



ALBUQUERQUE DEVELOPMENT COMMISSION

PRESENT

Terry Brunner, Chairman
James Strozier
Mona Ghattas
Fred Mondragon

ABSENT

John Mechenbier

Action Summary

Thursday October 15, 2020 2:00 P.M.

Due to COVID-19 this meeting is a Public Zoom Video Conference

Members of the public may attend via the web at this address: <https://cabq.zoom.us/j/4462022230> or by calling the following number: 1 301 715 8592 and entering Meeting ID: 446 202 2230

1. Call to Order

2:03 p.m.

2. Changes and/or Additions to the Agenda

None.

3. Approval of Minutes for September 17, 2020 Meeting

A motion was made to approve the September 17, 2020 Action Summary by Commissioner Mondragon, Commissioner Strozier seconded the motion. Motion carried 4-0.

4. Announcements / General Public Comments (for items not on the agenda)

No City Announcements or general public comment.

5. MRA Manager's Report

Ms. Iverson notified the Commission that on October 27, 2020 a ribbon cutting ceremony will be held at Nuevo Atrisco for YES Housing which added 90 housing units to the westside. Ms. Iverson informed the Commission that a ground breaking was held on 10/14/2020 for the Tierra Adentro Charter School which is a project in the Sawmill district. Mr. Iverson provided an updated on the CARES funding activities. Ms. Iverson stated MRA partnered with some of the Mainstreet organizations and have funded a couple of projects and programs, such as a food truck court in the international district, a food truck court in Barelás, and bagging of meters in Nob Hill. Ms. Iverson informed the Commission that City Council approved a three million dollars of transportation tax funding to be used on the Marquette crossing, and with that funding combined with two million dollars of Lodgers' Tax funding, the majority of funding will be in place for the Rail Trail project. Ms. Iverson recognized outgoing commissions for their contributions to the ADC Commission.

6. New Agenda Items

1. Case #2020-9 East Downtown Redevelopment Request for Proposal Selection

Innovate ABQ

Commissioner Stozier made a motion based on the finds included in the Staff Report ADC recommends that MRA staff proceeded with negotiations with Innovate ABQ on the proposed Labs @InnovateABQ and to return to ADC within 90 days following the notice of decisions and appeal period to present the negotiated development agreement. Commissioner Mondragon second the motion. Motion passed 4-0

Findings:

1. Pursuant to the Downtown 2025 Metropolitan Redevelopment Area plan there is need to redevelop and activate real properties in the area in order to:
 - Make Downtown a “pedestrian-first”, “park-once” place with excellent pedestrian, transit, and bicycle facilities;
 - Make Downtown New Mexico’s premier pedestrian-oriented ‘urban place’; Maintain Downtown as New Mexico’s largest employment center and the region’s center of economic activity; and
 - Preserve and enhance the character of the neighborhoods which surround Downtown.
2. As provided in the New Mexico State Metropolitan Redevelopment Code and the Metropolitan Redevelopment Agency Ordinance for the City of Albuquerque, the MRA issued a Request for Proposal #01-2020 on March 5, 2020, soliciting redevelopment proposals for two Subject Areas, including the referenced property.
3. The MRA received five (5) proposals in response to the RFP #01-2020. Three (3) proposals received were deemed to be responsive to the criteria in RFP #01-2020, including the Proposal by Innovate ABQ.
4. Innovate ABQ’s proposal responds to the goals of the Downtown MRA Plan by:
 - Renovating and repurposing the vacant west building of the former First Baptist Church complex into bioscience laboratories for researchers and entrepreneurs;
 - Promoting a pedestrian-orientated urban place by increasing pedestrian and bicycle access, and leveraging public transportation connections; and
 - Increasing employment downtown by building an incubator space for dozens of life-sciences startup companies.
5. The Innovate ABQ, Inc. proposal met all the RFP response criteria including having site control and not requesting pre-development funding from the MRA.
6. The proposer received 354 points from the Selection Advisory Committee in the following categories: team experience, design, financial structure, financial capacity, and timeline.
7. The following findings support the RFP Evaluation Criteria
 - Consistency with Stated Project Goals: Elimination of blight; Meets goals of the relevant Metropolitan Redevelopment Plan; Increasing housing and employment density and options; Enhancing placemaking and urban vibrancy; Catalyzes further redevelopment and economic activity; Supports local, small, minority, women and disadvantaged business enterprises.
 - a. Project eliminates a blighted, vacant historic building by renovating, removing health hazards, and repurposing it to support the broader Innovate ABQ campus development;

