

January 21, 1985

METROPOLITAN REDEVELOPMENT PLAN
PROJECT VII

Railroad Metropolitan Redevelopment Area

PROJECT AREA

1. Description of Boundaries

Exhibit A shows the boundaries of the proposed plan area which lies generally between Marquette Avenue on the north, Silver on the south, Second Street on the west, and the Santa Fe railroad tracks on the east. Boundaries jog to the west of Second Street to include the sites immediately north and south of Central Avenue in order to provide opportunity for redeveloping those two vacant sites compatibly with the rest of the project. Such redevelopment would help to tie new development to the rest of Central Avenue, maximize the total impact of the project, and help to create a "Gateway effect" to Downtown.

A metes and bounds description for the area to be covered by the proposed Railroad Metropolitan Redevelopment Area, Project VII Plans as follows:

A certain tract of land beginning at the Southeast corner of Silver Avenue and 2nd Street, S.W., thence across 2nd Street to the Northerly portion of lot thirteen (13) Block 23, New Mexico Townsite Addition, thence North along the Westerly right-of-way

line of Second Street to the North property line of the alley in Block 16, New Mexico Townsite Addition, thence West along the Northerly right-of-way line of alley to the Southwest corner of lot three (3), Block 16, New Mexico Townsite Addition, thence North along the West property line of lot three (3) to the Northwest corner of lot three (3), thence West approximately twenty-five feet along the Southerly right-of-way line of Central Avenue, thence North across Central Avenue and along the Westerly property line of lot sixteen (16), Block nine (9), New Mexico Townsite Addition, to the Southwest corner of lot four (4), Block nine (9), New Mexico Townsite Addition, thence East along the Northerly right-of-way line of alley to West right-of-way line of Second Street, thence North along the Westerly right-of-way line of Second Street to the Northwest corner of Marquette and Second Street, thence East across Second Street, thence East along the northerly right of way line of Marquette to the Northeast corner of Marquette and AT&SF right-of-way line, thence South long the Easterly right-of-way line of AT&SF Railway to the Northwest corner of Central Avenue and AT&SF Railway right-of-way line, thence East approximately one hundred fifty feet (150) along the Northerly right-of-way line of Central Avenue, thence South across Central Avenue and along the Easterly right-of-way line of AT&SF Railway property line to lot eleven (11) Block "B", Union Depot Frontage Addition, thence West across the AT&SF right-of-way line to and along the South right-of-way line of Silver Avenue to the point of beginning.

2. Existing Conditions

The Plan area exhibits several characteristics of "blight" as defined in Section 3-60A-4.I of the State Metropolitan Redevelopment Code and documented in a report entitled Facts Concerning Blight in the Railroad Area, January

1980. These include under-utilization of land, deteriorated site and other improvements, low levels of commercial activity and redevelopment, and problems of accessibility. These characteristics are an extension of those existing in the rest of the Railroad Metropolitan Redevelopment Area, which has been found by the City Council to "substantially impair and arrest the sound growth and economic well-being of the City as a whole" (April 1980), therefore constituting a blighted area eligible for redevelopment activities.

3. Property Ownership

Exhibit B attached shows detailed property ownership within the Plan area.

OBJECTIVES

The goal of this Metropolitan Redevelopment Plan (the "Plan") is to provide for the coordinated development of several major public and private projects (collectively, the "Project") designed to revitalize the downtown core of Albuquerque as a regional specialty-retail, entertainment, and visitor center. The Plan recognizes that downtown Albuquerque has experienced healthy growth in office construction during recent years, but that retail, hotel and entertainment activities have lagged behind office development. The Plan proposes the coordinated development of the following Project

elements to remedy this imbalance in the Downtown's mix of activities:

1. Expansion of the Albuquerque Convention Center to add approximately 100,000 - 125,000 square feet of exhibit space.
2. A new convention hotel of at least 500 room designed to help meet the demand generated by the expanded Convention Center.
3. A specialty retail and entertainment center of at least 50,000 square feet of net leaseable area, comprised of retail shops, restaurants, food and flower markets, kiosks and pushcarts, utilizing both indoor and outdoor spaces, and providing space and encouragement for a variety of entertainment, such as small community-based music groups, entertainment for children, etc.
4. An attractive new urban park, integrated with the other project elements identified in the Plan, providing relief from the intense urban activity nearby as well as space for entertainment and civic events, such as arts and crafts shows, celebrations sponsored by ethnic groups, etc.
5. A new museum, possibly emphasizing transportation, science and technology in keeping with New Mexico's role in scientific achievement and the site's identity

as a transportation crossroads and/or ballooning in recognition of Albuquerque's prominence in the sport of international ballooning.

