community media and do another stab at educating them about what LEDA is so they can write the most informed articles possible. We will do that kind of outreach.

Chair Harris said Bruce Krasnow at the New Mexican is the one to talk to. Talk to him now.

Ms. Bradshaw-Eakes said invite him to come to our meeting when the follow up is scheduled.

**MOTION** A motion was made by Ms. Kennedy, seconded by Mr. Fiens, to approve the participation agreement with Descartes Labs.

**VOTE** The motion passed unanimously by voice vote.

Chair Harris said he wishes Descartes Labs well. He has really enjoyed meeting some of your people.

Ms. Giannini said everyone is welcome to visit anytime.

## **8. INFORMATIONAL ITEMS**

### **A. ECONOMIC DEVELOPMENT DISCUSSION ON DEFINITIONS, POPULATION GOALS AND PERFORMANCE GOALS**

Mr. Brown said it is useful for him to have this conversation but not essential. Does everyone feel they want to listen to this presentation or should it be made to a small group of the Board or would you prefer to put it off. The purpose of this is to share the definition of economic development and working together and performance

indicators. Also to get the Board's input and ideas.

Chair Harris said he would like to defer this conversation.

Ms. Kennedy said we can review this document and come back and have a conversation about it.

Mr. Brown reviewed the preamble of the document in the packet.

Chair Harris asked what does the next agenda look like.

Mr. Trujillo said we will have a better idea after City Council tonight.

Mr. Brown said it should be light.

Chair Harris said he can't think of much for tonight that involves economic development. Lets look at that and give Matt time to dig into this at the next meeting. It is a good reminder as to what they are doing. It is interesting that Matt said that they have direct control over very little.

Mr. Brown said he has been talking to the Deputy City Manger about how we identify performance measures that are shared among different departments. He would like to connect those together and have our parts of that to boost the cross functional performance measures. It would be beneficial for City government.

Chair Harris said very good. He hopes he can get there.

## **B. ECONOMIC DEVELOPMENT FUND UPDATE**

Mr. Brown said in the meeting packet is a summary of the budget for Economic Development and the Fund update document.

Mr. Brown said he would like to thank Jessica Sandoval, Office Manager and Executive Assistant, for getting this information together. It was numerous hours of work because our systems are not robust in giving clean clear information.

Mr. Brown reported that there is \$135,000 in the Economic Development Fund. Our goal over time is to replenish that. At one time there was over \$1 million in the Fund.

Chair Harris said in addition to this budget the Economic Development Fund has \$135,000. How has that been drawn down in the past.

Mr. Trujillo said it was drawn down with by the authority of the Governing Body.

10 years ago there was \$1.5 million to \$2 million in that fund.

Chair Harris said probably during the budget cycle there may have been decisions to draw down the fund to support the department.

Mr. Brown said he thinks that is right.

Chair Harris said we have a chart of accounts that no one gets. We are working on cleaning things up now. He imagines that is what happened over time.

Mr. Trujillo said you are correct. Also there were projects that came in and the Economic Development Director at the time and the Governing Body wanted those projects funded.

Chair Harris said we will be a bit more disciplined about that.

Ms. Brooks asked who invests the funds for the Economic Development Fund.

Mr. Brown said it is not a fund as far as an investment fund. It is a bank account. The balance is \$153,000 actually. He apologizes for the error.

Chair Harris said in the City Finance Department we have an Investment Officer and have restructured our policies to put that money to work prudently. Brad is doing a pretty good job. When you look at our overall financial picture we have increased our investments significantly. He will ask Brad about this Fund. Probably this money goes into the money market.

Ms. Bradshaw-Eakes asked about the salary numbers.

Mr. Brown said that number reflects the salary for Ross Chaney. The decision to put his salary in that category is something that happened in the past. We would like to move it in a future budget cycle. All the staffing is not reflected in our budget.

Mr. Trujillo said the Office of Economic Development gets funded 2 ways. General Fund monies for salaries and the rest is from the local Economic Development Fund which comes from land sales and rentals and a share of GRT.

Chair Harris said this is a good first pass. We need to understand the sources of funding and how it is spent. We need to keep working on refining this.

Mr. Brown said he is happy to bring this to every meeting and make it part of the packet.

Chair Harris said that would be good.

## **9. ITEMS FROM THE COMMITTEE**

Mr. Higgins said at the last meeting we talked about the toilet issue in downtown. He was asked to resend the information to everyone. He made it a one page document which he handed out. He said he had a nice presentation at the Chamber of Commerce on November 29th to the downtown merchants. He had a warm reception and it was universally agreed that there is a problem. Councilor Lindell is looking at public toilets for the Bus Depot, but is that enough. There are lots of opportunities to bring ideas together. Simon asked him to put together a subcommittee to work on this project and he is going to do that with the goal of getting as many ideas together as we can.

Chair Harris said this is a creative idea. Thanks for bringing this forward. It is a long standing problem. He will be interested in hearing how people view this and the level of participation.

Ms. Kelly said she mentioned this to Fabian 3 years ago about needing bathrooms downtown. On Canyon Road it is an ongoing complaint. It would be nice if the City could address the issues.

Ms. Bradshaw-Eakes said as Rufina gets more robust will we need one there.

Mr. Higgins said the infrastructure is already there. This is a voluntary program.

Chair Harris said it is worth pursuing. There will be ADA and legal issues. Building codes and access. There will be some constraints.

## **10. ITEMS FROM STAFF**

None.

## **11. ITEMS FROM THE CHAIR**

None.

## **12. ITEMS FROM THE PUBLIC**

None.

## **13. NEXT MEETING DATE - JANUARY 10, 2018**

**14. ADJOURN**

There being no further business before the Committee, the meeting adjourned at 12:15 pm.

  
Councilor Michael Harris, Chair

  
Elizabeth Martin, Stenographer