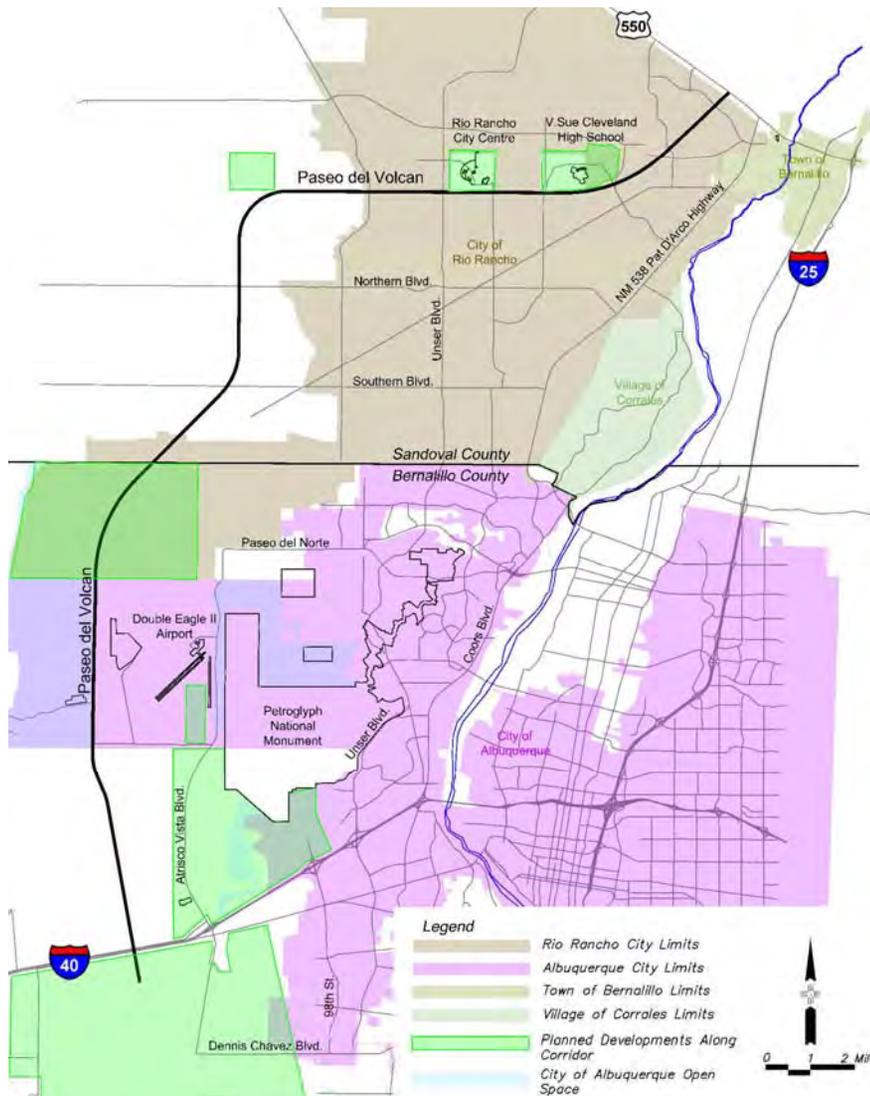


Paseo del Volcan

Economic Opportunity Analyses and Implementation Strategy



Paseo del Volcan Corridor Background



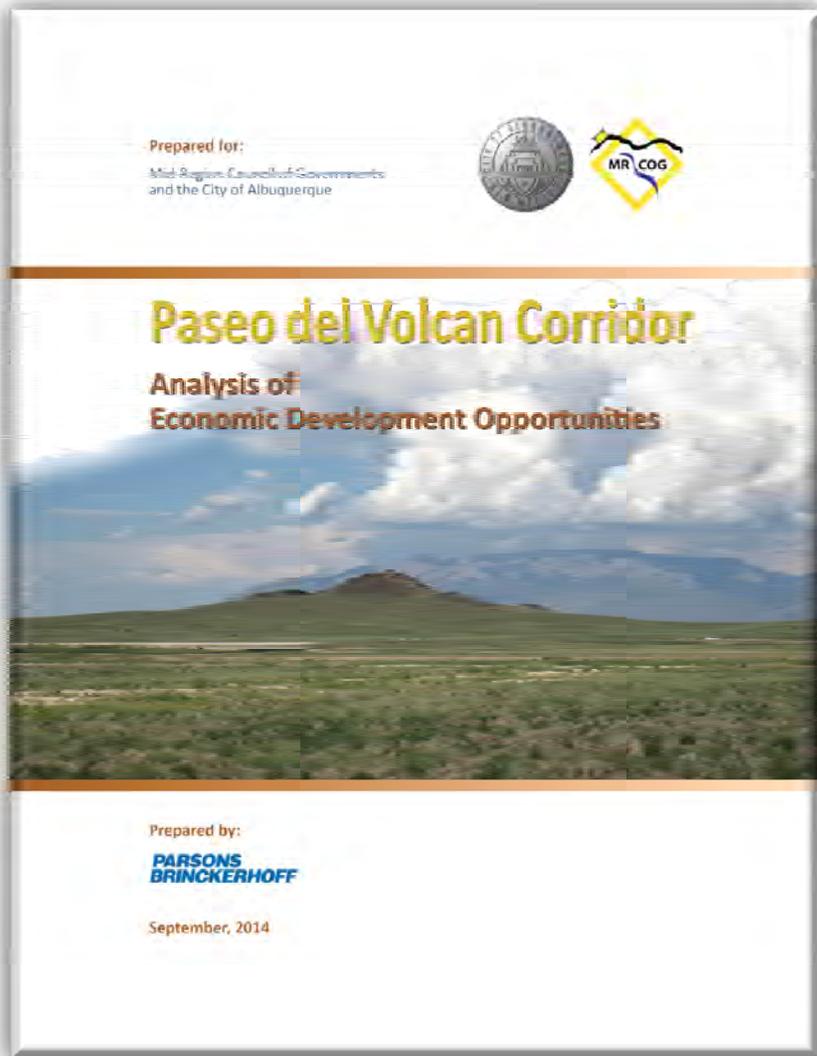
- 30.6 miles from I-40 to US 550
- Serves
 - Rio Rancho
 - City of Albuquerque
 - Bernalillo County
 - Sandoval County
- Included in the MTP / Long Range Plans since 1990
- EIS and ROD already complete
- 7 miles already constructed

