



AGENDA

ECONOMIC DEVELOPMENT
ADVISORY COMMITTEE
FEBRUARY 17, 2021 AT 11:00
AM
ATTEND VIRTUALLY

SPECIAL PROCEDURES FOR ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING

Attendance: In response to the State's declaration of a Public Health Emergency, the Mayor's Proclamation of Emergency, and the ban on public gatherings in excess of those permitted in the current Public Health Order, the Economic Development Advisory Committee meeting will be conducted virtually.

Viewing: Members of the public may join the Zoom meeting by internet or phone, as follows:

Internet: To join the Zoom meeting on the internet using a computer, laptop, smartphone, or tablet, use the following link: <https://santafenmgov.zoom.us/j/91023070113?pwd=QTJrQjI3M2c3TFpCRjVaRkJKYU53UT09>.

Passcode: 141109

Attendees should use the "Raise Hand" function to be recognized by the Chair to speak at the appropriate time.

Phone: To join the Zoom meeting using a phone, use the following phone numbers and Webinar ID: **US: 1 (346) 248-7799 - Webinar ID: 910 2307 0113 - Passcode: 141109**

Phone attendees should press *9 to use the "Raise Hand" function to be recognized by the Chair to speak at the appropriate time.

The agenda and packet for the meeting will be posted at <https://santafe.primegov.com/public/portal>.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF CONSENT AGENDA**
5. **APPROVAL OF MINUTES**



AGENDA

ECONOMIC DEVELOPMENT
ADVISORY COMMITTEE
FEBRUARY 17, 2021 AT 11:00
AM
ATTEND VIRTUALLY

- a. January 29, 2021
6. **ACTION ITEMS: CONSENT**
7. **ACTION ITEMS: DISCUSSION**
 - a. CONSIDERATION OF RESOLUTION NO. 2021-____. (Councilor Vigil Coppler, Councilor Garcia, and Councilor Villarreal)
A Resolution Requiring Governing Body Approval Prior to Announcing the Availability of Any City-Owned Land, Buildings, or Other Real Property for Sale. (Andrea Salazar, Assistant City Attorney; asalazar@santafenm.gov, 955-6303 and Rich Brown, Economic and Community Development Director, rdbrown@santafenm.gov, 955-6625)
COMMITTEE REVIEW:
Public Works and Utilities Committee: 02/8/21
Governing Body: 02/10/21
Finance Committee: 2/15/21
Governing Body: 2/24/21
8. **PRESENTATION**
 - a. Mid-town Progress Report. (Rich Brown, Director, Community and Economic Development, rdbrown@santafenm.gov, 505-955-6625).
9. **MATTERS FROM STAFF**
10. **MATTERS FROM THE COMMITTEE**
11. **MATTERS FROM THE CHAIR**
12. **NEXT MEETING:**
13. **ADJOURN**

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6521, five (5) working days prior to meeting date.

1. **CALL TO ORDER**

ROLL CALL

Members Present:

Members Excused:

Chair JoAnne Vigil Coppler
Member Holly Bradshaw Eakes
Member Kate Kennedy
Member Camilla Bustamante
Member Robert Lurcott
Voting Member Ryan Cordova
Voting Member Johanna Nelson

Others Attending:

3. **APPROVAL OF AGENDA**

4. **APPROVAL OF CONSENT AGENDA**

There were not items on the consent agenda.

5. **APPROVAL OF MINUTES**

a. September 9, 2021

There were no changes to the minutes from Staff. Councilor Vigil Coppler requested to change the minutes from September 9, 2021 to September 9, 2020.

MOTION: Member John Feins moved to approved the minutes as amended. Member Kate Kennedy seconded motion.

VOTE: The motion was approved on the following Roll Call Vote:

FOR: Chair JoAnne Vigil Coppler, Melissa Coleman, Meghan McGarrity, John Feins, Robert Lurcott, Kate Kennedy

ABSTAINED: Victoria Murphy

6. **ACTION ITEMS: CONSENT**

None

7. **ACTION ITEMS: DISCUSSION**

None

8. **PRESENTATION**

a. Welcome and Introduction of New Members – Chair Vigil Coppler

Chair JoAnne Vigil Coppler gave a brief welcome and then read a letter from Holly Bradshaw-Eakes. Holly resigned from EDAC and complimented the committee by saying EDAC couldn't be in better hands. Holly Bradshaw-Eakes conveyed her appreciation to staff and committee members for their hard work.

Chair JoAnne Vigil Coppler then introduced new members Victoria Murphy, Meghan McGarrity and Melissa Coleman. All new members introduced themselves to the committee.

b. Overview of EDAC Duties and Responsibilities. (Fabian Trujillo, Office for Small Business Growth Manager, ftrujillo@santafenm.gov, 505-955-6912).

Fabian Trujillo, EDAC Staff Liaison and Business Growth Manager, gave a presentation on EDAC Duties and Responsibilities outlined in Ordinance 2018-27. Mr. Trujillo a brief history and the presentation is outlined below:

EDAC Duties and Responsibilities Overview

I. Purpose

A. Implement City Economic Development Plan (Angelou Plan).

Recommend friendly business climate policies within the city government

Review ED Projects (LEDA) & Industrial Revenue bonds

- B. Assist governing body by providing recommendations on potential impacts, benefits of proposed actions, ordinances, and regulations.
- C. Provide businesses and the community to review and comment on proposed actions, ordinances and regulations early in the process.

