

# CITY of ALBUQUERQUE

## TWENTY THIRD COUNCIL

COUNCIL BILL NO. O-19-80 ENACTMENT NO. \_\_\_\_\_

SPONSORED BY: Isaac Benton, by request

1 ORDINANCE  
2 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE,  
3 NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (ARRIVE  
4 ALBUQUERQUE HOTEL PROJECT) SERIES 2019 IN THE MAXIMUM PRINCIPAL  
5 AMOUNT OF \$22,000,000 TO PROVIDE FUNDS TO FINANCE THE  
6 REDEVELOPMENT, RENOVATION, REHABILITATION AND EQUIPPING OF A  
7 HOSPITALITY PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF  
8 AN INDENTURE, LEASE AGREEMENT, BOND PURCHASE AGREEMENT,  
9 BOND, AND OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF  
10 THE BOND AND THE PROJECT; MAKING CERTAIN DETERMINATIONS AND  
11 FINDINGS RELATING TO THE BOND AND THE PROJECT; RATIFYING CERTAIN  
12 ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS  
13 INCONSISTENT WITH THIS ORDINANCE.

14 WHEREAS, the City of Albuquerque (the "City") is a legally and regularly created,  
15 established, organized, and existing municipal corporation of the State of New  
16 Mexico (the "State"); and

17 WHEREAS, pursuant to Sections 3-32-1 through 3-32-16, New Mexico Statutes  
18 Annotated, 1978 Compilation, as amended (the "Act"), the City is authorized to  
19 acquire industrial revenue projects located within the corporate limits of the  
20 municipality for the purpose of promoting industry and trade by inducing commercial  
21 enterprises to locate or expand in the State of New Mexico; and

22 WHEREAS, pursuant to the Act, the City is authorized to issue revenue bonds for  
23 the purpose of defraying the cost of acquiring any project and to secure the payment  
24 of such bonds, all as provided in the Act; and

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1 WHEREAS, 717 Central Ave Hotel LLC (the “Company”) is a limited liability  
2 company organized under the laws of the State of New Mexico and is authorized to  
3 do business in New Mexico; and

4 WHEREAS, the Company has requested that the City issue its industrial revenue  
5 bond pursuant to the Act for the purpose of providing funds to finance the  
6 redevelopment, renovation, rehabilitation and equipping of a historic downtown hotel  
7 facility within the corporate limits of the City (the “Project”); and

8 WHEREAS, the City Council of the City of Albuquerque (the “Council”) has  
9 adopted an ordinance establishing the Albuquerque Development Commission (the  
10 “Commission”) to review projects proposed to be financed with an industrial revenue  
11 bond pursuant to the Act pursuant to City Resolution No. 16-1985, as amended; and

12 WHEREAS, the Company has presented to the City and the Commission a  
13 proposal (the “Project Plan”) whereby the City shall, pursuant to the Act, redevelop,  
14 renovate, rehabilitate and equip a six-story, 75,000 square foot building for use as a  
15 boutique hotel (the “Project Property”) within the boundaries of the City, and  
16 pursuant to which the City would issue its taxable industrial revenue bond in order to  
17 finance the Project; and

18 WHEREAS, the Commission has reviewed the Project Plan, and on August 15,  
19 2019, has determined that the Company has complied with City Resolution No. 16-  
20 1985, and has recommended approval of the Project Plan by the Council; and

21 WHEREAS, under the Company’s Project Plan, the City would enter into an  
22 Indenture dated as of November 1, 2019 (the “Indenture”) between the City and  
23 BOKF, NA, or other corporate depository satisfactory to the City to be designated at  
24 a later date, as depository (the “Depository”), pursuant to which, together with this  
25 ordinance (the “Bond Ordinance”), the City would issue its bond designated as the  
26 City of Albuquerque, New Mexico Taxable Industrial Revenue Bond (ARRIVE  
27 Albuquerque Hotel Project), Series 2019 (the “Bond”); and

28 WHEREAS, under the Company’s Project Plan, the City and the Company would  
29 enter into a Lease Agreement dated as of November 1, 2019 (the “Lease”), pursuant  
30 to which the Company will lease the Project Property from the City and will make  
31 payments to the Depository sufficient to pay the principal of, redemption premium, if  
32 any, and interest on the Bond, and to pay all other obligations incurred pursuant to  
33 the provisions of the Lease and the Bond Ordinance; and

1 WHEREAS, under the Company's Project Plan, the Lease will provide that the  
2 Company or, as applicable, its assignee shall maintain the Project and carry all  
3 proper insurance with respect thereto; and

4 WHEREAS, the proceeds of the Bond shall be used for the purpose of financing  
5 the completion of the Project (the "Financing"); and

6 WHEREAS, the City is authorized to enter into the Lease, the Indenture, and  
7 other related documents and to issue the Bond pursuant to the Act and the Bond  
8 Ordinance; and

9 WHEREAS, the Bond in an aggregate principal amount not to exceed  
10 \$22,000,000 will be issued, sold and delivered by the City in a private sale to 717  
11 Central Ave Hotel Purchaser LLC (the "Purchaser") pursuant to a bond purchase  
12 agreement (the "Bond Purchase Agreement") among the City, the Company, and the  
13 Purchaser; and

14 WHEREAS, the proceeds of the Bond shall be applied to pay the costs of the  
15 Project and to pay certain costs associated with the transaction; and

16 WHEREAS, after having considered the provisions of the Project Plan and the  
17 Financing, the Council has concluded that it is in the best interest of the City to  
18 authorize the issuance of the Bond to finance the Project, and that the City's  
19 issuance of the Bond shall constitute a valid public purpose under the Act; and

20 WHEREAS, the Council has been advised by the Company that the disclosure  
21 provisions of Rule 15c2-12 of the Securities and Exchange Commission are not  
22 applicable to this transaction inasmuch as the Bond is being sold to the Purchaser,  
23 which is an affiliate of the Company, in a private sale without the participation of an  
24 underwriter; and

25 WHEREAS, there has been published in the Albuquerque Journal, a newspaper  
26 of general circulation in the City, public notice of the Council's intention to adopt this  
27 Bond Ordinance, which notice contained certain information concerning the  
28 ownership, purpose, location and size of the Project and the Project Property, and  
29 the amount of the Bond to be issued to finance the Project, which notice was  
30 published at least fourteen (14) days prior to hearing and final action on this Bond  
31 Ordinance; and

32 WHEREAS, the proposed forms of the following documents have been filed with  
33 the City Clerk and presented to the Council: (1) Project Plan; (2) Lease; (3)

1 Indenture; and, (4) Bond Purchase Agreement (collectively the "Bond Documents");  
2 and

3 WHEREAS, the City has delivered notice to Board of County Commissioners and  
4 the County Assessor of County of Bernalillo, State of New Mexico, of its intent to  
5 consider issuance of the Bond, which notice was given in substantial compliance  
6 with Section 3-32-6.1, New Mexico Statutes Annotated, 1978 Compilation, as  
7 amended.