6. Parking facilities sufficient to support the Project facilities and other nearby downtown developments.
7. An attractive and highly visible transit link to Old Town and its Museums (and possibly to other City attractions such as the Rio Grande Zoo, Indian Pueblo Cultural Center and University of New Mexico), including appropriate transit stop facilities.

The intent of the Plan is to diversify the economic base of the City's downtown and provide a magnet to draw people Downtown for shopping and entertainment, especially during evenings and weekends. It is believed that these developments will have the effect of promoting Albuquerque as a center of regional economic activity, improving the City's attractiveness to tourism, and providing an atmosphere in which more downtown and near-downtown residential development will occur. The Plan further contemplates creation by the City of an Albuquerque Development Fund (the "Fund") into which revenues generated by the Project will be channelled so that funds will be permanently available for future public development projects in all parts of the City.

FINANCING AND IMPLEMENTATION PLAN

It is anticipated that the elements identified in the Plan will be funded by a combination of public and private sources of financing. Expansion of the Convention Center, development of the park and museum, street improvements and other infrastructure requirements would be financed entirely with public funds. The retail center, hotel and parking facilities (the "Private Facilities") may be financed primarily through private funding sources with public investment.

Portions of the public investment in the Project may be financed by the Fund as recommended by a Report of the Downtown Coordination Committee of Albuquerque Center, Inc., dated September 19, 1984 (the "ACI Report"). The 1/4% Municipal Gross Receipts Tax authorized by Section 7-19-1, et seq., NMSA 1978, currently imposed pursuant to Article 4-9, R.O. 1974, may be extended for three years, beginning July 1, 1985. The proceeds of the tax would be credited to the Fund. The City could issue revenue bonds (the "Revenue Bonds") secured by the principal and income of the Fund to finance the park development, street improvements, other public infrastructure, construction of the museum and necessary land acquisition.

The fund might also be used to finance a contract with and to invest in a private non-profit development company to be created. This company could be responsible for coordinating

the development of all the Plan facilities and for implementation of the public portions of the Project.

The City should also determine the feasibility of selecting a private Master Developer (referred to as the "Master Joint Venture" in the ACI Report), to develop, construct and operate the hotel, retail center and parking facilities.

Working with the development company, the City may acquire and assemble land within the Project Area as needed for the Project facilities. When appropriate, land needed for the Private Facilities will be made available for lease or purchase.

The City could contract with the development company to implement the Project elements in a timely manner. The development company could be a mechanism through which the City would invest portions of the fund principal in the private facilities. In exchange for its investment in the privately-owned facilities (hotel, retail center, and parking facilities), the City would receive income. The net income would be returned to the Albuquerque Development Fund. This financing program could provide a significant return to the Fund, which would then be available for other development projects throughout the entire City.

RELATIONSHIP TO PREVIOUS PLANNING EFFORTS

The Albuquerque Center Project as outlined in this Plan implements both the specific plans for Downtown Albuquerque

which have been adopted by the City Council over the past decade and the recommendations of the downtown planning studies performed for the City by a number of different consultants.

The Metropolitan Areas and Urban Centers element of the City's Comprehensive Plan, adopted in 1975 (Resolution No. 69-1975), identifies the Downtown Core as a major, regional-scale urban center where high intensity uses are to be concentrated. Resolution No. 128-1975, adopting the 1975 Downtown Plan Revision, specified that "land uses which stimulate around-the-clock activity shall be encouraged," along with "structures which combine a variety of functions," and "increases in amounts of retail, personal service, entertainment and cultural activities." The Resolution noted that "surface parking should be reduced throughout the Downtown area through encouragement of high-density infill development, parking structures, and improved transit facilities" and that "an attractive and functional Downtown walkway and plaza system" should be established, "adequately separated from vehicular traffic." The Plan Revision specifically called for development of a hotel across from the First Plaza building "to revitalize the area after hours and . . . relate well to the Convention Center" and suggested the possibility of a cultural center, new museum or "mercado/farmers market with an imaginative variety of specialty shops, theaters and restaurants" (page 12). The Plan stated that "cultural,

entertainment and retail uses are needed to stimulate after-hours activity . . . and to develop Downtown as a multi-functional center".