Implementation has stalled

The Challenge and Study Objectives

- **The challenge** -- How to **accelerate the completion** of Paseo del Volcan
- **Study Objectives** -- Help frame some of the **economic considerations**
 1. Assess the **suitability** of the Paseo del Volcan corridor to accommodate large-scale **industrial/commercial development**
 2. Identify the **potential economic opportunities** that could result from PDV implementation
 3. Identify an **Implementation Strategy**

Supporting Documents



Suitability Assessment

Suitability Assessment

Assess the **suitability** of the Paseo del Volcan corridor to accommodate **large-scale** industrial / commercial development

1. Physical Characteristics

- Land with grades less than 5%
- Soil suitability
- Floodplains

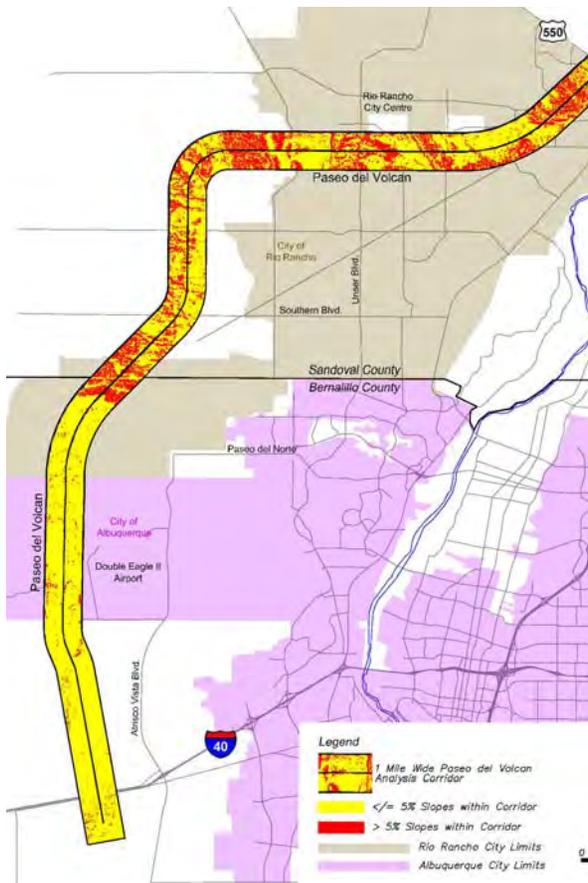
2. Jurisdictional Factors

- Land ownership patterns and parcel size
- Planning and zoning
- Availability of utilities