8 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF  
9 ALBUQUERQUE:

10 Section 1. RATIFICATION. All actions not inconsistent with the provisions of  
11 this Bond Ordinance previously taken by the Council and the officials of the City  
12 directed toward approval of the issuance and sale of the Bond be approved and the  
13 same hereby are ratified, approved and confirmed.

14 Section 2. THE PROJECT PLAN. The Project to be financed with the Bond  
15 consists of the redevelopment, renovation, rehabilitation and equipping of a six-  
16 story, 75,000 square foot building for use as a boutique hotel within the City. The  
17 Company may use additional available money to accomplish the Project. The  
18 Project Plan is hereby approved in all respects.

19 Section 3. FINDINGS.

20 (A) General. The Council hereby declares that it has considered all relevant  
21 information presented to it relating to the Bond and the Project and hereby finds and  
22 determines that the issuance of the Bond pursuant to the Bond Ordinance and the  
23 Act to provide funds for the Project is necessary and advisable and in the interest of  
24 the public, and will promote the public health, safety, morals, convenience,  
25 economy, and welfare of the City and the residents of the City.

26 (B) The Council finds that:

- 27 (1) The Bond will be issued for the purpose of financing the Project;  
28 (2) The aggregate face amount of obligations to be issued for the  
29 purpose of financing the Project will not exceed \$22,000,000;  
30 (3) The developer and operator of the Project is the Company; and,  
31 (4) The Project Property is located in the City.

32 Section 4. AUTHORIZATION AND APPROVAL OF THE BOND. To finance  
33 the cost of the redevelopment, renovation, rehabilitation and equipping of the Project

1 Property, the City hereby authorizes and approves the issuance and sale of its  
2 industrial revenue bond to be designated "City of Albuquerque, New Mexico Taxable  
3 Industrial Revenue Bond (ARRIVE Albuquerque Hotel Project), Series 2019" in the  
4 maximum principal amount of \$22,000,000 and the use of the proceeds of the Bond  
5 to finance the cost of the Project and to pay expenses relating thereto.

6 Section 5. SALE OF THE BOND. The sale of the Bond to the Purchaser at a  
7 purchase price equal to the par amount of the Bond is hereby authorized and  
8 approved.

9 Section 6. FORM AND TERM OF THE BOND. Subject to the limitations set  
10 forth in this Bond Ordinance, the Bond shall be: (i) in the form and shall be  
11 numbered and dated all as set forth in the Indenture; (ii) payable as to principal and  
12 interest, and subject to optional and mandatory redemption and defeasance in the  
13 amounts, upon the conditions and at the times and prices set forth in the Indenture;  
14 and, (iii) issued in the maximum principal amount of \$22,000,000, bearing interest at  
15 the rates and maturing on the dates set forth in the Indenture. The interest rate on  
16 the Bond shall not exceed 12% per annum. The Mayor or the Chief Administrative  
17 Officer of the City shall sign the Bond.

18 Section 7. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.  
19 The form, terms, and provisions of the Bond Documents in the form on deposit in the  
20 office of the City Clerk are in all respects approved, authorized, and confirmed, and  
21 the City shall enter into such Bond Documents substantially in the form of each such  
22 document on deposit with the City Clerk, with only such changes as are not  
23 inconsistent with this Bond Ordinance or such other changes as may be approved  
24 by supplemental resolution of the Council.

25 (A) The Council authorizes the Mayor or the Chief Administrative Officer of the  
26 City to execute and deliver the Bond Documents in the name and on behalf of the  
27 City, and the Council authorizes the City Clerk or Deputy City Clerk to attest to, as  
28 necessary, the Bond Documents and the Bond with such changes therein as are not  
29 inconsistent with this Bond Ordinance.

30 (B) The Mayor, Chief Administrative Officer, Chief Financial Officer, City  
31 Treasurer and City Clerk are further authorized to execute, authenticate and deliver  
32 such certifications, instruments, documents, letters and other agreements, including  
33 security agreements, and to do such other acts and things, either prior to or after the

1 date of delivery of the Bond, as are necessary or appropriate to consummate the  
2 transactions contemplated by the Bond Documents.

3 (C) The officers of the City shall take such action as is necessary to effectuate  
4 the provisions of the Indenture and shall take such action as is necessary in  
5 conformity with the Act and this Bond Ordinance to finance the costs of the Project  
6 and for carrying out other transactions as contemplated by this Bond Ordinance and  
7 the Bond Documents including, without limitation, the execution and delivery of any  
8 closing documents to be delivered in connection with the sale and delivery of the  
9 Bond.

10 Section 8. DELIVERY OF THE BOND. Upon the execution of the Bond  
11 Documents and the satisfaction of the conditions set forth in the Bond Documents,  
12 the Bond shall be executed, authenticated, and delivered to the Purchaser. No  
13 Bond shall be valid for any purpose until such Bond has been properly authenticated  
14 as set forth in the Indenture.