- b. Life sciences lab space will be anchored by a key tenant who will manage the business operations of the space;
- c. Project removes access and affordability barriers for small, local, minority and women-owned business and startups to high-quality life science lab space; and
- d. Pre-developed lab spaces and a scalable business model will attract and support the development of innovation clusters in the life sciences sectors.
- Team Experience: Past performance and overall experience of individuals or project team on similar projects.
 - a. UNM Real Estate Department and Lobo Development have the experience and expertise required to complete this project.
- Design: Design of the Project is appropriate for the location and urban context of the site; The Project incorporates sustainable design features and renewable energy elements; Demand for parking is adequately addressed and takes advantage of transit/shared parking opportunities to reduce parking on site; Project incorporates renewable energy and other measures to reduce carbon footprint. Project incorporates Crime Prevention through Environmental Design concepts.
 - a. The Project aligns with area design goals and will update and activate a portion of Central Ave. frontage that is currently blighted;
 - b. Repurposing of a historic building into an advanced biosciences laboratory space, and the attraction of numerous small businesses and startups will enhance the area's vibrance; and
 - c. The project is being designed into plans for a multi-modal innovation campus that leverages transit expansions, and facilitates bicycle and pedestrian mobility.
- Financial Structure: Market demand and pro-forma assumptions are documented and justified; Project budget is realistic and support by evidence, including (but not limited to) construction, soft costs, developer fee, initial reserve amounts, and contingency; Pro-forma is realistic and achievable, including income expenses, reserve contributions, debt payments, etc.; City investment is leveraged with other funding resources; Structure of City investments provides a return to the City, if possible.
 - a. Project leverages several types of public and private capital, including capital outlays, grants, and debt;
 - b. Relatively strong projected cashflows suggest MRA could consider a partial debt investment in the project without impacting the overall feasibility of the project; and
 - c. Expected returns and project feasibility are contingent on the securing of a long-term anchor tenant who will ensure operations generate sufficient revenues.
- Financial Capacity: Proposer demonstrates adequate financial capacity to develop the proposed Project (evaluated through information provided in response to other Financial Obligations, Financing References and Financial Statements); Proposer demonstrated adequate financial risk in the Project.

- a. Project is primarily publicly funded - InnovateABQ has already obtained \$2.2M in capital funding from the State of New Mexico and UNM; and
- b. Developer has cash deposited with a fiscal agent.
- c. Timeline: Evaluation of the achievability of the Proposer's schedule and the Proposer's ability to complete the project satisfactorily in a timely manner. The Project construction timeline is ten months.

Springer Square Sky Link / Zydeco

Commissioner Mondragon made a motion for approval of negotiations based on the findings as presented in the staff report. Commissioner Ghattas second the motion. Motion passed 4-0

Findings:

1. Pursuant to the Downtown 2025 Metropolitan Redevelopment Area plan there is need to redevelop and activate real properties in the area in order to:
 - Make Downtown a “pedestrian-first”, “park-once” place with excellent pedestrian, transit, and bicycle facilities;
 - Develop, manage, and operate parking as an essential civic infrastructure, and reducing overall parking ratios over time to a “park-once” environment;
 - Create new parks, open space and plazas that are easily accessible to downtown residents, workers, students, and visitors;
 - Maintain Downtown as New Mexico’s largest employment center and the region’s center of economic activity; and
 - Have at least 20,000 people living within one mile of the Downtown Core, and 5,000 living within the Downtown Core by 2025.
2. As provided in the New Mexico State Metropolitan Redevelopment Code and the Metropolitan Redevelopment Agency Ordinance for the City of Albuquerque, the MRA issued a Request for Proposal #01-2020 on March 5, 2020, soliciting redevelopment proposals for two Subject Areas, including the referenced property.
3. The MRA received five (5) proposals in response to the RFP #01-2020. Three (3) proposals received were deemed to be responsive to the criteria in RFP #01-2020, including the Proposal by Zydeco 66.
4. Zydeco 66’s proposal responds to the goals of the Downtown MRA Plan by:
 - Proposing development of a pedestrian bridge connecting Albuquerque Convention Center parking and future residential and/or hospitality developments on adjacent properties;
 - Creating a new plaza connected to the proposed Rail Trail Multimodal Corridor; and
 - Adding to the number of people living and working downtown through the development of the two outlying tracts.
5. Zydeco 66’s Proposal met all the RFP response criteria including having site control and not requesting pre-development funding from the MRA.
6. The Proposal received 383 points from the Selection Advisory Committee in the following categories: team experience, design, financial structure, financial capacity, and timeline.