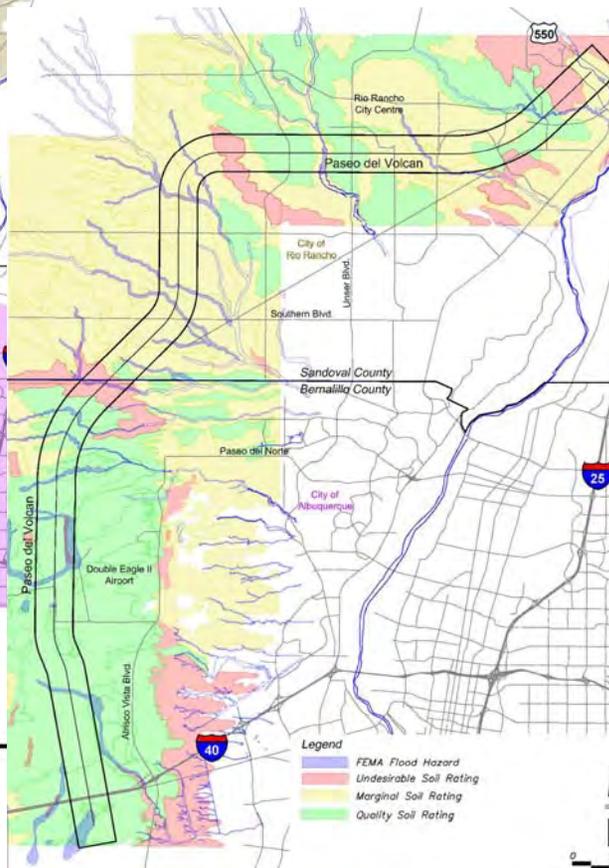
3. Accessibility / Proximity

Suitability Assessment

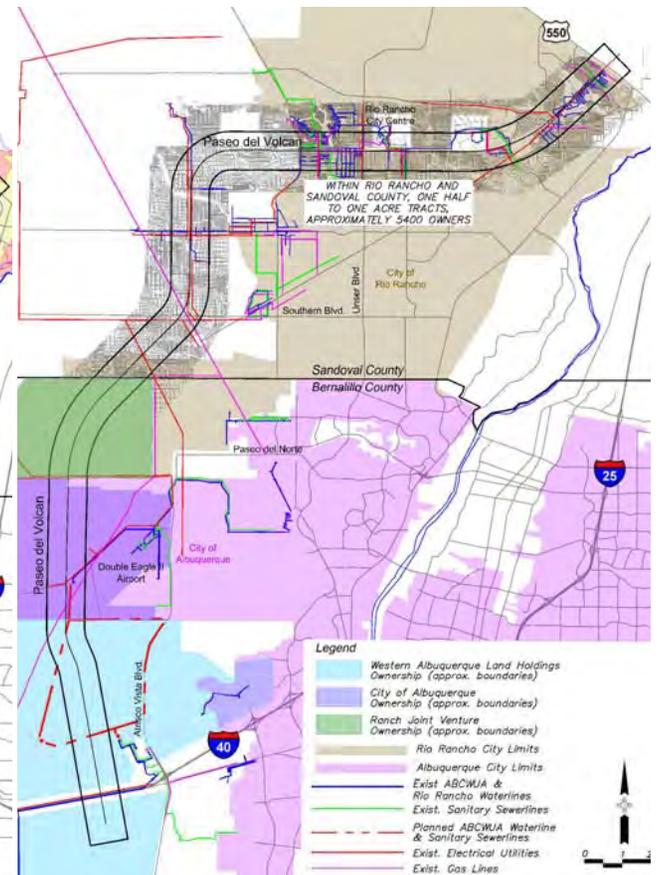
Slopes



Soils and Floodplains



Land Ownership & Utilities



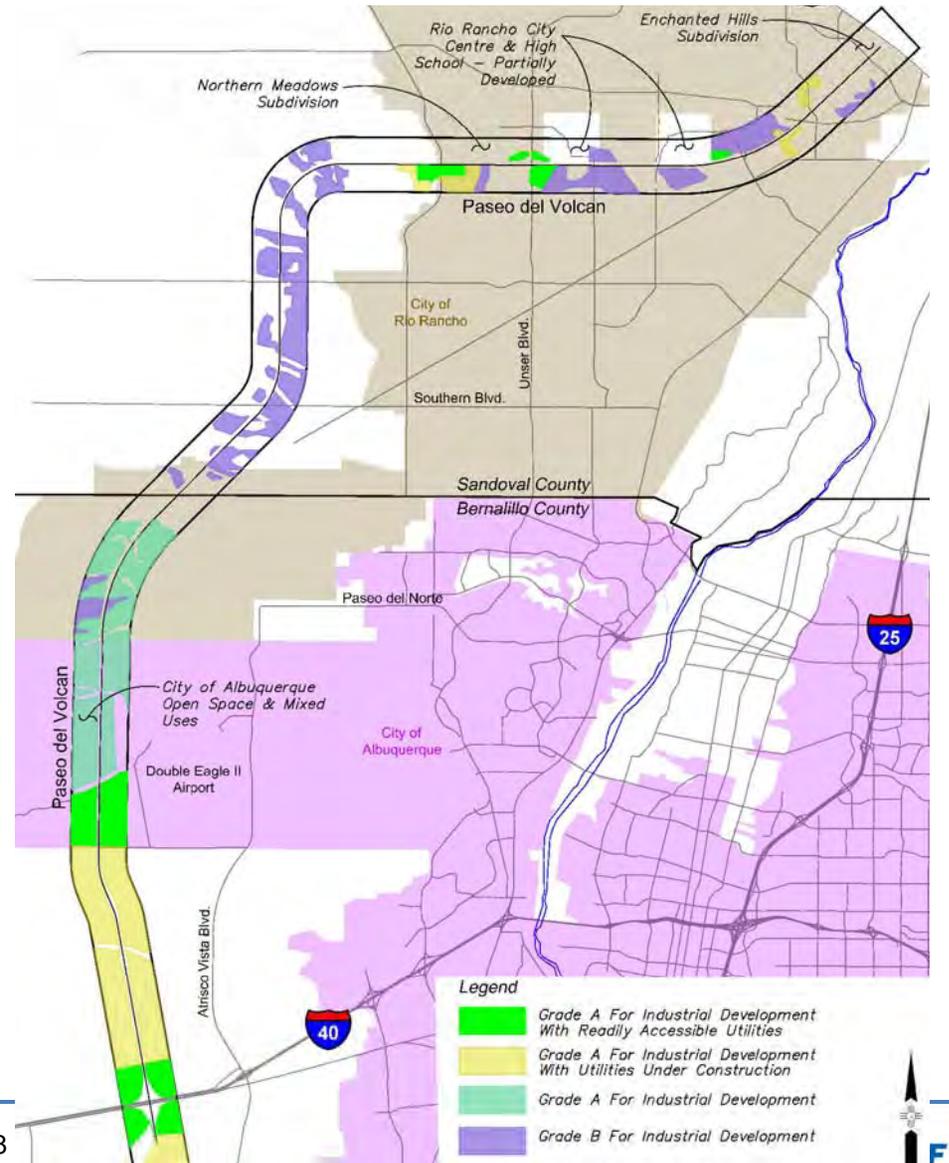
Suitability Assessment

Data & analyses assembled into:

- **Grade A** – lands with no major slope, soil, or floodplain issues
- **Grade B** – lands that are developable, but with somewhat limiting physical attributes