15 Section 9. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND  
16 INTEREST AND OTHER MATTERS. The Council makes the following  
17 determinations and findings in accordance with the Act:

18 (A) The amount necessary in each year to pay the principal of and interest on  
19 the Bond, assuming issuance of the Bond as of November 1, 2019 in the amount of  
20 \$22,000,000 and bearing interest at the rate of 3.00% is as follows:

21	<u>Year Ended</u>	<u>Maturing Principal</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
22	12/31/20	\$815,287.21	\$648,850.45	\$1,464,137.66
23	12/31/21	\$840,084.95	\$624,052.71	\$1,464,137.66
24	12/31/22	\$865,636.94	\$598,500.72	\$1,464,137.66
25	12/31/23	\$891,966.12	\$572,171.54	\$1,464,137.66
26	12/31/24	\$919,096.12	\$545,041.54	\$1,464,137.66
27	12/31/25	\$947,051.31	\$517,086.35	\$1,464,137.66
28	12/31/26	\$975,856.78	\$488,280.88	\$1,464,137.66
29	12/31/27	\$1,005,538.40	\$458,599.26	\$1,464,137.66
30	12/31/28	\$1,036,122.81	\$428,014.85	\$1,464,137.66
31	12/31/29	\$1,067,637.48	\$396,500.18	\$1,464,137.66
32	12/31/30	\$1,100,110.69	\$364,026.97	\$1,464,137.66
33	12/31/31	\$1,133,571.61	\$330,566.05	\$1,464,137.66

1	12/31/32	\$1,168,050.28	\$296,087.38	\$1,464,137.66
2	12/31/33	\$1,203,577.64	\$260,560.01	\$1,464,137.66
3	12/31/34	\$1,240,185.61	\$223,952.05	\$1,464,137.66
4	12/31/35	\$1,277,907.04	\$186,230.62	\$1,464,137.66
5	12/31/36	\$1,316,775.81	\$147,361.85	\$1,464,137.66
6	12/31/37	\$1,356,826.80	\$107,310.86	\$1,464,137.66
7	12/31/38	\$1,398,095.99	\$66,041.67	\$1,464,137.66
8	12/31/39	\$1,440,620.42	\$23,517.24	\$1,464,137.66

9 (B) The terms under which the Project Property is leased provide that the  
10 Company shall maintain the Project Property and carry all proper insurance (or self-  
11 insure) with respect to the Project Property.

12 (C) The lease rentals payable under the Lease shall be at least sufficient to  
13 pay the principal and interest payments on the Bond set forth in Paragraph (A) of  
14 this Section 9 when due and otherwise render the financing of the acquisition of the  
15 Project Property entirely self-liquidating. There shall be no payments to any reserve  
16 fund or sinking fund installment payments.

17 Section 10. STATE TAX MATTERS. The City shall acquire in its name the  
18 Project Property, including capital equipment and other tangible personal property  
19 used in the Project, and for such acquisitions the City will, consistent with New  
20 Mexico law, assist the Company, acting as agent for the City, in obtaining the  
21 necessary nontaxable transaction certificates for delivery to vendors as may be  
22 applicable under the New Mexico Gross Receipts and Compensating Tax Act.

23 Section 11. LIMITED OBLIGATIONS. The Bond shall be a special limited  
24 obligation of the City payable solely from the revenues derived from the Lease and  
25 payable by the Company as described in the Indenture, and shall never constitute a  
26 debt or indebtedness of the City or the State or any political subdivision thereof  
27 within the meaning of any provision or limitation of the State Constitution, statutes, or  
28 home-rule charter of the City, and shall not constitute or give rise to a pecuniary  
29 liability of the City or a charge against its general credit or taxing power. Nothing  
30 contained in the Bond Ordinance or the Bond Documents, or any other instrument,  
31 shall be construed as obligating the City (except with respect to the Project Property  
32 and the application of the revenues therefrom and the proceeds of the Bond, all as  
33 provided in the Bond Documents), nor as incurring a pecuniary liability or charge

1 upon the general credit of the City or against its taxing power, nor shall the breach of  
2 any agreement contained in the Bond Ordinance, the Bond Documents, the Bonds,  
3 or any other instrument be construed as obligating the City (except with respect to  
4 the Project Property and the application of revenues therefrom and the proceeds of  
5 the Bond all as provided in the Bond Documents) nor as incurring a pecuniary  
6 liability or a charge upon the general credit of the City or against its taxing power, the  
7 City having no power to pay out of its general funds, or otherwise contribute any part  
8 of the costs of acquiring the Project Property, nor power to operate the Project as a  
9 business or in any manner except as lessor and seller of the Project Property.

10 Section 12. APPROVAL OF INDEMNIFICATION. The Council specifically  
11 approves the provisions of the Lease relating to indemnification which provide that  
12 the Company shall indemnify and hold harmless the City and its City Councilors,  
13 officials, members, officers, employees, and agents against liability to the Company  
14 or to any third parties that may be asserted against the City, its City Councilors,  
15 officials, members, officers, employees, and agents with respect to the City's  
16 ownership of the Project Property or the issuance of the Bond and arising from the  
17 condition of the Project Property or the acquisition or operation of the Project  
18 Property by the Company, except to the extent that Section 56-7-1, New Mexico  
19 Statutes Annotated, 1978 Compilation, as amended, applies, and except claims for  
20 any loss or damage arising out of or resulting from the gross negligence or willful  
21 misconduct of the City or any official, member, officer, employee, or agent of the  
22 City.

23 Section 13. BOND ORDINANCE IRREPEALABLE. After the Bond is issued,  
24 this Bond Ordinance shall be and remain irrepealable until the Bond, including all  
25 interest thereon, is fully paid, cancelled, and discharged, or until there has been  
26 defeasance of the Bond in accordance with the Indenture.

27 Section 14. SEVERABILITY. If any section, paragraph, clause or provision of  
28 this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the  
29 invalidity or unenforceability of that section, paragraph, clause, or provision shall not  
30 affect any of the remaining provisions of this Bond Ordinance.

31 Section 15. REPEALER. All by-laws, ordinances, resolutions, and orders, or  
32 parts thereof, inconsistent with this Bond Ordinance are repealed by this Bond  
33 Ordinance but only to the extent of that inconsistency. This repealer shall not be



1 construed to revive any by-law, ordinance, resolution, or order, or part thereof,  
2 previously repealed.

3 Section 16. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE  
4 DATE. This Bond Ordinance, immediately upon its final passage and approval, shall  
5 be recorded in the ordinance book of the City, kept for that purpose, and shall be  
6 there authenticated by the signature of the Mayor and the presiding officer of the  
7 City Council, and by the signature of the City Clerk or any Deputy City Clerk, and  
8 notice of adoption thereof shall be published once in a newspaper that maintains an  
9 office in, and is of general circulation in, the City, and shall be in full force and effect  
10 five (5) days following such publication.