II. Powers & Duties

- A. Review and make recommendations to City Council on proposed ordinance, resolutions or other city regulations affecting businesses.
 - B. Provide timely information to businesses on proposed ordinances, resolutions and regulations
 - C. Information governing body potential impacts of resolutions, ordinances and regulations affecting business community.
 - D. Initiating proposals through committee work and the OED work plan to improve the business climate and quality of life in the community
 - E. Reviewing and making recommendations to the governing body on implementing the economic development plan and annual budget for implementing the ED plan.
 - F. Reviewing and making recommendations on the ED Projects (LEDA, etc) and IRBs
- c. Overview of Office of Economic Development Projects. (Rich Brown, Director, Community and Economic Development, rdbrown@santafenm.gov, 505-955-6625).

Director Rich Brown introduced Community and Economic Development Staff members, Lauren Lucero, Janice Krish, Fabian Trujillo, Daniel Hernandez, Sean Moody and Liz Camacho. Director Brown provided a brief overview of their responsibilities and projects. Director Brown then provided an update on the activities of the Office of Economic Development. His updated is summarized as follows:

Current Updates and Activities

- FY21 YTD Accomplishments
- Small Business Support and Relief
- Business Expansion
- Industry Cluster Development

Business Growth Manager Trujillo provided the following summary on the Cares Act Business and Non-Profit Stabilization Grant Program:

- Total Business and Organizations Awarded: 168
- Total Dollars Awarded: \$3,659,704.
- Average Award Amount: \$21,783
- Highest Award: \$25,000
- Lowest Award: \$2,262.95
- Total Amount of businesses denied due to lack of available funding: 232

Business Growth Manager provided an overview on business expansions. Mr. Trujillo stated that the LEDA program was extremely successful in stimulating expansions in Santa Fe. Mr. Trujillo let the members know that there was a robust expansion pipeline and that the committee should see LEDA projects on the EDAC agenda in the next few months.

Next, Director Brown provided an overview of the Asset and Real Estate Development. The key points of his presentation are as follows:

- Leasing Software through MUNIS was launched.
- Hired Sean Moody as new Asset Development Manager
- Provided an Overview of the Public Offerings for sale such as Las Estrellas
- Scattered Sites for Affordable Housing will be coming.

Communications Manager Liz Camacho provided an overview on the COVID Public Awareness Campaign. Her presentation is summarized as follows:

- Santa Fe Promise Campaign
- Mask and Hand Sanitizer Distribution
- Shop Where I Live Campaign

Director Brown introduced Janice Krish to provide an overview on tourism. Ms. Krish provided an overview on shopping local videos that she is developing with Hutton Broadcasting.

Director Brown then provided an overview of the Public WiFi to Mobile Home Parks program and the Community Data Platform.

Daniel Hernandez provided an update on the Mid-Town Campus Project. Mr. Hernandez provided an update on the RFP and the termination of the contract with the master developer. When the contract was awarded, there was an

assessment of the property. The developer identified major issues with the mid-town campus that didn't meet their risk parameters and then asked for a termination of the contract. The issues were financial issues that arose from COVID. Daniel informed EDAC that bi-weekly progress reports will be issued on the progress of the mid-town campus project. Daniel invited EDAC members to participate on the February 24th meeting for the mid-town campus.

Director Brown provided an update on the following Activities Going Forward:

- Mid-town ENA and Development
- Growth Management Planning
- Santa Fe County Fiber Architecture Mapping
- Entrepreneurship Hub

Questions and Answers:

Kate Kennedy commented on Cares Act Funding and asked that the City provided Youth Shelter Funding. Director Brown responded by giving an overview of the food security program that the department launched for COVID.

John Feins was recognized by the Chair. Mr. Feins is not clear on the role of EDAC on the mid-town campus project. He made comments on the lack of transparency of mid-town project.

Chair JoAnne Vigil Coppler recognized Robert Lurcott. Mr. Lurcott gave a compliment on the OED Newsletter. Mr. Lurcott asked how many grants were funded for the Cares Act Grant program. Mr. Trujillo said that 168 businesses were granted monies with an average of \$21,783. Mr. Trujillo clarified that there 232 businesses that were not funded because of the lack of funds. Mr. Lurcott also commented on the mid-town project. He shares Mr. Feins feelings on the lack of transparency on the mid-town project. Mr. Lurcott believes that the city is losing community support for the mid-town campus project because of the lack of transparency and public engagement. Mr. Hernandez responded to Mr. Lurcott's comments on the public engagement process. He informed Mr. Lucott of the Mid-town Public Engagement Committee how COVID negatively impacted the public engagement process.

Meghan McGarrity was recognized and she asked whether members of EDAC can serve on the Mid-town Public Engagement Committee. Director Brown responded that once the committee is formed, committee members can participate going forward.