Findings further segregated based on access to utilities

- Utilities in place
- Utilities under construction
- Utility plans not yet developed



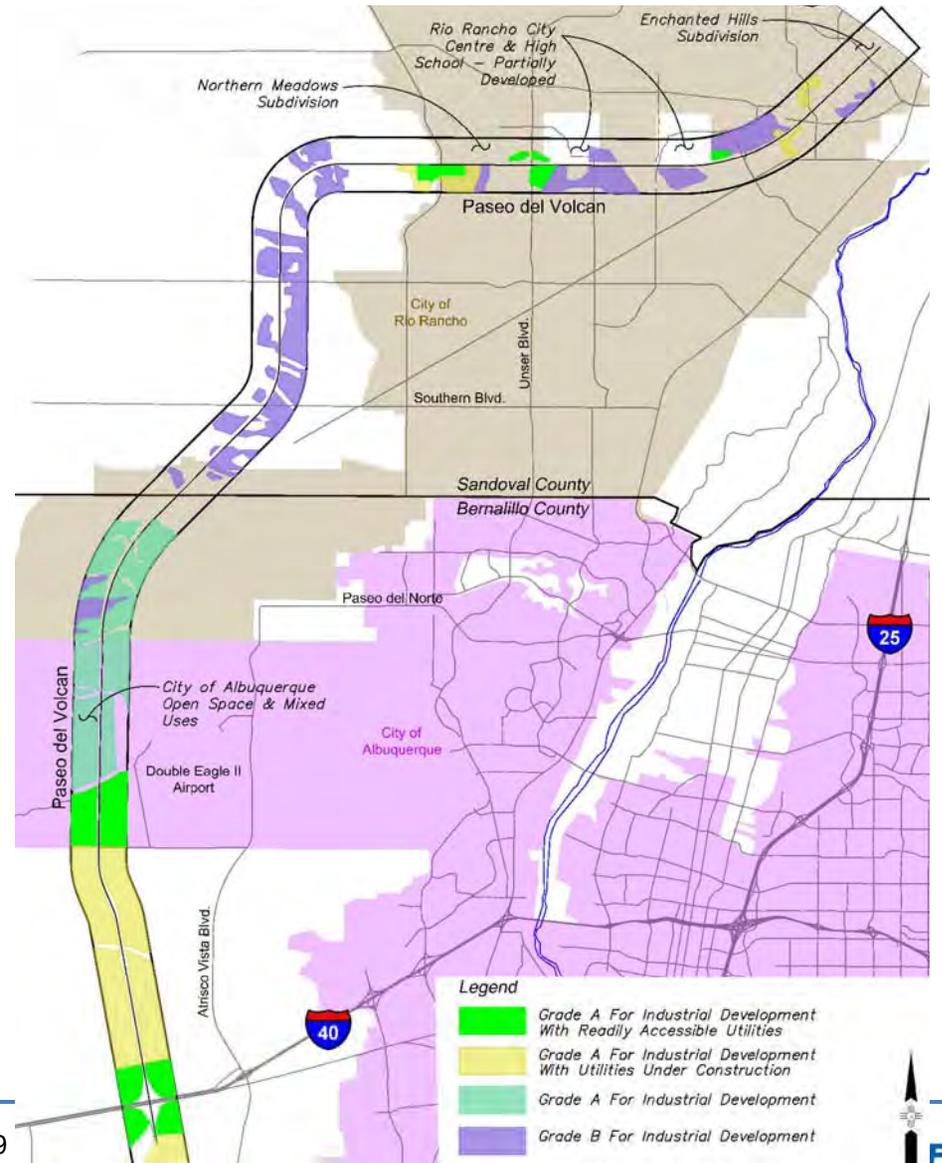
Suitability Assessment

What we found...

17,950 acres of lands within a 1 mile band along the centerline. Of these...

- 1,600 are grade A with utilities
- 2,950 are grade A with utilities underway
- 2,225 are grade A with no planned utilities
- 3,050 are grade B land

9,800 acres could accommodate industrial development



Economic Opportunities Assessment

Potential Economic Opportunities

Assessment based on information review, interviews, and analysis

Interviews

- Albuquerque Economic Development, Inc.
- COA Economic Development Dept.
- NM Dept. of Workforce Solutions
- MRCOG
- Colliers International
- CBRE
- Tempur-Pedic
- Land owners

Data Sources

- Site Selection Magazine
- US Census
- US Bureau of Labor Statistics
- Albuquerque Business Journal
- Council for Community and Economic Research
- Bureau of Business and Economic Research, UNM



Potential Economic Opportunities

Our methodology focused on factors considered during the four decision points used by industry as they consider expansion / relocation

1. Business seeks to expand or relocate

2. Business compares strengths, weaknesses of potential locations

3. Business prioritizes variables in new location

4. Business chooses new location based on assessment of variables

Potential Economic Opportunities

1. Business seeks to expand or relocate

Industries that expanded / relocated to the southwest in the last 2 years¹:

- 30% tech / IT
- 10% healthcare
- 7% energy
- 7% oil and gas
- 5% aerospace / aviation
- 33% other

Types of new facilities:

- 19% back office
- 14% software development
- 12% core business operations
- 10% corporate HQ

2. Business compares strengths, weaknesses of potential locations

Critical elements companies look for when expanding / relocating can include:

- Labor supply
- Labor costs
- Financial incentives
- Wages
- Cost of living
- "Support" industries
- Local labor laws
- **Transportation access**
- **Site readiness / infrastructure**
- Size of facility / footprint