11 Section 17. GENERAL SUMMARY FOR PUBLICATION. The title and general  
12 summary of the subject contained in the Bond Ordinance shall be published in  
13 substantially the following form:

14 CITY OF ALBUQUERQUE, NEW MEXICO  
15 NOTICE OF ADOPTION OF ORDINANCE

16 Notice is hereby given of the title and of a general summary of the subject matter  
17 contained in City Ordinance \_\_\_\_\_ (the "Ordinance"), duly adopted and approved by  
18 the City Council of the City of Albuquerque, New Mexico, on October 7, 2019. Complete  
19 copies of the Ordinance are available for public inspection during the normal and regular  
20 business hours of the City Clerk in the office of the City Clerk, Albuquerque/Bernalillo  
21 County Government Center, One Civic Plaza, N.W., Albuquerque, New Mexico.

22 The title of the Ordinance is:

23 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE,  
24 NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (ARRIVE  
25 ALBUQUERQUE HOTEL PROJECT) SERIES 2019 IN THE MAXIMUM PRINCIPAL  
26 AMOUNT OF \$22,000,000 TO PROVIDE FUNDS TO FINANCE THE  
27 REDEVELOPMENT, RENOVATION, REHABILITATION AND EQUIPPING OF A  
28 HOSPITALITY PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF  
29 AN INDENTURE, LEASE AGREEMENT, BOND PURCHASE AGREEMENT,  
30 BOND, AND OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF  
31 THE BOND AND THE PROJECT; MAKING CERTAIN DETERMINATIONS AND  
32 FINDINGS RELATING TO THE BOND AND THE PROJECT; RATIFYING CERTAIN  
33 ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS  
34 INCONSISTENT WITH THIS ORDINANCE.

- 1 The title sets forth a general summary of the subject matter contained in the Ordinance.

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Mayor Timothy M. Keller

# CITY OF ALBUQUERQUE

## Albuquerque, New Mexico

### Office of the Mayor

#### INTER-OFFICE MEMORANDUM

August 25, 2019

**TO:** Klarissa Pena, President, City Council

**FROM:** Timothy M. Keller, Mayor

**SUBJECT:** Approving an Ordinance for the Issuance and Sale of the City of Albuquerque's Industrial Revenue Bonds for the ARRIVE Albuquerque Hotel Project, Series 2019

This legislation would approve the issuance and sale of Industrial Revenue Bonds in the amount of \$22 million requested by 717 Central Ave Hotel LLC, to support the redevelopment, renovation, and rehabilitation of the 1965-built Downtowner Motor Inn (most recently The Hotel Blue) into a new boutique hotel following historic preservation guidelines for a "Mid-Century Modern" design. The Project is located at 717 Central Avenue NW in Albuquerque, New Mexico at the west end of Downtown at the intersection of 8<sup>th</sup> Street NW and Central Avenue NW directly west of Robinson Park. It was the first hotel built in Downtown Albuquerque post-World War II, and the first since the original Hilton in 1939 (now Hotel Andaluz). The former Downtowner Motor Inn is considered an example of Route 66 history along Albuquerque's Central Avenue. The company is solely responsible for repaying the bonds; no City/taxpayer funds are involved.

The new hotel development will restore the six-story, 75,000 square-foot building to the original historic exterior. The plan also includes completely renovating 135 guestrooms, ground-level public space, pool/patio area, and landscaping, and the developers have a particular emphasis on projects that suit the local history, culture and "vibe" of the neighborhoods they occupy. The Site is zoned "MX-FB-UD" (Mixed-use Form-based Urban Development) which allows for the proposed use of a hotel and restaurant/ retail project. It is located within the Downtown Metropolitan Redevelopment Area. ARRIVE Albuquerque does not anticipate any adverse neighborhood or environmental impacts. Traffic congestion will be minimal since the current primary usage in the area is mixed-use residential, commercial and office and the traffic generated by the hotel will not coincide with peak travel times for area workers. The intention is for the hotel to become an active part of the local community, featuring local artisans, offering meeting spaces to local community groups and programming events in the adjoining Robinson Park.

Industrial revenue bonds provide real and personal property tax abatements, as well as gross receipts/compensating tax exemptions on furnishings and equipment purchased with bond proceeds. It is the Company (not the City) that intends to invest approximately \$22 million on facility and site improvements and expects to work with local contractors. The Company expects to continue to spend at least \$900,000 annually on local goods and services, or \$18 million over the term of the bonds. In addition to the millions in payroll and local goods and services purchased, the estimated tax benefits to the City are expected to be nearly \$1.95 million above the amount of taxes abated.

The Albuquerque Development Commission approved the Project unanimously at their meeting on August 15, 2019 with strong support from local neighbors and businesses expressed.


Your consideration and approval is requested.

  
Synthia Jaramillo, Director  
Economic Development Department

8/23/19  
Date

**Approved:**

Approved as to Legal Form:

  
\_\_\_\_\_  
Esteban A. Aguilar Jr. Date  
City Attorney

## **Cover Analysis**

### **1. What is it?**

This is an ordinance for the issuance and sale of industrial revenue bonds for \$22 million for the ARRIVE Albuquerque Hotel Project (Applicant--717 Central Ave. Hotel LLC), Series 2019, located in west downtown Albuquerque (formerly known as Hotel Blue), at the intersection of 8<sup>th</sup> Street NW and Central Avenue NW directly west of Robinson Park. The company is solely responsible for repaying the bonds; no City/taxpayer funds are involved.

### **2. What will this piece of legislation do?**

The funds will be used to finance the redevelopment, renovation, and rehabilitation of the 1965-built Downtowner Motor Inn (most recently The Hotel Blue) into a new boutique hotel following historic preservation guidelines for a "Mid-Century Modern" design.

The new hotel development will restore the six-story, 75,000 square-foot building to the original historic exterior. The plan also includes completely renovating 135 guestrooms, ground-level public space, pool/patio area, and landscaping, and the developers have a particular emphasis on projects that suit the local history, culture and "vibe" of the neighborhoods they occupy. In addition, the hotel will feature a coffee shop and bar, as well as an inviting large public space. The intention is for the hotel to become an active part of the local community, featuring local artisans, offering meeting spaces to local community groups and programming events in the adjoining Robinson Park.

ARRIVE Albuquerque expects to hire 45 full time employees and 30 part-time, with a \$2 million annual payroll (\$40 million over the term of the bonds). These positions include management, administrative, and a variety of service and support positions. The company estimates that approximately 95% of these people will be from the local labor pool. ARRIVE Albuquerque expects to pay competitive wages for the hospitality industry, with hotel management salaries ranging from \$40,000--\$90,000 annually; service and support positions range from \$25,000--\$30,000 for hotel workers (consistent or above local market averages). Food and beverage managers range from \$55,000-\$80,000 annually, with hourly wages for food and beverage employees expected in the \$10.00-14.00/hour range. Employee benefits offered by the Company include competitive medical, dental, vision; 401K savings plan; and paid time off. The Company will pay at least 50% of the medical benefits for full-time employees.