9. **MATTERS FROM STAFF**

10. **MATTERS FROM THE COMMITTEE**

11. **MATTERS FROM THE CHAIR**

12. **NEXT MEETING:**

13. **ADJOURN**

Fabian Trujillo

Liaison

Chair

**Attachments not included.
Attachments cannot be added to a DOCX compile.**

ACTION SHEET
PUBLIC WORKS AND UTILITES COMMITTEE MEETING OF 02/08/2021

ISSUE NO. 8L

Consideration of Resolution No. 2021-__ : A Resolution Requiring Governing Body Approval Prior to Announcing the Availability of Any City-Owned Land, Buildings, or Other Real Property for Sale. (Councilor Vigil Coppler, Councilor Garcia, Councilor Villarreal, and Councilor Cassutt-Sanchez) (Andrea Salazar, Assistant City Attorney: asalazar@santafenm.gov, 955-6303; Rich Brown, Economic and Community Development Director: rdbrown@santafenm.gov, 955-6625)

Committee Review:

Public Works and Utilities Committee: 2/8/21
 Governing Body: 2/10/21

PUBLIC WORKS AND UTILITES COMMITTEE ACTION: Approved on Consent Agenda to forward to 2/10/21 Governing Body.

SPECIAL CONDITIONS OR AMENDMENTS:

STAFF FOLLOW UP:

VOTE:	FOR	AGAINST	ABSTAIN
COUNCILOR RIVERA, CHAIR	X		
COUNCILOR GARCIA	X		
COUNCILOR ABEYTA	X		
COUNCILOR LINDELL	X		
COUNCILOR VIGIL COPPLER	X		



City of Santa Fe New Mexico

Memorandum



Date: February 5, 2021

To: Public Works and Utilities Committee

From: Rich Brown, Director, Community and Economic Development Department *RB*

RE: Resolution requiring Governing Body approval prior to announcing City real property for sale.

ITEM AND ISSUE:

This Resolution will require staff to make a presentation to the Governing Body and have the Governing Body vote before announcing City real property for sale. This resolution does not set a minimum threshold to trigger a public presentation prior to announcing a piece of City real property for sale, but requires that staff present their reasoning for selling property in public before announcing City real estate is for sale. The FIR explores what this means for staff time to start making public presentation during the discussion portion of the agenda. This Resolution does not prohibit executive session, which would be helpful should issues of sales/marketing strategy, personal confidentiality, ongoing personal litigations, etc., which need to be frankly discussed before a public offering notice is made.

Note: Current practice is that all land and property assets subject to public offering for sale are discussed with the Governing Body during an executive session, then a public notice is placed both on the website and as ads within the newspaper. Then, to sell a piece of real property a resolution and purchase agreement are brought to the Governing Body for a public hearing as required by statute, and any sales over \$25,000 are subject to a referendum period. This new process would require two public presentations for a sale of real property, one to obtain permission to place the real property for sale and one for the sale process that is required by statute.

BACKGROUND AND SUMMARY:

Historically, Asset Development (now part of the Community and Economic Development) has monitored and assessed all land and parcel assets of the City. This includes the monitoring and managing of most, if not all, City-leased property assets.

Recently, Councilors on the Governing Body expressed dismay that disposition strategies for land parcels which are targeted for public offering for sale were discussed in a closed, Executive Session. The reason that staff have sought to discuss issues and potential strategies and approaches during executive session to this point is to allow candid discussion of potential legal issues and avoid losing potential leveraging of sales values through sales strategy, while also gaining feedback from the Governing Body on the recommended path to public offering.

Approval from the Governing Body is not currently required before the City announces the opportunity for potential offerors to submit offers to buy City property for the Governing Body's consideration.

ACTION REQUESTED:

Staff recommends moving forward with this Resolution, since it retains the option to discuss sensitive issues in Executive Session. The ongoing ability to hold an Executive Session, if needed, will allow the City to avoid telegraphing any competitive advantages or potentially ongoing litigating issues before launching an approved public offering.

ATTACHMENTS:

Resolution
Fiscal Impact Report

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

2 **RESOLUTION NO. 2021-__**

3 **INTRODUCED BY:**

4
5 Councilor JoAnne Vigil Coppler

6 Councilor Michael J. Garcia

7 Councilor Renee Villarreal

8
9
10 **A RESOLUTION**

11 **REQUIRING GOVERNING BODY APPROVAL PRIOR TO ANNOUNCING THE**
12 **AVAILABILITY OF ANY CITY-OWNED LAND, BUILDINGS, OR OTHER REAL**
13 **PROPERTY FOR SALE.**

14
15 **WHEREAS**, the City recently unveiled a new website that advertises various properties
16 owned by the City of Santa Fe that are either “for sale” or contemplated for future sale; and

17 **WHEREAS**, Governing Body approval and, in most circumstances, a waiting period
18 during which the sale is subject to a voter referendum, is required for an offeror to purchase City
19 property; and

20 **WHEREAS**, approval from the Governing Body is not currently required before the City
21 announces the opportunity for potential offerors to submit offers to buy City property for the
22 Governing Body’s consideration; and

23 **WHEREAS**, there is currently one property listed as “for sale” on the new website: the
24 seven parcel, 228 acre Santa Fe Estates located north of Veterans Memorial Highway (US 599) and
25 to the West of US 285; and

1 **WHEREAS**, several other City-owned land and real property may soon be listed as “for
2 sale” on the website; and

3 **WHEREAS**, City-owned land, buildings, and other real property are public property; and

4 **WHEREAS**, the Governing Body prefers to hold discussions of the disposition or sale of
5 City-owned land or property transparently and in front of the public, during a public meeting unless
6 doing so would harm the City’s ability to leverage the competitive value of real property;
7 confidential market strategy is not a factor; there are no reputational interests at stake; relevant laws
8 do not require confidentiality; and there is no actual or threatened litigation to consider.