¹Among the ~60 expansions and relocations analyzed in the report

Potential Economic Opportunities

3. Business prioritizes variables in new location

Likely ABQ benchmark cities:

- Austin, TX
- El Paso, TX
- Colorado Springs, CO
- Oklahoma City, OK
- Salt Lake City, UT
- Tucson, AZ

Benchmark city list based on similarities in population, transportation access, geographic location and university / educational resource access

4. Business chooses new location based on assessment of variables

Companies may negotiate expansion / relocation deals with prospective cities and choose the city that offers the best deal

Tempur-Pedic in 2006:

- City, County and State invested ~\$7-\$9 million in water, sewer, drainage and roadwork development

Potential Economic Opportunities

ABQ / NM Competitive Strengths

Quality of life

- 25% more sunshine than US average
- Housing prices 28% lower than US avg.

Regional labor pool

- Higher % of ABQ workforce with high school degree or above than US average

Predictable operating costs

- Low likelihood of natural disasters
- 6th best state for labor costs¹
- Excess power capacity to support expansion of power-intensive facilities

Educational, training resources

- Includes two-year, technical and community colleges, four-year or graduate universities, business/technical certificate programs,

State and local economic incentives

- Most competitive effective tax rate among 8 southwest states
- 4th best state in workforce training¹

PDV Competitive Strengths

Transportation access

- Proximity to Double Eagle II Airport and ABQ Sunport
- Convenient east-west and north-south interstate access via I-25 and I-40

Central location for distribution

- 27 states within 1,000 miles

Opportunities to build large-scale distribution and industrial facilities

- >1,500 acres of shovel-ready land with utilities within a half-mile of PDV centerline
- >4,500 acres of shovel-ready land with utilities under construction

Major open space for recreational activities, including Petroglyph National Monument

¹Business Facilities magazine

Potential Economic Opportunities

National and State Weaknesses

Weak national manufacturing sector outlook

- US manufacturing industry is projected to contract by 0.5% annually – meaning less business activity to compete for

Small state deal-closing funds

- New Mexico deal-closing fund is just \$3 million, a fraction of Nevada (\$10m), Oklahoma (\$12m), Arizona (\$25m), Texas (\$140m)

Effective tax rate not nearly as advantageous for business that do not qualify for key statutory credits

- Heavy reliance on high-wage job credit for tax benefits

Local Weaknesses

Lack of rail access

- Presents hurdles to a wider distribution network
- Affects shipping costs

Nearby master-planned communities likely to develop before PDV roadway can be constructed

- Potential local competition for business attraction

Potential Economic Opportunities

- Target Industries...
 - Distribution / Logistics
- Manufacturing and Production
- Back Office / Shared Facilities
 - Call Centers
 - Data Centers
 - Customer Service Centers
 - Administrative and HR
- Warehousing and Storage

Potential Economic Opportunities

Return on Investment

- “Return” defined as new property taxes, sales, and income derived from an investment



- Used Tempur-Pedic as a case study

Potential Economic Opportunities

- 50-acre parcel and 750,000 sq. ft. facility
- Pre-development value of land was \$40K
- Current assessed value is \$35M