Industrial revenue bonds provide real and personal property tax abatements, as well as gross receipts/compensating tax exemptions on furnishings and equipment purchased with bond proceeds. The Company expects to continue to spend at least \$900,000 annually on local goods and services, or \$18 million over the term of the bonds. In addition to the millions in payroll and local goods and services purchased, the estimated tax benefits to the City are expected to be nearly \$1.95 million above the amount of taxes abated. It is the Company (not the City) that intends to invest approximately \$22 million on facility and site improvements and expects to work with local contractors.

The Albuquerque Development Commission approved the Project unanimously at their meeting on August 15, 2019 with strong support expressed by local neighbors and businesses.

### **3. Why is this project needed?**

The ARRIVE Albuquerque Hotel Project (717 Central Avenue, NW) expansion will help advance an economic development project that fosters, promotes, and enhances local economic development efforts and provides job growth and career opportunities.

The Project would fully renovate and redevelop an historically significant structure at the west entrance to downtown Albuquerque, along Route 66, into a uniquely positioned quality boutique hotel. The Project is anticipated to have a significant positive impact on the surrounding community, providing both economic benefits and redeveloping the vacant and almost functionally obsolete existing facility. The owners intend to make this a landmark historic property, and a cornerstone of the west downtown neighborhood and its revitalization efforts.

### **4. How much will this cost and what is the funding source?**

There is no cost to the City for the issuance or sale of the industrial revenue bonds, the City is not responsible for the payment of the bonds, and there is no impact on the City's credit ranking.

The Fiscal Impact Analysis for the Project was conducted by UNM's Bureau of Business and Economic Research and shows a positive return for the City of nearly \$1.95 million above the tax abatements, even assuming a conservative estimate of 20% new customers to the market, and a reduced abatement amount of only 70%.

### **5. Is there a revenue source associated with this project? If so, what level of income is projected?**

There is no direct revenue source for the payment of the bonds, since the Company is responsible for repayment of the bonds. There is a 30% Payment in Lieu of Taxes on the value of abated taxes from the company to the City for twenty years.

## FISCAL IMPACT ANALYSIS

TITLE: Approving an Ordinance for the Issuance and Sale of Industrial Revenue Bonds for ARRIVE Hotel Project, Series, 2019

R: O:

FUND: N/A

DEPT: Econ Devt.

- ☐ No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations. (See Attached)
- ☐ (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	2019	Fiscal Years 2020	2021	Total
Base Salary/Wages				-
Fringe Benefits at	-	-	-	-
Subtotal Personnel	-	-	-	-
Operating Expenses		-		-
Property		-	-	-
Indirect Costs	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -
<input type="checkbox"/> Estimated revenues not affected				
<input checked="" type="checkbox"/> Estimated revenue impact				
Revenue from program				0
Amount of Grant		-	-	
City Cash Match				
City Inkind Match				
City IDOH	-	-	-	-
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

\* Range if not easily quantifiable.

Number of Positions created

**COMMENTS:** The Project shows a net positive impact over the 20-year term of the bonds. Utilizing a conservative estimate of only 20% new travelers to the market, and providing only a 70% tax abatement, the Project shows a net positive tax impact to the City of nearly \$1.45 million. The City is not responsible for the repayment of the bonds. There is an additional \$2 million in additional payroll (\$40 million for the Project total), and \$900,000 of local goods and services purchased locally (\$18 million over 20 years). There will be an annual Payment in Lieu of Taxes (PILOT). (See Attached)

### COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

The Project is seen as having a strong additional public policy benefit through its renovation and rehabilitation of an historic property, the infusion of \$22 million in private investment in a redeveloping area of west downtown, its focus on local culture and history, and the attention to neighborhood interests. There is no financial risk to the City, and no public funding required.

PREPARED BY:

APPROVED:

FISCAL ANALYST

DIRECTOR

(date)

REVIEWED BY:

EXECUTIVE BUDGET ANALYST

BUDGET OFFICER

(date)

CITY ECONOMIST

**ALBUQUERQUE DEVELOPMENT COMMISSION**  
**Industrial Revenue Bond Hearing**

**August 15, 2019**

**IRB-19-1: ARRIVE Albuquerque Hotel Project**

**REQUEST:** Approval of \$22,000,000 in City Industrial Revenue Bonds is requested.

**PROJECT SUMMARY:** The ARRIVE Albuquerque Project, involves the redevelopment, renovation, and rehabilitation of the 1965-built Downtowner Motor Inn (most recently The Hotel Blue) into a new boutique hotel following historic preservation guidelines. The Project is located at 717 Central Avenue NW in Albuquerque, New Mexico at the west end of Downtown at the intersection of 8<sup>th</sup> Street NW and Central Avenue NW directly west of Robinson Park. It was the first hotel built in Downtown Albuquerque post-World War II, and the first since the original Hilton in 1939 (now Hotel Andaluz). The former Downtowner Motor Inn is considered an example of Route 66 history along Albuquerque's Central Avenue.

The new hotel development will restore the six-story, 75,000 square-foot building to the original historic exterior. The plan also includes completely renovating 135 guestrooms, ground-level public space, pool/patio area, and landscaping. The Site is zoned "MX-FB-UD" (Mixed-use Form-based Urban Development) which allows for the proposed use of a hotel and restaurant/retail project. It is located within the Downtown Metropolitan Redevelopment Area.

ARRIVE Albuquerque does not anticipate any adverse neighborhood or environmental impacts. Traffic congestion will be minimal since the current primary usage in the area is mixed-use residential, commercial and office and the traffic generated by the hotel will not coincide with peak travel times for area workers.

ARRIVE Albuquerque expects to hire 45 full time employees and 30 part-time, for an annual payroll of \$2 million (\$40 million over the term of the bonds). These positions include management, administrative, and a variety of service and support positions. The company estimates that approximately 95% of these people will be from the local labor pool. ARRIVE Albuquerque expects to pay competitive wages for the hospitality industry, with hotel management salaries ranging from \$40,000--\$90,000 annually; service and support positions range from \$25,000--\$30,000 for hotel workers (consistent or above local market averages). Food and beverage managers range from \$55,000-\$80,000 annually, with hourly wages for food and beverage employees expected in the \$10.00-14.00/hour range. Employee benefits offered by the Company include competitive medical, dental, vision; 401K savings plan; and paid time off. The Company will pay at least 50% of the medical benefits for full-time employees.