Hammer, Siler, George Associates prepared an Economic Base Study of the Center City in 1977 and noted that the Convention Center was under-utilized and that a greater number of hotel rooms nearby was needed to bring its use up to capacity.

In 1978 McComb/Levander Partners completed a Market and Development Study of Downtown Albuquerque. They recommended that "Downtown Albuquerque should become the metropolitan area's focus for entertainment, cultural, convention, office and restaurant activities" (page 4). The study pointed out that concentration of these activities in the downtown area would lead to a "synergistic impact of complementing uses benefiting each other". Retail revitalization should concentrate on attracting "good local merchants" who enjoy a strong local clientele to the downtown (as opposed to major department stores or national chains, which were concentrated in the regional shopping malls). The study envisioned Central Avenue containing "a mix of retail, restaurant and entertainment uses that will complement the convention and cultural activities" located nearby. The study (page 9) suggested that a Downtown Development Corporation might be a useful tool in a revitalization program.

The 1979 "Albuquerque Renaissance" study by Zuchelli, Hunter and Associates, Inc., reported that "Downtown Albuquerque has excellent potential as a specialty retail center oriented to daytime office population, existing business establishments, [and] tourists" (page 4). They recommended additional high quality eating and entertainment facilities, as well as the addition of 450 high-quality hotel rooms to support the existing Convention Center. Zuchelli, Hunter suggested that the City adopt a "public/private partnership" strategy, facilitated by a new quasi-public Economic Development Corporation, which could "break down old barriers" between local government and private investors (page 70).

In response to the Zuchelli, Hunter report, the City Council in 1979 adopted a Ten-Point Policy Program for development of Downtown (Enactment No. 65-1979). In that program the City recognized "the need for concentrated attention and special governmental action in order to preserve and strengthen downtown Albuquerque and to assist its proper future evolution as a thriving and prosperous activity center for the region and the state." The ten-point program stressed the importance of

- emphasizing downtown's role as a cultural and entertainment center;
- renovating the "Central Avenue district" as a

specialty retail shopping area "providing expanded food service, entertainment, arts, crafts, office and shopping opportunities for the residents of surrounding neighborhoods and visitors to Albuquerque"; and

- increasing convention and hotel business in downtown Albuquerque.

The program recognized that financial assistance for future downtown development should take place "within the context of a partnership approach, whereby necessary public expenditures will be committed in concert with private investment initiatives" and specifically called for "formation of an Economic Development Corporation that will strategically undertake individual projects in concert with private investment initiatives to further the objectives of the downtown development program"

Three studies received by the City during the past year have confirmed many of the earlier themes. First, a report from Gladstone Associates concluded that the City's Convention Center should be expanded to include an additional 100,000 - 125,000 square feet of exhibit space in order for Albuquerque to accommodate a larger share of the regional and national convention market. Gladstone also noted the need for the addition of 500 - 1,000 hotel rooms proximate to the Center.

Second, the Enterprise Development Company ("EDC") has concluded, after completing its market study, that it would be feasible to establish a "festival marketplace" of retail shops, restaurants and entertainment in Downtown Albuquerque within the area covered by this Plan. The market analysis provided by EDC concluded that the Albuquerque market could support 50,000 - 60,000 square feet of net leaseable retail space of this type. EDC proposed developing such a marketplace adjacent to a new downtown park. The marketplace complex would serve local residents as well as convention visitors and tourists and would be designed to accommodate entertainment activities, civic and cultural events. The marketplace would emphasize local merchants rather than national chain outlets. EDC indicated that they believed that the proposed complex would spur retail development along Central Avenue. The EDC report emphasized the importance of creating a "critical mass of activities" in the downtown area, all contributing to the success of the individual components. As part of this critical mass, EDC strongly recommended the creation of a new museum focusing on science and/or ballooning, development of a transit link connecting Downtown and Old Town, expansion of convention and hotel facilities, and increased promotional efforts by the City.