9 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
10 **CITY OF SANTA FE** that, prior to announcing any City-owned land, building, or other real
11 property as “for sale”, the Governing Body must approve a recommendation to do so, after a
12 presentation by City staff during a public meeting, describing why staff members recommend that
13 the City announce the land or other real property as “for sale.”

14 **BE IT FURTHER RESOLVED** that, other than Santa Fe Estates, all properties currently
15 under consideration for sale must be presented to the Governing Body for approval of a desired
16 announcement, prior to announcing the land, building, or other real property is for sale, even if the
17 Governing Body has already discussed such sale of such property in an executive session.

18 PASSED, APPROVED, and ADOPTED this ____day of _____, 2021.

19
20
21
22 ATTEST:

ALAN WEBBER, MAYOR

23
24 _____
25 KRISTINE MIHELIC, CITY CLERK

1 APPROVED AS TO FORM:

2

3



4 ERIN K. McSHERRY, CITY ATTORNEY

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25 *Legislation/2021/Resolutions/GB Approval for Offering of Public Land for Sale*

FISCAL IMPACT REPORT

General Information:

(Check) Bill: _____ Resolution: X

Short Title(s): GB Approval for Sale of Public Land

Sponsor(s): Councilors Vigil Coppler, Garcia, and Villarreal

Reviewing Department(s): Community and Economic Development

Staff Completing FIR: Rich Brown Date: 2/15/21 Phone: 955-6625

Reviewed by City Attorney: _____ Date: _____

Reviewed by Finance Director: _____ Date: _____

Summary:

The proposed Resolution will create a pre-review process when selecting underperforming property assets, which will require obtaining Governing Body approval before announcing any City real property to be offered for sale. It is notable that this resolution does not set a minimum threshold to trigger a public presentation, which means that any sale of any real property would need to be presented to Governing Body in a public presentation. This could also create a likelihood that staff will seek a private sale without a public announcement to avoid this requirement when timing is an issue. The resolution does not prohibit executive session, which would be necessary should issues of sales/marketing strategy, personal confidentiality, ongoing personal litigations, etc., need to be discussed in Executive Session before a public offering notice is produced. Note: Current practice is that all land and property assets subject to public offering for sale are submitted to the Governing Body for proposal review during Executive Session, then a public notice is placed both on the website and as ads within the newspaper. Then, to sell a piece of real property valued at more than \$25,000, an ordinance and purchase agreement are brought to the Governing Body for a public hearing as required by statute and the sale is also subject to a referendum period. The proposed, Resolution-mandated process will make at least two public presentations required for a sale of real property, one to obtain permission to announce the real property for sale and one for the sale process required by statute.

Departments Affected:

Community and Economic Development and the City Attorney’s Office.

Consequences of Not Enacting Legislation:

If this Resolution is not enacted, the City will continue to meet all legal requirements for selling real property.

Conflict, Duplication, Companionship, or Relationship to Other Legislation:

None identified.

Performance and Administrative Implications:

No staff overtime would be incurred as it relates to any unintended consequences of the new land sales preview and/or presentation format. With large parcels, this new process could delay the go-to-market option by up to six months or more; depending on any amendments, changes, market data requests, etc. Some of this process could be done internally, but the potential added cycles of gaining majority approval may not match the timing of the market interest.

Fiscal Implications:

Potential fiscal implications could include the cost of appraisals that have up to a one-year shelf life. A new appraisal could be required if the City does not sell the real property within the year shelf life. If approvals take any longer than appraisal life span, additional funding would be needed to meet that demand.

Fiscal Impact

 Check here if no fiscal impact

Expenditures

Expenditure Type	FYE 21	FYE 22	FYE 23	Require BAR (Y/N)	Recurring (R) or Non-recurring (NR)	Fund	3-Year Total Cost
Personnel and Benefits*	\$ _____	\$ _____	\$ _____	_____	_____	_____	
Capital Outlay	\$ _____	\$ _____	\$ _____	_____	_____	_____	
Contractual/	\$6,000	\$12,000	\$ _____			2122800	
Professional Services		_____				_____	
Operating	\$ _____	\$ _____	\$ _____		_____		\$ _____
Total:	\$6,000.00	\$12,000	\$ _____				\$18,000.00

* This includes all staff time associated with executing the job functions of the proposed legislation.

Expenditure Narrative:

No additional staff overtime expense would be incurred. However, with large parcels, there could an additional expense for new appraisals if there is a delay in the go-to-market by up to one year or more. This additional appraisal cost would be dependent on any amendments, changes, market data requests, etc. Some of this process could be done internally, but the potential added cycles of gaining majority approval may not match the market interest.