The Company expects to spend approximately \$22 million on facility and site improvements and expects to work with local contractors. The Company expects to continue to spend at least \$900,000 annually on local goods and services (\$18 million over the term of the bonds).

The ARRIVE Albuquerque Hotel project should improve the opportunities for guests to enjoy the downtown area. In fact, adding hotel room capacity to the downtown corridor is a need recognized both by Visit Albuquerque as well as neighboring hotels. While the ARRIVE Albuquerque Hotel is immediately adjacent to the Convention Center, it is located less than ½ mile away and it will bring an additional product into the downtown mix. Generally, properties



within the greater downtown area are large convention oriented, full service hotels, smaller, higher-end boutique hotels, or budget oriented motels, located along Central Avenue to the east of downtown.

There have been some questions raised regarding the closure of the former Hotel Blue, and the timing from the current owners to renovate and reopen the facility. What has been learned is that ARRIVE and its affiliates purchased the hotel in February 2018 from the previous owners of the Hotel Blue. The previous owners were operating it as a very limited-service hotel without a restaurant/ bar. They only had 8 full-time employees and 4 part-time employees to operate the 140-room hotel (one of the FT employees was sent to California to work at another one of the Seller's other properties). The condition of the hotel property had deteriorated considerably. The plan was to close the hotel completely to expedite the renovation process. However, construction pricing had risen due to the deteriorated condition and the desire of the new owners to follow historic preservation guidelines—at that time it was determined financing costs had risen too high to continue the project as originally envisioned. The team began talking with the City and the County in May/ June 2018 to explore tax incentive programs that would be necessary to make the project viable again. Conversations continued for about 9 months, mostly focused with the County. The owners and their representatives spoke to and met with neighborhood associations, business groups, and surrounding property owners. Support has been expressed by neighbors and businesses about the project's potential benefits for the west end of downtown and the surrounding areas.

In March/April of 2019 the project began working closely with the City to pursue the potential for City tax incentives. The City first considered Metropolitan Redevelopment Bonds. However, the abatements associated with that program only offset taxes on the net improvements to the property, and only for seven years. They do not provide an exemption for the purchase of personal property. MR Bonds work better for sites that start with vacant land rather than an existing building. We agreed to support a reduced form of tax abatements—lower than what we typically do on an IRB deal, but sufficient to get this project moving and get the renovations and redevelopment going. The City IRB application for the significant renovation and rehabilitation project was submitted in July, 2019, and was reviewed in earnest. The City is proposing a 70% tax abatement, in order for the project to be financially viable and get the redevelopment moving forward for this important part of the Downtown area.

Industrial revenue bond projects provide for property tax abatement and gross receipts or compensating tax exemptions for items purchased with bond proceeds. There is no public financing associated with the bonds; the Company is responsible for providing all of their own financing, and no City credit is used to enhance the bonds.

The project plan as shown in Exhibit A provides details of the project.

The comprehensive rehabilitation and adaptive reuse as a boutique hotel will have a positive cultural and economic impact on the neighborhood, the surrounding west downtown revitalization area and greater downtown Albuquerque in a variety of ways as summarized below and discussed in greater detail in the project application:

- The project location positively redefines a gateway entry into downtown Albuquerque.

- The project will create 75 full and part-time permanent jobs with annual payroll of approximately \$2.0 million within a census tract that is part of a Metropolitan Redevelopment Area and identified by the federal government as economically distressed.
- The project will contribute needed guest rooms to the greater downtown Albuquerque room count.
- Through its interior design and redesigned exterior landscaping, ARRIVE Albuquerque will celebrate the rich history of the property, the neighborhood, Route 66 and Albuquerque.
- The project offers diversity to the visitor considering the mix of large convention hotels and budget motels available within the larger downtown community.
- Through aggressive marketing efforts, the project will generate additional visitor activity within west downtown which improves the potential for success for restaurants and shops that currently exist or elect to locate within the area.
- The project intends to offer meeting space to local community groups and provide additional event programming for Robinson Park.
- They have committed to featuring local artisans and food and beverage products.

The project will preserve an historic property which has almost fallen into functional obsolescence. All major lodging properties considered to be potential competitors within the greater downtown area received notice of the project and the application for an IRB; none have responded with any criticism of the proposal. Additionally, it should be noted that two other downtown hotel projects received City IRBs--La Posada/Hotel Andaluz and Hotel Parq Central—four others received some form of City assistance (Embassy Suites, former Hotel Blue, Hyatt Regency, and Doubletree) in the past, as well as Hotel Chaco in Old Town (County IRB). Additionally, two new lodging establishments under construction just east of the downtown core are Metropolitan Redevelopment Bond projects.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. We had this analysis prepared in a way similar to previous hotel projects, whereby we don't assume that all of the taxes generated necessarily will be net new revenues, but that some could potentially be coming from other hotel properties in Albuquerque (this is what the economists refer to as a "sensitivity analysis"). Even at our most conservative approach, assuming only 20 percent net new revenues, the analysis shows that the company will be making a substantive contribution to the community. It will add 45 full-time and 30 part-time jobs, and bring in increased gross receipts and lodging taxes. Over the 20 year term of the bonds, the City is expected to receive \$1.95 million in additional tax revenues above the tax abatements.

In addition to the straight fiscal impact, the project is seen as having a strong additional public policy benefit through its renovation of a historic property, and the infusion of significant private investment in a redeveloping area with no financial risk to the City and no required public capital investment.

Appropriate terms will be included in the bond documents regarding penalties for non-performance on job requirements or if the facility closes within ten years.

## **FINDINGS:**

1. IRB-19-1 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (16-1985) as amended by Resolution 350 Sixth Council;
2. IRB 19-1 would make positive substantive contributions to the local economy and community by renovating and restoring a significant Mid-Century Modern historic property in downtown Albuquerque, providing meeting space to local community groups, featuring local artisans, and helping revitalize the west end of downtown;
3. IRB 19-1 will provide approximately 135 boutique hotel rooms to the Albuquerque downtown market, which will provide much needed accommodations for visitors to nearby businesses and residents, and help support the City's Convention Center;
4. IRB 19-1 will provide approximately 45 full time and 30 part-time positions for the hotel and food and beverage establishments;
5. Subject to securing a firm financing commitment, IRB 19-1 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and
6. Subject to securing a firm financing commitment, IRB 19-1 would adequately meets the evaluation criteria established by the City for industrial revenue bond projects, including the requirement that the City recoup the value of its investment.