Finally, as part of a major revision of the City's Downtown Plan, the City commissioned Gruen Gruen and Associates to prepare a report concerning "Market Potential and Recommended

Development Strategies for Downtown Albuquerque". The Gruen study, received in October, 1984, concluded that

A major new specialty retailing complex, along the lines of the proposed Festival Market, and an expansion of the conference facility and visitor accommodations, if appropriately implemented, will serve as major catalysts to a healthy and expanding downtown.

* * *

[T]he critical mass that these new facilities would create would make the whole or the gestalt of downtown development far more than the sum of the separate enterprises. This new mass of downtown activity would then serve as a stimulus to the office market and over time to residential development as well. . . . (pages 137-138)

Gruen stressed the concept of "agglomeration economies" resulting from the concentration of government, financial, service, utility and communications in a central city core. In addition to good access and appropriate office space, the Gruen study noted that a successful central business area should "contain a broad variety of eating establishments, entertainment and shopping facilities that serve the business and personal needs of office workers", as well as "hotel and meeting facilities to serve the business visitor". The Gruen study projected retail sales in the Downtown both assuming a continuation of present trends and assuming the development of a specialty retail and entertainment complex similar to that recommended by Enterprise Development. In the latter case, Gruen projected that retail sales in the Downtown by the year

2000 would be nearly four times greater than if no such development occurred (page 102).

The Project outlined in this Plan implements the recommendations of these studies and adopted City policies. The recent report of the Goals for Albuquerque Committee 1983-1984 concluded that "the role of the central city as the heart of the community must be recognized and supported." Together with existing facilities in the downtown, implementation of this Plan should result in the "critical mass" necessary to achieve that goal.

PROJECT ACTIVITIES

The plan contemplates that the City may undertake the following specific project activities.

1. Zoning. The existing zoning of this entire area is SU-3 pursuant to the Downtown Core Sector Development Plan. This zoning would permit all the activities contemplated in this Plan. Pursuant to the Comprehensive Zoning Code, each specific project element or an appropriate Master Plan would be required to have a Site Development Plan approved by the City.

2. Land Acquisition. There are approximately 34.15 acres within the entire plan area. Of these, approximately 18.71 acres are privately owned and 15.44 acres are owned by the City of Albuquerque. The Metropolitan Redevelopment Agency of the City of Albuquerque ("MRA") is authorized by this Plan to

acquire real property within the area which is not owned by the City of Albuquerque, including existing buildings, where such acquisition is necessary to carry out the Plan. The MRA may contract with the development company for assistance in the process of land assembly. The MRA may utilize the power of eminent domain if necessary, as authorized by the New Mexico Metropolitan Redevelopment Code. The City recognizes that land necessary for one or more of the Private Facilities may be made available by direct negotiation between developers and private landowners. The City Council may be requested to appropriate funds needed to cover the costs of land assembly from proceeds of the sale of the Revenue Bonds as described above and from such other sources as may be appropriate.

3. Selection of Master Developer. The City recognizes that many of the most successful urban revitalization efforts by cities around the United States have been accomplished through the vehicle of public/private partnerships. The City believes that such a public/private partnership approach to revitalization of the downtown core of Albuquerque as a regional specialty retail, entertainment and visitor center will maximize the impact of such an effort. The use of a single Master Developer, could insure coordinated development of the individual elements of the Plan. This would create a synergism which would maximize the likelihood of success of each individual element. By participating directly in such a

venture, the City will also be able to insist that the development be of exceptional quality, which would in turn set the stage for additional high quality future growth and development of the community.

As noted above, it is envisioned that the private facilities would be financed primarily through private funding sources with the assistance of investment from the public sector through the mechanism of a development corporation. In order to implement the Plan, a Master Developer could be required to develop, construct and operate the hotel, specialty retail center and parking facilities.