Revenue

Revenue Type	FYE	FYE	FYE	Recurring (R) or Non-recurring (NR)	Fund
General Fund	\$ _____	\$ _____	\$ _____	_____	_____
Special Revenue	\$ _____	\$ _____	\$ _____	_____	_____
CIP	\$ _____	\$ _____	\$ _____	_____	_____
Enterprise	\$ _____	\$ _____	\$ _____	_____	_____
Internal Service	\$ _____	\$ _____	\$ _____	_____	_____
Trust and Agency	\$ _____	\$ _____	\$ _____	_____	_____
Federal	\$ _____	\$ _____	\$ _____	_____	_____
Other	\$ _____	\$ _____	\$ _____	_____	_____
Total	\$ _____	\$ _____	\$ _____		

Revenue Narrative:

FISCAL IMPACT REPORT**General Information:**(Check) Bill: _____ Resolution: X Short Title(s): GB Approval for Sale of Public LandSponsor(s): Councilors Vigil Coppler, Garcia, and VillarrealReviewing Department(s): Community and Economic DevelopmentStaff Completing FIR: Rich Brown Date: 1/29/21 Phone: 955-6625Reviewed by City Attorney:  Date: Feb 6, 2021Reviewed by Finance Director:  Date: Feb 10, 2021**Summary:**

This resolution will create a pre-review process when selecting underperforming property assets, which will require obtaining Governing Body approval before announcing any City real property to be offered for sale. It is notable that this resolution does not set a minimum threshold to trigger a public presentation, which mean any sale of any real property would need to be presented to Governing Body in a public presentation this could be an issue as it relates to staff time (see staff expense calculation) and Governing Body review time. This could also create a likelihood that staff will seek a private sale without a public announcement to avoid this requirement when timing is an issue. The resolution does not prohibit executive session, which would be necessary should issues of sales/marketing strategy, personal confidentiality, ongoing personal litigations, etc., need to be discussed in Executive Session before a public offering notice is produced.

Note: Current practice is that all land and property assets subject to public offering for sale are submitted to the Governing Body for proposal review during Executive Session, then a public notice is placed both on the website and as ads within the newspaper. Then, to sell a piece of real property an ordinance and purchase agreement are brought to the Governing Body for a public hearing as required by statute and any sales over \$25,000 are subject to a referendum period. This ordinance-mandated process, will make two public presentation required for a sale of real property, one to obtain permission to place the real property for sale and one for the sale process required by statute.

Departments Affected:Community and Economic Development and the City Attorney's Office.**Consequences of Not Enacting Legislation:**If this resolution is not enacted, there are no consequences because the City currently meets all legal requirements for selling real property.**Conflict, Duplication, Companionship, or Relationship to Other Legislation:**None identified.**Performance and Administrative Implications:**

Unintended consequences, additional staff overtime expense could be incurred if the Asset Development Division and the City Attorney's Office will need to create a series of Governing Body recommendation packets for public hearing. As well as, with large parcels, this could delay the go-to-market option by up to six months or more; depending on any amendments, changes, market data requests, etc. Some of this process could be done internally, but the potential added cycles of gaining majority approval may not match the timing of the market interest.

Fiscal Implications:

Unintended fiscal implication: Additional internal staff overtime expense for any time to prepare, redact, and/or resubmit public offering proposals if a majority approval for each select land/property asset is not achieved through the Committee process leading up to the Governing Body meeting.

Fiscal Impact

_____ Check here if no fiscal impact

Expenditures

Expenditure Type	FYE 21	FYE 22	FYE __	Require BAR (Y/N)	Recurring (R) or Non-recurring (NR)	Fund	3-Year Total Cost
Personnel and	\$25,024.00	\$29,194.00	\$ 0	N	R	2122800	
Benefits*	_____	_____				_____	
Capital Outlay	\$ _____	\$ _____	\$ _____	_____	_____	_____	
Contractual/	\$ 5,000	\$ 8,000	\$ 0			2122800	
Professional Services						_____	
Operating	\$ _____	\$ _____	\$ _____			2122800	\$ _____

Total:	\$30,024.00	\$37,194.00	\$ 0				\$67,218.00
	_____	_____					

* This includes all staff time associated with executing the job functions of the proposed legislation.

Expenditure Narrative:

Note: Additional, unintended staff overtime expense could be incurred if the Asset Development Division will need to create a series of Governing Body recommendation packets that is be present for public debate. With large parcels, this could delay the go-to-market option by up to six months or more; depending on any amendments, changes, market data requests, etc. Some of this process could be done internally, but the potential added cycles of gaining majority approval may not match the market interest.

Revenue

Revenue Type	FYE __	FYE __	FYE __	Recurring (R) or Non-recurring (NR)	Fund
General Fund	\$ _____	\$ _____	\$ _____	_____	_____
Special Revenue	\$ _____	\$ _____	\$ _____	_____	_____
CIP	\$ _____	\$ _____	\$ _____	_____	_____
Enterprise	\$ _____	\$ _____	\$ _____	_____	_____
Internal Service	\$ _____	\$ _____	\$ _____	_____	_____
Trust and Agency	\$ _____	\$ _____	\$ _____	_____	_____
Federal	\$ _____	\$ _____	\$ _____	_____	_____
Other	\$ _____	\$ _____	\$ _____	_____	_____
Total	\$ _____	\$ _____	\$ _____		

Revenue Narrative:

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 02/15/21
FOR CITY COUNCIL MEETING OF 02/24/21

o) CONSIDERATION OF RESOLUTION NO. 2021-____. (Councilor Vigil Coppler, Councilor Garcia, and Councilor Villarreal)

A Resolution Requiring Governing Body Approval Prior to Announcing the Availability of Any City-Owned Land, Buildings, or Other Real Property for Sale. (Andrea Salazar, Assistant City Attorney; asalazar@santafenm.gov, 955-6303 and Rich Brown, Economic and Community Development Director, rdbrown@santafenm.gov, 955-6625)

COMMITTEE REVIEW:

Public Works and Utilities Committee: 02/8/21

Governing Body: 02/10/21

Finance Committee: 2/15/21

Governing Body: 2/24/21

FINANCE COMMITTEE ACTION:

Approved on Discussion with intention to amend language and new FIR

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR ABEYTA	X		
COUNCILOR CASSUTT-SANCHEZ	X		
COUNCILOR LINDELL			X
COUNCILOR ROMERO-WIRTH		X	
CHAIRPERSON VILLARREAL	X		

01/13/21



MIDTOWN DISTRICT SANTA FE

Public Progress Reports for February 10 Governing Body Meeting - Discussion Agenda. Documents include:

- January 29: Midtown Development Committee “Strategy Tactics Team” Progress Report
- December 16: Charrette & Predevelopment Update @ ENA 6-Month Period

In direct response to the outcomes of the Midtown Charrette held December 7-9, 2020, the Midtown Steering Committee established the Strategy Tactics Team (STT) to serve as an action-oriented team to develop initial solutions and strategies for moving forward the redevelopment of the Midtown Site.

The STT met for its first time on December 30, 2020 to begin organizing its efforts into categories that were based on the results of the Midtown Charrette; as stated within the Midtown Report: Charrette & Predevelopment Update @ ENA 6-Month Period dated December 16, 2020, which was also submitted to the City's Governing Body. As such, the STT established the following categories:

1. Existing Buildings & Site Conditions

- a. Demolition
- b. Rehab/ Reuse
- c. Civic Buildings - MOU (Library, Arts Complex, Performance Theater)
- d. Garson Studios – existing lease, proposal for operations/ development expansion
- e. Existing Leases * (see Public Finance)
- f. Environmental Assessment
- g. FF&E Assets

2. Master Plan & Phase 1

- a. Scenarios
- b. Connectivity/ Access
- c. Phasing
- d. Phase 1 / Early Start Projects

3. Infrastructure

- a. Investigations, Assessments, Reports (phased)
- b. Phasing
- c. Utility Financing * (see Public Finance)

4. Entitlements

- a. Requirements
- b. Phased
- c. Applicant / Planner

5. Public Finance

- a. Utility Fees / Utility Financing *
- b. Governance Structure (e.g. Metropolitan Redevelopment Area)
- c. Financing Options (e.g. Bond, TID, other)
- d. Cash Flow – Early Start Projects/ Garson Studios, and Budget Phasing to increase cash flow, reduce operational burden, source for funding predevelopment costs
- e. City investment – (planning, assessment, reports)
- f. Enterprise Funds
- g. Other Financing Options (list in order of feasibility and priority)

6. RFEI – Moving Projects Forward

- a. Early Start Projects

- b. Civic Buildings
- c. RFEI and Alternative Procurement Scenarios – pros and cons
- d. Garson Studios

7. Public Engagement

- a. Aligning Planning Schedule with Public Engagement

The STT agreed on creating committees for each category that would have a “Lead” responsible for coordinating meetings and implementing a scope of work for each category, including deliverables, as follows), with Sam Burnett and Daniel Hernandez assisting in coordinating information sharing to align and integrate recommendation and strategies into a comprehensive approach for viably moving forward.

- 1. Existing Buildings and Site Conditions (Lead: Daniel Hernandez and Sam Burnett)**
- 2. Master Plan & Phase 1 (Lead: Eli Isaacson and Stefan Pellegrini)**
- 3. Infrastructure (Lead: Sam Burnett and Sean Moody)**
- 4. Entitlements (Lead: Noah Berke and Eli Isaacson)**
- 5. Public Finance (Lead: Dena Belzer and Mary McCoy)**
- 6. ENA and RFEI (Lead: Andrea Salazar and Daniel Hernandez)**
- 7. Public Engagement (Lead: Alexandra Ladd and Daniel Hernandez)**

The STT will prepare a report to the Midtown Development Committee Staff and Steering Committee prior to making any formal recommendations to the City’s Governing Body. A bi-weekly report packet will be included on the Governing Body discussion agenda, starting February 10. Note: A more formal presentation to the Governing Body is planned for February 24.

MIDTOWN DISTRICT SANTA FE

Date: December 16, 2020
From: Richard Brown, Director of Community and Economic Development
Authors: Daniel Hernandez, Proyecto, Midtown Project Manager
Dena Belzer, Strategic Economics, Land Economics Consultant
To: City of Santa Fe, Governing Body
Midtown Steering Committee
Subject: **Charrette & Predevelopment Update @ ENA 6-Month Period**

EXECUTIVE SUMMARY

The City “Midtown Master Development Committee” (City) and the Developer “KDC Cienda Team Midtown” (Developer) participated in a Charrette from December 7-9, 2020. The primary value of the Charrette was that it clarified assumptions, strengths, weaknesses, opportunities and threats (SWOT) which affect the re-development process and resulting residual land values. It also became clear that drivers of land value in the market will be affected by the SWOT factors identified in the Charrette and contained in this Report, no matter what site disposition process is undertaken, whether an auction, Disposition and Development Agreement (DDA) or other.