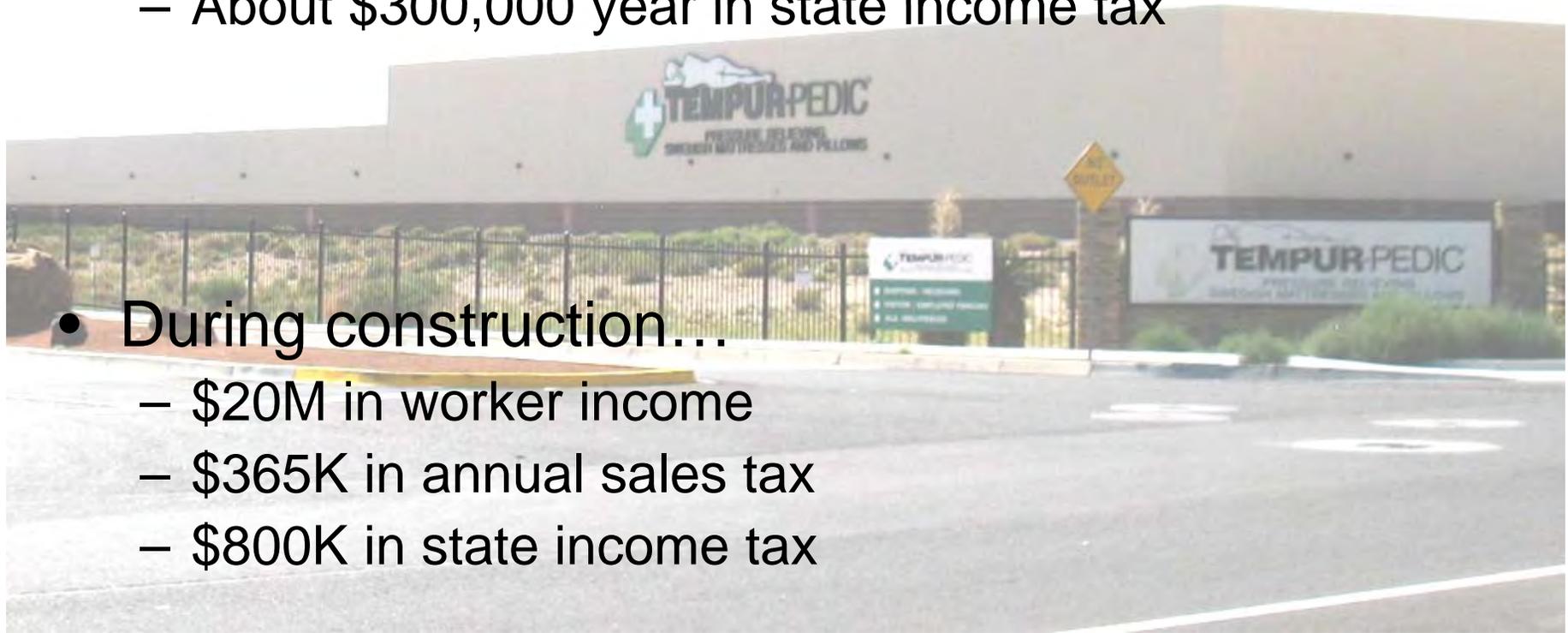


- 150 employees at avg. salary of \$50K

Potential Economic Opportunities

- Recurring revenue generated by Tempur-Pedic
 - About \$425,000 per year in property taxes
 - About \$140,000 year in sales taxes
 - About \$300,000 year in state income tax

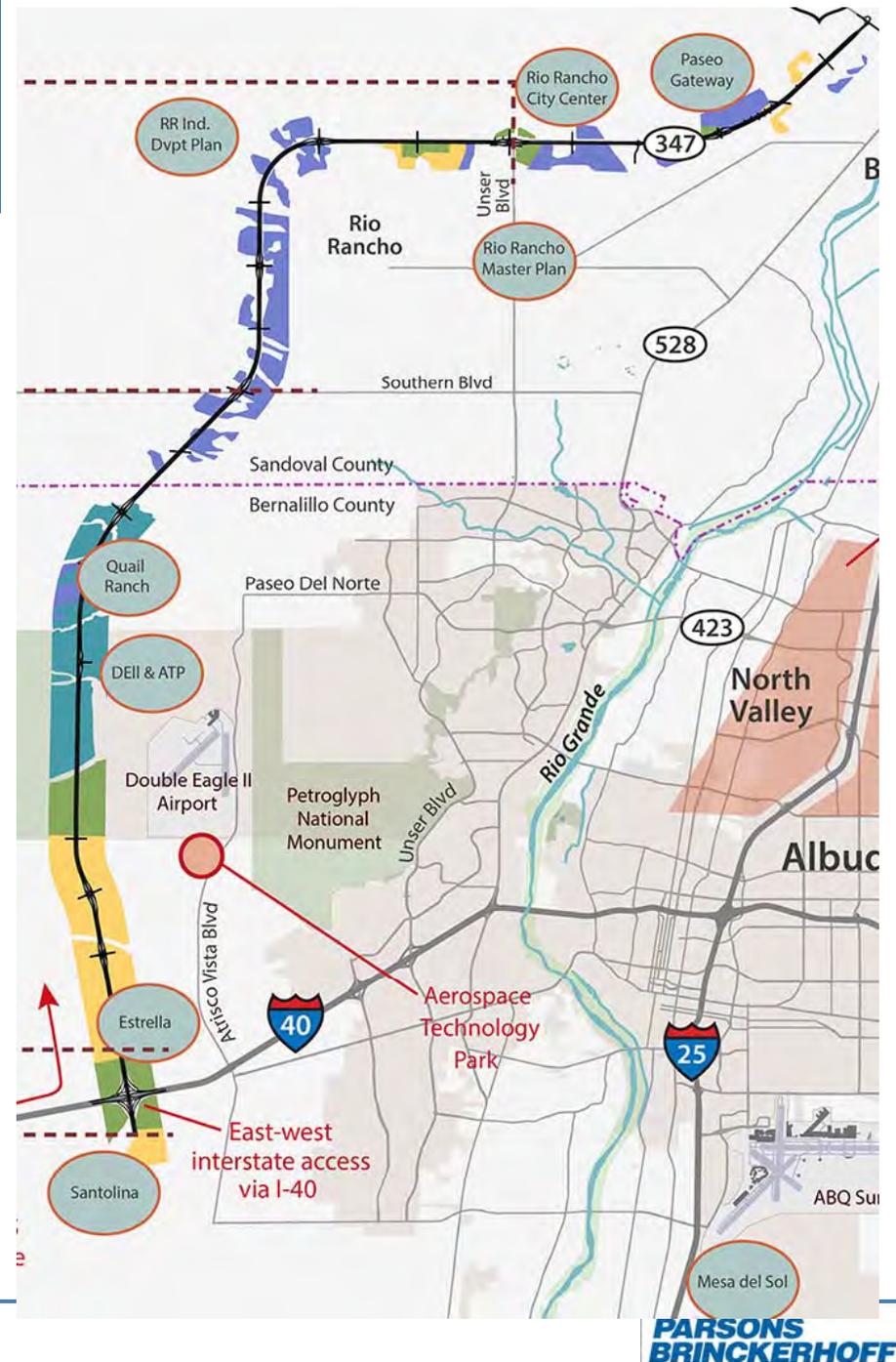
- During construction...
 - \$20M in worker income
 - \$365K in annual sales tax
 - \$800K in state income tax



Potential Economic Opportunities

Return on Investment

- 8 of 9 major master plans in region are along the PDV Corridor
- Significant development has occurred along the first 7 miles of Paseo del Volcan implemented in the last 10 years