**PROJECT ANALYSIS:** The project, as proposed in the project application, will be analyzed in accordance with the City's IRB project evaluation criteria.

## **I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA**

1.Economic Base Company * that meets statutory requirements	Pass
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment.	Pass

3. Conforms to City planning and zoning policies.	Pass
4. Firm has no outstanding substantive federal, state or local tax issues.	Pass
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules	Pass
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	Pass
7. Per state requirements, the firm covers 50% of health insurance premiums for employees.	Pass
8. Other additional factors.	
RESULT	PASS

\* Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area, but do not include educational or healthcare facilities. Credit may also be assigned to those projects that represent significant “import-substitution.” Import substitution occurs when a manufacturer or supplier of services provides products or services to a local customer base; which currently has to purchase those products or services from outside of the area.

1. Tourism is an economic base industry, and the hospitality industry makes up one of the largest sectors of the regional economy. ARRIVE Albuquerque also qualifies under the IRB Act and the City’s Ordinance as:

a. “any business in which all or part of the activities of the business involve the supplying of services to the general public or to government agencies or to a specific industry or customer base but does not include establishments primarily engaged in the sale of goods or services at retail.”

2. The bonds will be considered a “self-purchase”-- purchased by a subsidiary or affiliate of the Company.

3. The Site is zoned “MX-FB-UD” (Mixed-use Form-based Urban Development) which allows for the proposed use of a hotel and restaurant/ retail project. As stated in the Application, by renovating the ground-level and providing engaging entrances on both Central Ave. and 8<sup>th</sup> St., the Project will promote the intention of the sub-zone which is to, “Create a compact, pedestrian-oriented urban form with uses that are served by and support transit.” It supports the City’s emphasis on developing “Place-Based Strategies”--creating desirable, walkable urban areas that people will want to return to. The Project also will be following historic preservation guidelines.

4. ARRIVE Albuquerque has certified that it has no outstanding substantive federal, state or local tax issues.

5. The Project, in its design, complies with environmental regulations. The project renovates an existing infill location, and intends to use many energy-saving products. Permits are required for the renovations and will follow historic preservation guidelines. Additional

information regarding environmental implications is contained in the following section and in the Application.

6. Jobs for the positions meet or exceed the median wages for similar jobs in the community. The salaries and positions are more fully described in Section II-7 and in the Application.
7. ARRIVE Albuquerque will pay at least 50% percent of the health insurance premiums for its employees.
8. The Project offers diversity to the visitor considering the mix of large convention hotels and budget motels available within the downtown community. Through aggressive marketing efforts, the project will generate additional visitor activity within the west end of downtown, which improves the potential for success for restaurants and shops that currently exist or elect to locate within the area.

As mentioned, the project will preserve an historic property which has fallen into functional obsolescence. All major lodging properties considered to be potential competitors within the greater downtown area received notice of the project and the application for an IRB; none have responded with any criticism of the proposal. Additionally, it should be noted that two other downtown hotel projects received City IRBs--La Posada/Hotel Andaluz and Hotel Parq Central—four others received some form of City assistance (Embassy Suites, former Hotel Blue, Hyatt Regency, and Doubletree) in the past, as well as Hotel Chaco in Old Town (County IRB). Additionally, two new lodging establishments under construction just east of the downtown core are Metropolitan Redevelopment Bond projects.

## **II. LAND USE, PLAN AND DESIGN ELEMENTS**

### **1. PLAN & ZONING:**

The ARRIVE Project is located at 717 Central Avenue NW, Albuquerque, NM 87102. The Site is more particularly described as:

Lot 24-A Block 14 NEW MEXICO COMPANY'S ORIGINAL TOWNSITE, of the City of Albuquerque, New Mexico, as the same is shown and designated on the Map of said Addition, filed in the Office of the County Clerk of Bernalillo County, New Mexico, on May 27, 1998, recorded in Map Book 98C, Page 148, containing approximately 1.0961 acres.

EXCEPTING THEREFROM that portion dedicated to the City of Albuquerque for rights-of-way purposes in Book D-751, page 468, records of Bernalillo County, New Mexico, described by metes and bounds as follows: Beginning at the Northeast corner of Lot numbered Eight (8), whence the above-mentioned Northwest corner of Lot numbered Twelve (12) bears West a distance of 125.00 feet; Thence from the beginning corner of the exception, South 142.00 feet; Thence South 16.00 feet; Thence East 25.00 feet.; Thence South 5.00 feet; Thence West 32.00 feet; Thence North 5.00 feet; Thence West 12.00 feet; Thence North 14.00 feet; Thence West 5.00 feet; Thence North 62.00

feet; Thence East 8.00 feet; Thence North 82.00 feet; Thence East 16.00 feet to the beginning corner.

The Site is zoned “MX-FB-UD” (Mixed-use Form-based Urban Development) which allows for the proposed use of a hotel and restaurant/retail project. As stated in the Application, by renovating the ground-level and providing an engaging entrances on both Central Ave. and 8<sup>th</sup> St., the Project will promote the intention of the sub-zone which is to, “Create a compact, pedestrian-oriented urban form with uses that are served by and support transit.” It supports the City’s emphasis on creating desirable, walkable urban areas that people will want to return to. The Project also will be following historic preservation guidelines.

## 2. LAND USE:

The Hotel was originally built in 1965 as the Downtowner Motor Inn, but has changed ownership and was remodeled multiple times over its history. Most recently the Hotel was known as The Hotel Blue (See Exhibit-B “Downtowner Motor Inn” and Exhibit-C “Hotel Blue”). The property is currently closed and is not operating for any use.

The Site contains the hotel building, a large surface parking lot, and a pool and patio area. The building footprint occupies roughly 3/8 of the site, the parking lot occupies roughly 1/2 of the site, and the pool/patio area occupies roughly 1/8 of the Site.

The impact on existing industry and commerce after construction is anticipated to be favorable. Annual sales are projected at \$5.75 million for hotel/food/beverage operations. The company has stated that they intend to hire local construction companies, infusing additional millions of capital into the local economy. More detail is provided in the fiscal impact analysis.