The City may issue a public request for competitive proposals ("RFP") to select a Master Developer to develop, construct and operate the Private Facilities. Such an RFP could provide that the City would:

- 1) acquire privately-owned real property within the boundaries of the Project Area and make such real property as is necessary for the Private Facilities available for the Project;
- 2) contract with a non-profit development company to insure proper coordination and implementation of the public portions of the Project;
- 3) provide the funding sufficient to allow the non-profit development company to invest in the

- private facilities through a participating loan or other similar public/private financing technique;
- 4) cooperate in attempting to obtain an Urban Development Action Grant(s) (UDAG) from the United States Department of Housing and Urban Development to assist in the implementation of the Plan;
 - 5) construct an expansion of the Convention Center to add approximately 100,000 to 125,000 square feet of exhibit space;
 - 6) construct an urban park, including some type of museum activity, as part of this total complex;
 - 7) provide necessary street and other public infrastructure improvements in and around the Project Area;
 - 8) initiate an attractive transit link between Downtown and Old Town, possibly linking other parts of the City as well; and
 - 9) initiate a promotional program to encourage civic events and entertainment activities Downtown.

In return for the actions set out above, the RFP might require any entity interested in acting as Master Developer of the Project to prepare a proposal which includes a conceptual master plan of the project area. The RFP should require that proposals be completed and returned to the City of Albuquerque for evaluation and comment within 90 days. Proposals should

include among other things assurances for the development, construction and operation of:

- 1) a high quality convention hotel containing a minimum of 500 rooms;
- 2) a specialty retail/entertainment facility containing at least 50,000 square feet of net leaseable space; and
- 3) provision for at least 1,100 parking spaces in structured parking facility/facilities to serve the Project Area.

The proposals should include a statement of qualifications and financial ability of the Master Developer. All proposals submitted would be reviewed by the City staff and forwarded to the City Council. The City Council would select the Master Developer unless it concludes that no proposal is acceptable. After selection of a Master Developer, the MRA with the assistance of the non-profit development company may execute an agreement with the Master Developer, consistent with the selected proposal. Such agreement would be subject to approval by the City Council.

4. Design and Construction of Public Facilities. After selection of a Master Developer, the MRA could contract with the non-profit development company to obtain professional design services to design all the anticipated public improvements in coordination with the Master Developer. The

City could appropriate sufficient funds for such services from the Revenue Bond proceeds and from such other sources as may be appropriate.

The MRA could also contract with the non-profit development company to supervise the construction of the public improvements, to coordinate their construction with the private projects which are part of the Plan, and to coordinate the implementation of the Plan with affected public agencies, private businesses and nearby neighborhoods. The construction could also be funded by appropriation from the Revenue Bond proceeds and such other sources as may be appropriate.