Potential Economic Opportunities



Potential Economic Opportunities



Implementation Plan

Implementation Plan

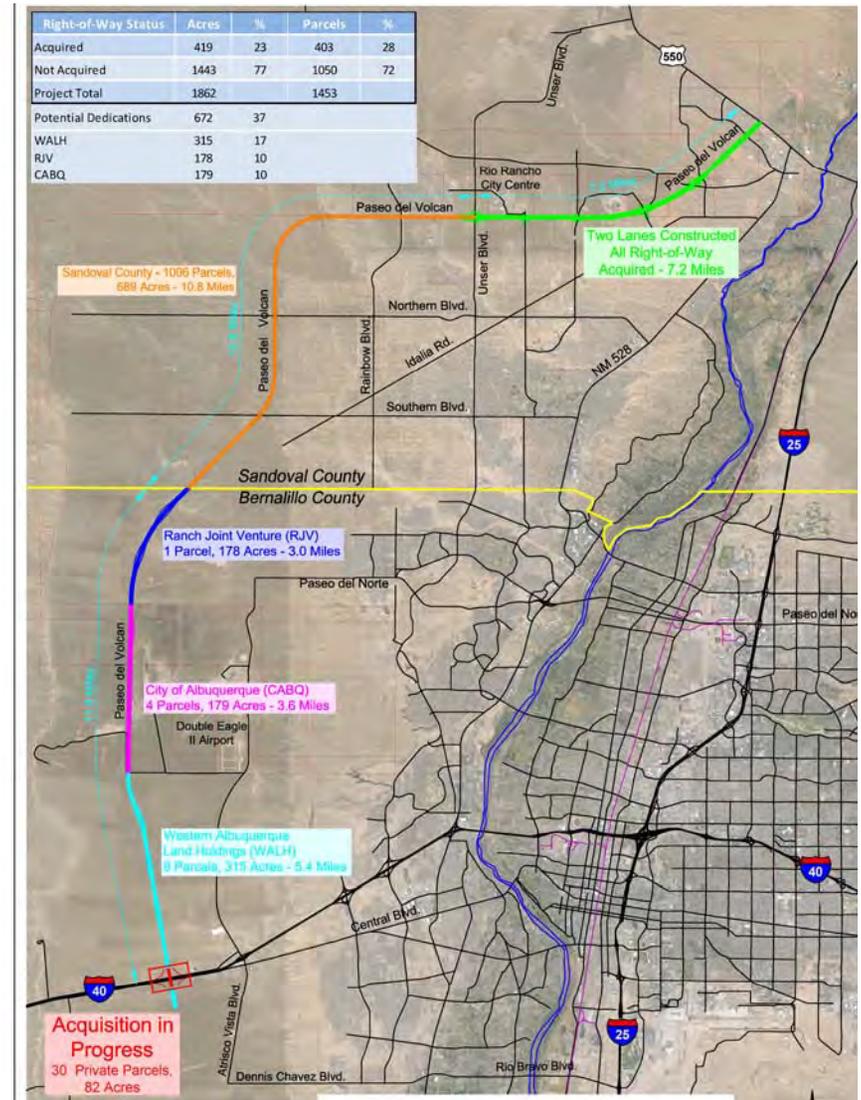
- Implementation Challenges
 - Right-of-way acquisition
 - Escalation of land values
 - Funding



Implementation Plan

Challenge: Right-of-Way Needs

- 1,443 additional acres needed
- Affects 1,050 parcels
 - 44 parcels in Bernalillo County
 - 1,050 parcels in Sandoval County
- Cost of right-of-way estimated by NMDOT at **\$34 million** (after potential dedications)



Implementation Plan

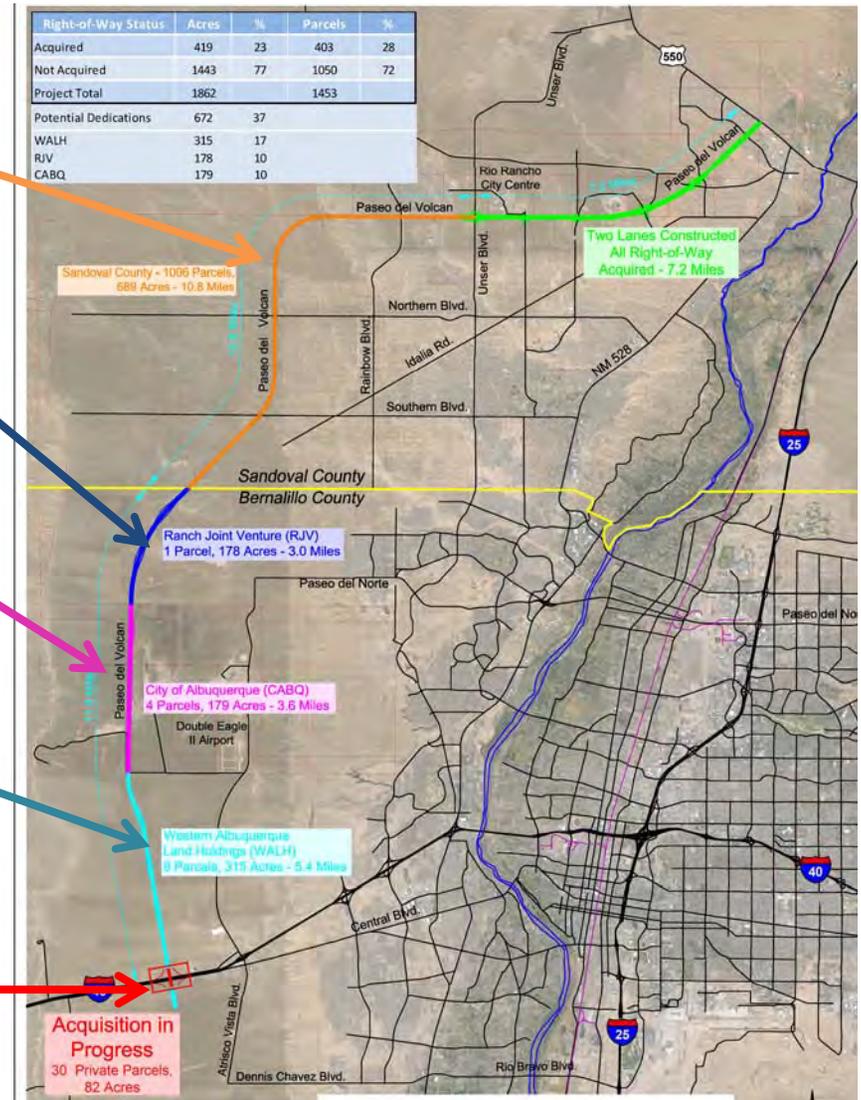
689 acres and 1,006 parcels in Sandoval County at ~ \$25.5 million