The Charrette confirmed the value of the RFEI and the ENA process, in that having a private developer at the table to express assumptions, identify SWOT and begin to develop ways to address them, strengthen overall project viability. The Developer submitted their response to the RFEI predicated on many assumptions, as is standard process in developer procurements of this type. The ENA period was intended for the Developer to test their assumptions and revise their proposal, in collaboration with the City, so that going into the final DDA, there are no surprises on either side, i.e. clear understandings and negotiated terms. The understanding of Midtown that the Developer gained in this process and shared with City staff at the Charrette will certainly serve the project going forward.

City staff, with the Strategic Economics and Proyecto team, will begin exploring more detailed options for assisting the development feasibility by proposing viable risk sharing proposals, identifying and deploying all available public financing sources, and exploring an entitlements process that meets the City’s requirements while providing the flexibility as well as certainty that developers typically require over a multi-year phased development contemplated for a successful Midtown District.

Charrette & Predevelopment Update @ ENA 6-Month Period

REPORT

Purpose

This Memorandum is to provide the Governing Body and the Midtown Steering Committee with a concise update on the Midtown predevelopment and planning process. KDC Cienda, the Master Developer lead of Team Midtown (Developer), and the City of Santa Fe (City), entered into an Exclusive Negotiation Agreement (ENA) on May 4, 2020, which outlined certain industry standard predevelopment due diligence and feasibility analysis responsibilities to form the basis of a Disposition and Development Agreement (DDA). The conclusion of the six-month ENA period on November 4, 2020 marked a significant moment for the parties to convene to identify variables that are either challenges and/or opportunities to the progress of redeveloping the Midtown Site.

To facilitate a collaborative public/private partnership between the Developer and the City, the Director of Community and Economic Development and the Midtown Steering Committee proposed a Midtown Charrette to review analysis undertaken by the Developer for the parties to better understand the strengths, weaknesses, opportunities, and threats (SWOT) regarding the development viability of the Midtown Site, and to problem-solve, maximize opportunities, and outline a path forward.

Midtown Charrette

A Charrette is a meeting in which all stakeholders in a project attempt to resolve conflicts and map solutions. Participants share their work and skills with members of their team and/or partners, and talk through, collaborate, and sketch solutions to explore, and share a broad diversity of strategies for implementation.

The City and Developer held a Charrette on December 7-9, with 23-43 attendees per day in various sessions. A core objective of the Midtown Charrette was to create a shared understanding of the existing opportunities and constraints associated with developing the Midtown site. This collective understanding could then inform a concrete development framework and process to move forward with obtaining land use entitlements, infrastructure improvements, and appropriate development phasing in the Santa Fe real estate market context.

Both parties agreed that the Charrette was timely, provided an opportunity to strategize within a multi-disciplinary framework, and to jointly understand the SWOT parameters of the Midtown site development.

Agenda

Day 1: Physical Planning

- Master planning – infrastructure planning, transportation planning, Phase 1

Day 2: Strategic Planning

- Implementation strategies – entitlements, infrastructure finance, connectivity/access, City/State land swap, public finance, residual land value, market forces

Day 3: Public/Private Partnership

- ENA terms

Charrette & Predevelopment Update @ ENA 6-Month Period

Understandings & Next Steps

Understandings: Key SWOT Development Parameters

The following SWOT parameters were assumptions stated by the Developer and reflect their preliminary analysis, aka, back of the envelope assessment. The Developer did not present formal professional reports, detailed pro formas, or certified assessments to substantiate their SWOT business points listed above. The following SWOT points were presented as reasons to pause the ENA process until the City provided assurances for overcoming the challenges and risks. It should be noted that the City's project team had generally understood from the outset that these SWOT parameters were going to affect residual land value and the underpinnings of the DDA terms for overall development progress and viability. Charrette outcomes confirmed these initial assumptions and helped to identify Next Steps.

1. Existing Buildings

Developer initially planned for the adaptive reuse of many existing buildings as an interim strategy to secure cash flow to pay for early predevelopment and development activities. However, after initial a site and building walk-thru and basic review of available plans, the Developer determined that to get the current buildings into code compliance for occupancy, the cost outweighed projected cash flow. Therefore, the Developer no longer considers reuse of certain buildings as a mid-term revenue generating strategy in their preliminary economic assumptions.

2. Infrastructure

Developer claims to have underestimated the cost for fully assessing existing infrastructure, as part of their due diligence responsibilities. However, based on a review of available base information provided by the City, the Developer has preliminarily projected costs for engineering and constructing fully upgraded infrastructure are estimated to be over \$30 million. The Developer's preliminary assumptions estimates costs on a per acre basis, assuming only developed land (net of roads, parks, and other public amenities) - the infrastructure cost make the land cost-per-acre much higher than land cost-per-acre for other ready to be developed sites in Santa Fe.

3. Connectivity / Access

Developer determined that a minimum of 5-points of auto access will be a critical determinant of the market success at Midtown, particularly since a relatively mid to high-density, mixed-use, commercial development pattern is proposed as part of the master plan land uses. The Developer had assumed that they would be able to obtain a right of way through the "Smith's grocery store" property to gain access between the site and Cerrillos Road. However, the Developer stated that they were unable to reach agreements with the owner on creating this connection/access. Similarly, the Developer stated that they were unable to develop agreements with the property owner to north of the site that could connect St. Michaels Drive to the site. The Developer believes that they will not achieve necessary higher and more economically feasible densities on the site without these and other points of access.