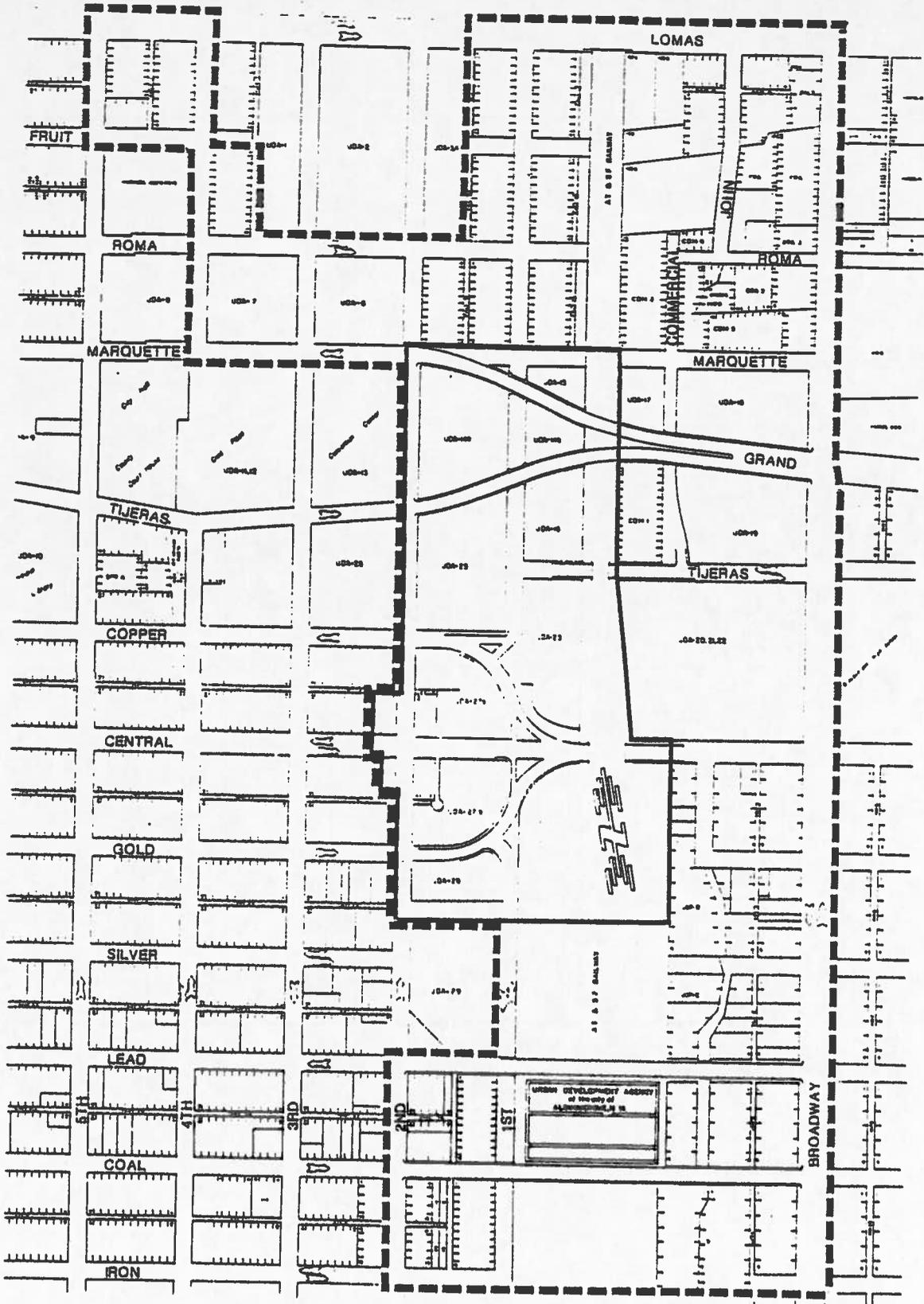
5. Lease or Sale of Land for the Private Facilities. The real estate for use by the Private Facilities (hotel, retail/entertainment center and parking facilities) may be leased by the City or the MRA on a long-term basis or conveyed in fee to the non-profit development company, Master Developer, or project developer(s) unless arrangements for acquisition or use of the property have been made directly between the landowner and the developer. Leases or conveyances to the non-profit development company would of course be subject to all existing procedures required by the state Redevelopment Code. Such leases or conveyances would contain appropriate covenants and conditions to ensure that the land is used for designated Project purposes. The non-profit development company could also execute long-term ground leases with the

developer or make such parcels available for purchase by the developer.

6. Participating Loan from Non-Profit Development Company to Master Developer. The contract between the MRA and non-profit development company could specify that the non-profit development company may utilize public/private financing investment techniques to finance the Private Facilities. This investment could be financed from contract fees or other investment mechanisms paid to the non-profit development company by the City. In addition, any Urban Development Action Grant funds awarded to the City in connection with the Plan projects could be made available to the non-profit development company for investment in the Private Facilities. The contract between the non-profit development company and the MRA should specify parameters of security and return within which the non-profit development company must negotiate any loans to the Master Developer. The contract should specify that all earnings on the loan, less the non-profit development company's operating costs as agreed with the City, shall be credited to the Albuquerque Development Fund. The contract between the MRA and non-profit development company would be subject to Council approval.

CONCLUSION

The Plan outlined in this document is a major step toward realizing the goals which have long been envisioned for the revitalization of downtown Albuquerque. In concert with other public and private initiatives, implementation of this Plan will help restore downtown Albuquerque as a major retail, restaurant, entertainment and visitor center of which all citizens of the community can be proud and provide a financial return to the Albuquerque Development Fund which will be permanently available for future development projects throughout the entire City.



RAILROAD METROPOLITAN REDEVELOPMENT AREA

EXHIBIT A

———— METROPOLITAN REDEVELOPMENT PROJECT VII AREA

