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**CITY OF SANTA FE, NEW MEXICO**

**BILL NO. 2020-11**

**INTRODUCED BY:**

Mayor Alan Webber

**AN ORDINANCE**

**RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN  
ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING AN AMENDED  
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.**

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

**Section 1. Short Title.** This Ordinance shall be known as the “Amended Descartes Local  
Economic Development Project Ordinance.”

**Section 2. Recitals.**

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

1           B.       The City of Santa Fe has complied with the requirements of the Local Economic  
2 Development Act by adopting an Economic Development Fund Ordinance (11-14 SFCC (1987)),  
3 incorporating within that ordinance its community economic development plan and its economic  
4 development strategy for implementation dated May 21, 2008; and

5           C.       Descartes, Labs, Inc. (“Qualifying Entity”) is a software development facility that  
6 serves the public by stimulating and catalyzing the growth of a high-technology industry cluster in  
7 Santa Fe under the Economic Development Ordinance. The Qualifying Entity creates economic base  
8 jobs as a software development facility by creating software that for cloud-based super-computing  
9 platforms that predicts changes in natural resources to better understand the planet.

10          D.       The State of New Mexico has appropriated seven hundred thousand dollars  
11 (\$700,000.00) from the New Mexico LEDA Fund and the City of Santa Fe has provided one hundred  
12 thousand dollars (\$100,000.00) from the Local Economic Development Fund to the project to build out  
13 the infrastructure and tenant improvements in the facility and to contribute to lease payments with any  
14 remainder from the infrastructure and tenant improvement expenses. The project is located at 100  
15 North Guadalupe Street in Santa Fe, New Mexico. The loan will finance construction costs, materials  
16 associated with the interior renovation of the facility, and improvements or construction of HVAC,  
17 telecommunications, broad band connectivity and other infrastructure necessary to improve service to  
18 the facility. This project identified as the “Project” is a world headquarters that will expand the tax  
19 base and generate more taxes, fees, and other revenues for the State of New Mexico and City of Santa  
20 Fe.

21          E.       The new facility will be used to develop software, which causes it to fall into the  
22 definition of a “manufacturer” under LEDA.

23          F.       As of December 31, 2019, Descartes Labs employed seventy-five (75) people with an  
24 average annual salary of over one hundred and twenty thousand dollars (\$120,000.00), which was  
25 compliant with PPA 2018-0057 approved on January 10, 2018, by the Governing Body. Descartes

1 Labs was on track to earn its bonus monies of ten thousand dollars (\$10,000) per job by hiring twenty  
2 (20) additional people.

3 G. Since January 31, 2019, the COVID-19 pandemic forced Descartes Labs to layoff  
4 nineteen (19) employees for a current employee base of sixty-three (63) people. The pandemic has  
5 delayed the company's growth plans by two (2) years.

6 H. The project participation agreement will be amended to require Descartes Labs to meet  
7 its job creation schedule of seventy (70) people by June 30, 2022, and provide Descartes Labs an  
8 opportunity to earn the bonus LEDA monies if Descartes Labs hires an additional twenty (20)  
9 employees for a total base of ninety (90) employees by January 1, 2024, and retains the employees for  
10 six (6) months. The PPA will also amend the average annual wage of one hundred and forty thousand  
11 dollars (\$140,000.00) to one hundred and ten thousand dollars (\$110,000.00).

12 **Section 3. Findings.** The Governing Body hereby finds:

13 A. The City of Santa Fe has determined that it is in the interest of the welfare of the  
14 citizens of Santa Fe to enter into an Economic Development Project Participation Agreement for the  
15 purposes of effectuating the City's Economic Development Plan and the Project.

16 B. In compliance with the City's Economic Development Fund Ordinance, 11-14 SFCC  
17 (1987), this Project Participation Agreement between Qualifying Entity and the City clearly states the  
18 following:

- 19 (1) Descartes Labs, Inc. is a qualifying entity;
- 20 (2) The contributions of the City and Qualifying Entity;
- 21 (3) The specific measurable objectives upon which the performance review will  
22 be based;
- 23 (4) A schedule for Project development and goal attainment;
- 24 (5) The security being offered for the City's investment;
- 25 (6) The procedures by which the Project may be terminated and the City's

1 investment recovered;

2 (7) The time period for which the City shall retain an interest in the Project; and

3 (8) The economic development goals of the project; and

4 (9) A "sunset" clause after which the City shall relinquish interest in and oversight  
5 of the project.

6 **Section 4. Approval and Adoption of the Project Participation Agreement.** The  
7 governing body hereby approves the 2020 PPA (attached as **Exhibit A**) whereby the City will continue  
8 to be the Fiscal Agent for the State Legislative appropriation of seven hundred thousand dollars  
9 (\$700,000.00) and for the one hundred thousand dollars (\$100,000.00) in City Funds. The City will  
10 pass through the State Legislative appropriation of seven hundred thousand dollars (\$700,000.00) and  
11 the City funds of one hundred thousand dollars (\$100,000.00) to Qualifying Entity and the funds will  
12 be used for construction of tenant improvements and infrastructure in and to the facility and for lease  
13 payments with any remainder from the infrastructure and tenant improvement expenses and thus will  
14 continue to expand the tax base and generate more taxes, fees, and other revenues for the State of New  
15 Mexico and City of Santa Fe.

16 **Section 5. Severability Clause.** If any section, paragraph, clause, or provision of this  
17 ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder  
18 shall for any reason be held to be invalid, unlawful, or unenforceable, the invalidity, illegality, or  
19 unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the  
20 remaining portions of this ordinance or the regulation so challenged.

21 **Section 6. Effective Date.** This ordinance shall become effective immediately upon  
22 adoption.

23 PASSED, APPROVED, and ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2020.  
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ALAN WEBBER, MAYOR

ATTEST:

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YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

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ERIN K. McSHERRY, CITY ATTORNEY