4. Environmental Assessment

Developer had not assumed undertaking any environmental assessments or remediation as part of their site development costs. Environmental assessment was part of the ENA due diligence process, and the City has been prepared to provide preliminary background information and coordination. Given that assessing and potentially remediating areas will add costs to what the Developer stated is already a cost overburdened site, they requested that the burden of environmental activities be on the City.

Charrette & Predevelopment Update @ ENA 6-Month Period

5. Land Use Entitlements

When the Developer submitted their response to the RFEI, they assumed that any land use entitlements for the site would be granted through an administrative process, not a full public entitlements process. However, this was an incorrect assumption, as described in the RFEI scope of work. In addition, the ENA expressly stated that the Developer shall prepare and file all applications for City entitlements, including zoning, amendment to the City's general plan, and master plan. The Developer's perspective is that the entitlement process is extensive and expensive. Creating a master plan would require, at a minimum, an infrastructure plan and a transportation plan, as well as agreement on allowable land use uses. The parties agreed that C-2 zoning would allow for the greatest land use flexibility, while the LINC overlay provides important development incentives, as well as guidance for building form and site planning. The Developer expressed concern that the entitlement process presents a potential significant risk to the development and predevelopment schedule.

6. Public Financing and Existing Bond Debt Repayment

Developer has determined that the total cost to develop the entire Midtown campus, including obtaining entitlements, remediating any environmental contamination, replacing infrastructure, providing sufficient access to the site, and repaying existing bond debt, together add up to a very high cost relative to the land's potential value in the marketplace. Given the perceived risk in making this kind of investment, the Developer is requesting that the City consider a land value payment that fits within the Developer's preliminary conceptual financial model, without the expectation that the land value payment is high enough to retire the City's existing bond debt; and, for the City to assume costs and responsibility for providing points of (i) access/connectivity; (ii) obtaining entitlements, and, (iii) removing bond repayment requirements. It should be noted that the City had considered detailed land valuation analysis as part of the ENA due diligence and DDA negotiation process. At the outset, the RFEI noted that Land valuation and "the final land price or lease cost will be negotiated with the City during the disposition and development process to maximize the economic value of the land toward achieving the Midtown Planning Guidelines, inclusive of community development and public policy objectives." 3.G.RFEI.

7. Markets

Developer expressed a general concern about the uncertainty of the market and the impacts it has on risk evaluation for investing predevelopment funds into the project. In their response to the RFEI, the Developer had assumed that their early development phases would be led by "build to suit" commercial uses, such as tech and institutional users. However, the COVID-19 pandemic has created budget risks for the commercial partners, which may no longer be able to raise the funds for anticipated capital expansion at the site. Although market conditions do suggest that an early development phase could focus on residential (market and affordable), the Developer does not seem particularly interested in this approach for reasons that remain unclear, but may be related to their underwriting assumptions that the market value for these Phase 1 residential units might be low.

Next Steps

The Charrette uncovered and confirmed these underlying SWOT assumptions and provided the basis for the City team to begin developing strategies, Next Steps, to overcome the challenges and risks for the City, and to better inform further discussions and negotiations with the Developer. Some areas for further exploration will include:

Charrette & Predevelopment Update @ ENA 6-Month Period

A. Public Financing Options

City will research viable public special purpose entities, such as a Metropolitan Redevelopment Area under the NM Metropolitan Redevelopment Code, to maximize the opportunities for accessing favorable financing mechanisms for redevelopment areas/districts. The City, as a public entity, has various public financing instruments and structures to help bridge the projected financing gaps identified in development feasibility studies, which the City will pursue.

B. ENA Review

City to review the terms of the ENA that would minimize risk for both parties and position the City to maximize its potential to ensure that the site is economically beneficial to developers, while achieving the City's economic, as well as other public policy goals. Any amendments to existing procurement, including the ENA, would be pursuant to review and approval of the City's Governing Body.

C. Entitlements and Master Planning

City will review entitlement pathways for achieving the desired development and maximizing the use of the LINC overlay in a potential Phase 1 development. Objectives would be to start creating value on the site while containing, phasing, and strategically placing investment in new infrastructure. Next steps will be to confirm and/or assess if existing sewer, water, and electrical systems are adequate to handle the load from a proposed development program. This approach may yield little or no residual land value for the City, but the trade-off would be that there is new investment at the site that could help build market value momentum for future phases as well as generate some potential cash flow.

D. Connectivity/ Access

City will develop alternative transportation plans that prioritize pedestrian and bicycle access, while ensuring sufficient auto access, that is uniquely Santa Fe based, with a focus on achieving carbon reduction goals and compact, walkable development patterns. Plans would be market tested as part of the initial research.

E. City/State Land Swap

The City team agrees that the City/State land swap will be advantageous for the Midtown site's long-term viability and should proceed. The state land is very important for the site's long-term connectivity/accessibility.

F. Brownfield Remediation

City will request a Target Brownfield Assessment with the NMED.

G. Public Engagement

City is proceeding with the scope of work with the UNM DPAC public engagement team. Some initial items to be developed are an integrated schedule aligning the civic organization grant program, activation events, public forums, and industry sector forums, with the master planning process.

H. Development Economics

City will utilize the services of Strategic Economics, and their urban planning sub-consultant, Opticos, as well as, Proyecto, the City's project manager and development strategist, to analyze and develop the economic underpinning of proceeding in alternative development scenarios with the Developer.

Timeline

The City team is proposing to return with a series of strategies to the Governing Body in February 2021.