178 acres affecting 1 parcel in Quail Ranch

179 acres and 4 parcels of City of Albuquerque lands

315 acres and 9 parcels of lands owned by WALH

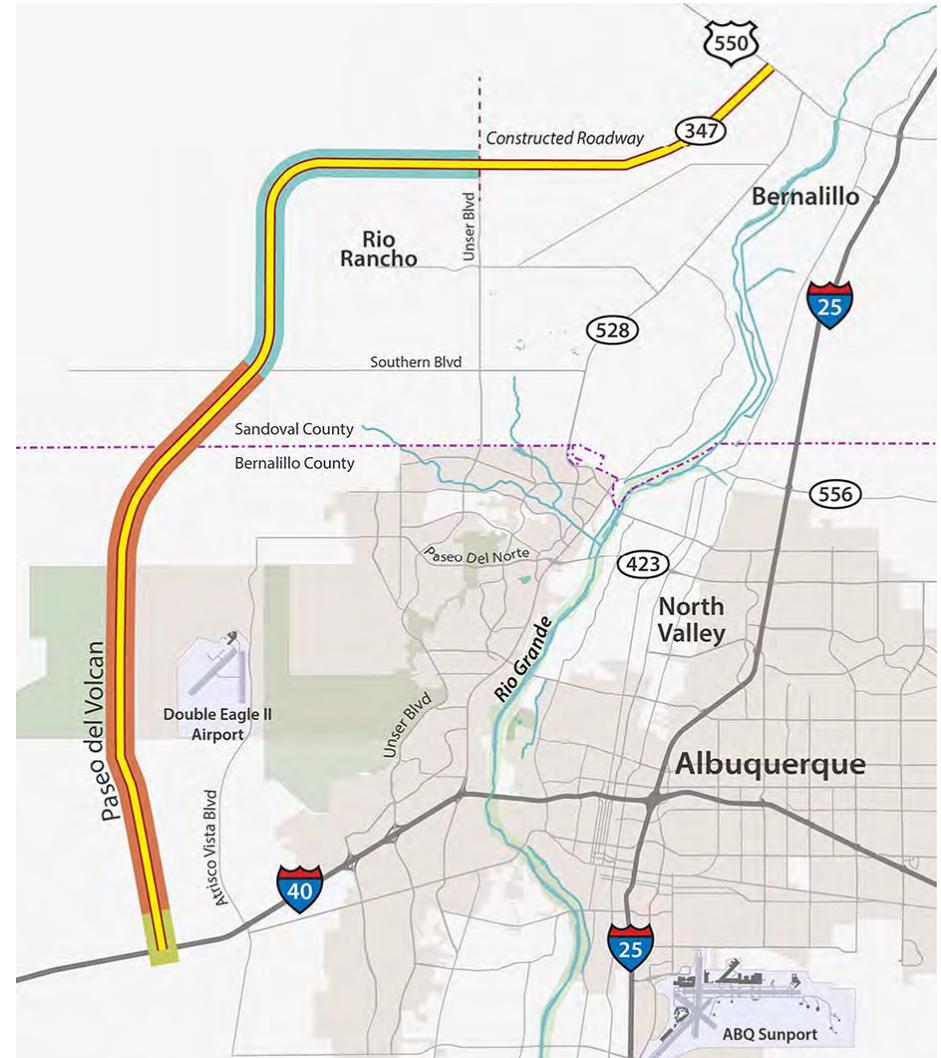
82 acres and 30 parcels at I-40 interchange ~ \$ 8 million



Implementation Plan

Phased Implementation

1. Acquire Right-of-Way
2. Interchange at I-40 -- \$26M
 - \$18 M Construction
 - \$ 8M Right-of-way
3. I-40 to Southern Blvd – \$30.2M
 - \$24.7 M Construction
 - \$5.5 M Right-of-way
4. Southern Blvd to Unser -- \$40M
 - \$19.5 M Construction
 - \$20 M Right-of-Way



Implementation Plan

Challenge: How to Fund

Potential Options

- Federal, state, and local funds, and/or
- Public Private Partnership, and/or
- Tax Increment Development District (TIDD), and/or
- Development Impact Fees, and/or
- ???

Implementation Plan

“ If we wait until the economy recovers and development inquiries occur, we will be too late...”

Albuquerque Economic Development Department