7. The following findings support the RFP Evaluation Criteria:

- Consistency with Stated Project Goals: Elimination of blight; Meets goals of the relevant Metropolitan Redevelopment Plan; Increasing housing and employment density and options; Enhancing placemaking and urban vibrancy; Catalyzes further redevelopment and economic activity; Supports local, small, minority, women and disadvantaged business enterprises.
 - a. Project is a hybrid (public-private) infrastructure development that is catalytic in creating new community spaces (public plaza) and unlocking future developments that will/may include residential, retail, and hospitality; and
 - b. Rail Trail corridor integration into public plaza design and construction is supported by the project developer.
- Team Experience: Past performance and overall experience of individuals or project team on similar projects.
 - a. Project team has demonstrated experience with largely small-scale, infill development across New Mexico; and
 - b. The team's development experience spans a variety of property types, including residential, retail, office and hospitality.
- Design: Design of the Project is appropriate for the location and urban context of the site; The Project incorporates sustainable design features and renewable energy elements; Demand for parking is adequately addressed and takes advantage of transit/shared parking opportunities to reduce parking on site; Project incorporates renewable energy and other measures to reduce carbon footprint. Project incorporates Crime Prevention through Environmental Design concepts.
 - a. Project design is unique in that the proposed construction constitutes both a public infrastructure project as well as a project that unlocks future private development opportunities;
 - b. The project will shift isolated surface parking into structured parking to serve the associated Springer Square office building and future residential parking needs; and
 - c. Parking shifts from surface to structured open the first adjacent parcel for planned residential development.
- Financial Structure: Market demand and pro-forma assumptions are documented and justified; Project budget is realistic and support by evidence, including (but not limited to) construction, soft costs, developer fee, initial reserve amounts, and contingency; Pro-forma is realistic and achievable, including income expenses, reserve contributions, debt payments, etc.; City investment is leveraged with other funding resources; Structure of City investments provides a return to the City, if possible.
 - a. Project financial structure includes land and building contributions that equate to 33% of the total development costs;
 - b. Owner equity and conventional debt make up the majority of the remaining financial structure; and

- c. \$1 million public portion of the proposed financial structure may be eligible for GO bond funding.
- Financial Capacity: Proposer demonstrates adequate financial capacity to develop the proposed Project (evaluated through information provided in response to other Financial Obligations, Financing References and Financial Statements); Proposer demonstrated adequate financial risk in the Project.
 - a. Project team has demonstrated sufficient cash and cash equivalents to provide the specified level of owner's equity required for the project, in addition to the real property contributed to the project by the project owner.
- Timeline: Evaluation of the achievability of the Proposer's schedule and the Proposer's ability to complete the project satisfactorily in a timely manner.
 - a. Project proposes construction start as early as December 2021 and is expected to have a duration of approximately one year; and
 - b. Development on adjacent parcels is tied to construction of the sky bridge to connect parking to future office and future residential development.

Imperial Inn

Commissioner Stozier made a motion based on the findings included in the Staff Report ADC recommends that MRA staff proceeded with negotiations with Palindrome Communities on the proposed Imperial Inn rehabilitations and negotiated redevelopment agreement. Commissioner Ghattas second the motion. Motion passed 4-0

Findings:

1. Pursuant to the East Downtown/Huning Highland/South Martineztown Metropolitan Redevelopment Plan there is need for real property redevelopment strategies that:
 - Remove barriers to private investment;
 - Provide public investment in infrastructure projects
 - Make improvements to public rights-of-way; and
 - Create public-private partnerships for anchor projects.
2. As provided in the New Mexico State Metropolitan Redevelopment Code and the Metropolitan Redevelopment Agency Ordinance for the City of Albuquerque, the MRA issued a Request for Proposal #01-2020 on March 5, 2020, soliciting redevelopment proposals for two Subject Areas, including the referenced property.
3. The MRA received five (5) proposals in response to RFP #01-2020. Three (3) proposals received were deemed to be responsive to the criteria in RFP #01-2020, including the Palindrome Communities Proposal.
4. Palindrome Communities' proposal responds to the goals of the East Downtown/Huning Highland/South Martineztown MRA Plan by:
 - Renovating and repurposing the Imperial Inn Motel, transforming a blighted property into a vibrant hub that includes new spaces for commerce, hospitality, and residential living; and

Pending Approval

- Leveraging public funding to drive private development of a project that will eliminate blighted Central Ave. frontage.
5. The Palindrome Communities, LLC. proposal met all the RFP response criteria including having site control and not requesting pre-development funding from the MRA.
 6. The Proposal received 459 points from the Selection Advisory Committee in the following categories: team experience, design, financial structure, financial capacity, and timeline.
 7. The following findings support the RFP Evaluation Criteria:
 - a. Consistency with Stated Project Goals: Elimination of blight; Meets goals of the relevant Metropolitan Redevelopment Plan; Increasing housing and employment density and options; Enhancing placemaking and urban vibrancy; Catalyzes further redevelopment and economic activity; Supports local, small, minority, women and disadvantaged business enterprises.
 - Property fronts Central Avenue and is currently underutilized and functionally obsolete. The redevelopment is designed to interact with pedestrians and will enhance placemaking along Central Ave.;
 - Facilities for culinary learning and rotating restaurants create opportunities for small and local businesses to scale up in affordable space; and
 - Redevelopment includes conversion of motel rooms to boutique hotel rooms, micro retail suites, and short/long-term residential units.
 - b. Team Experience: Past performance and overall experience of individuals or project team on similar projects.
 - Project is owned and operated by Palindrome Communities, LLC and its subsidiary companies, who have significant experience leading redevelopment projects in Albuquerque, including El Vado Motel and several projects in the Sawmill District; and
 - Palindrome Communities, LLC includes a hospitality division, supporting expectations that they have resources and experience to successfully own and operate the redeveloped Imperial Inn property.
 - c. Design: Design of the Project is appropriate for the location and urban context of the site; The Project incorporates sustainable design features and renewable energy elements; Demand for parking is adequately addressed and takes advantage of transit/shared parking opportunities to reduce parking on site; Project incorporates renewable energy and other measures to reduce carbon footprint. Project incorporates Crime Prevention through Environmental Design concepts.
 - Project aligns with area design goals: includes preservation of the historic motel building facade(s); preserves historic Imperial Inn signage on Central Ave.;
 - Project incorporates true mixed-use design providing flexible micro restaurant and retail spaces; and
 - Project utilizes site design elements to increase safety and accessibility.
 - d. Financial Structure: Market demand and pro-forma assumptions are documented and justified; Project budget is realistic and support by evidence, including (but not limited to) construction, soft costs, developer fee, initial reserve amounts, and contingency; Pro-

forma is realistic and achievable, including income expenses, reserve contributions, debt payments, etc.; City investment is leveraged with other funding resources; Structure of City investments provides a return to the City, if possible.

- Project includes several kinds of capital including owner equity, debt, and the requested city financial contribution; and
 - Project appears feasible assuming hotel market conditions return to pre-COVID levels within a few years.
- e. Financial Capacity: Proposer demonstrates adequate financial capacity to develop the proposed Project (evaluated through information provided in response to other Financial Obligations, Financing References and Financial Statements); Proposer demonstrated adequate financial risk in the Project.
- Project primarily funded via owner equity (15.6%) and conventional debt capital (68.7%); Owner has demonstrated sufficient financial capacity for the equity and loan guarantees.
- f. Timeline: Evaluation of the achievability of the Proposer's schedule and the Proposer's ability to complete the project satisfactorily in a timely manner.
- Project proposes to complete construction by December 2021.; and
 - Economic impacts of COVID-19 will likely extended into 2022 and potentially longer.

**7. Adjourn to November 19, 2020
3:59 p.m.**