The Project would support: a) An Economic Development Strategy for Albuquerque/Bernalillo County to attract, develop and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) The Comprehensive Plan Economic Development Policies to: encourage expansion of export-based business (or in the case of tourism, bringing in new money) that strengthen the economy; and encourage prospective employers willing to hire local residents and able to diversify the employment base. The project also supports the economic development priorities and objectives of the City’s Local Economic Development Act.

The ARRIVE Albuquerque Hotel Project further supports the Economic Development Department’s criteria for the use of incentives by Leveraging our Core Assets, Implementing Place-Based Strategies, Focusing on High-Growth Specialties, Supporting Focused and Positive ROI Projects, and providing approximately 45 full-time and 30 part-time economic base jobs.

3. INFILL:

The Project involves an existing building constructed in 1965, which has undergone a number of upgrades and renovations over the years. The Application provides a map of the area. As mentioned above, no extension or relocation of utility or road systems is anticipated. There are adequate utilities and roads to the facility. Its location provides excellent access to public transit and will help support area amenities, restaurants, shops, galleries, and other businesses. The Application provides additional extensive information on the Project's significant proposed positive impacts.

4. DESIGN AND CONSERVATION:

A significant rehabilitation of the historic "Mid-Century Modern" property is required and planned, which involves considerable additional costs over basic new construction. The cost savings from the tax abatements associated with the industrial revenue bonds will make this project financially feasible, and allow for a higher quality renovation project.

The applicants have stated that they intend to incorporate many energy-saving products, and that the environmental impact of the Site will benefit from low-impact development strategies implemented to manage rainwater runoff and from a landscape design incorporating only native and adapted drought-tolerant vegetation and a highly efficient irrigation system.

Inside the building, potable water will be further reduced by the specification of low-flow plumbing fixtures at all restrooms. Low-flow showerheads and low-flow faucet aerators will also reduce the Project's environmental impact by minimizing the energy consumed for heating water as the Project's total volume of consumed water is substantially reduced. Additional energy-efficient design strategies will include better insulating the building envelope by replacing the old windows. These modern windows will also help minimize the direct solar heat gain. Additional strategies include: high-efficiency water heaters and mechanical HVAC units, LED lighting throughout the Project, and energy management systems in the appliances and thermostats located in each room.

As stated, the specification of building materials for the Project will include careful consideration of environmental impact as well as the health of the building occupants. Materials will be specified to be durable and easy to maintain, to have a low embodied energy, to be locally sourced when possible, to be low-emitting, and to have a long useful life. In addition to the use of low-emitting materials, further focus on the health and well-being of building occupants will include a mechanical system designed for a high level of indoor air quality and thermal comfort, and a building envelope design which optimizes quality daylight and views.

The applicants will be operating under the guidelines and requirements for the renovation of an historic property.

ARRIVE and its affiliates purchased the hotel in February 2018 from the previous owners of the Hotel Blue. The previous owners were operating it as a very limited-service hotel without a restaurant/ bar. They only had 8 full-time employees and 4 part-time employees to operate the 140-room hotel (one of the FT employees was sent to California to work at another one of the Seller's other properties).

The plan was to close the hotel completely to expedite the renovation process. However, in May/June of 2018 construction pricing had risen and the significant renovation and historic preservation costs were determined to be too high to continue the Project. The team began talking with the City and the County to explore tax incentive programs that would be necessary to make the Project viable again. The company focused their talks with the City in March/April 2019. The City determined that a more limited industrial revenue bond (with a 70% tax abatement), fully financed by the Company and not the taxpayers, could provide the impetus necessary to get this important redevelopment project started without more delay.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility. As stated above, the company intends to utilize energy efficient and low-flow water devices throughout the construction and operation of the hotel. Additional information regarding the Company's environmental policies is contained above and in the Application.

6. COMPETITION:

All major lodging properties considered to be potential competitors within the greater downtown area received notice of the project and the application for an IRB; none have responded with any criticism of the proposal. As stated previously, two other downtown hotel projects received City IRBs--La Posada/Hotel Andaluz and Hotel Parq Central—four others received some form of City assistance (Embassy Suites, former Hotel Blue, Hyatt Regency, and Doubletree) in the past, as well as Hotel Chaco in Old Town (County IRB). Additionally, two new lodging establishments under construction just east of the downtown core are Metropolitan Redevelopment Bond projects.

As stated above, five downtown area lodging projects (Embassy Suites, former Hotel Blue, La Posada, Hyatt Regency, and Doubletree) received some form of assistance from the City in the past, as well as the recent addition of Hotel Chaco in the Old Town area (County IRB) and two new metropolitan redevelopment bond hotel projects just east of downtown.

ARRIVE Albuquerque Hotel also plans to expend considerable effort to “grow the pie” of potential visitors to Albuquerque, and not just capture a portion of an already existing market. ARRIVE Albuquerque Hotel will aggressively market to U.S. domestic and potentially international travelers seeking the "historic hotel" and “Route 66” experience.

7. JOBS:

The salaries for the jobs profiled meet or exceed the average for similar positions within the community.

Once open, the Project anticipates creating 75 full- and part-time jobs. This includes employees at the hotel and the food and beverage establishments. For comparison, the previous owners of the Hotel Blue only had 11 employees to run the hotel. It also did not have any restaurant/retail spaces.



As a hotel brand, ARRIVE's intention is to create a world-class staff by empowering its employees and treating them as partners. ARRIVE employees are cross-trained in multiple areas of the hotel, from front-desk operations to bartending, allowing each employee to provide guest services across multiple disciplines and providing them with opportunities for professional growth.

All full-time employees will receive health insurance, dental, vision, life insurance, PTO, and the option to participate in a 401(k) plan. Approximately 60% of the employees are anticipated to be full-time, with 40% part-time employees. (Please see the write-up and tables below for more detailed information regarding estimated compensation and benefits).

<b>Benefit Type</b>	<b>Value</b>
Health Insurance	~ 9% net pay (~ 20% employee contribution) <sup>1</sup>
Dental Insurance	~ .1% net pay (100% employee contribution)
Vision Insurance	~ .1% net pay (100% employee contribution)
Paid Time Off	~ 1% net pay (0% employee contribution)
Life Insurance	~ .1% net pay (0% employee contribution)
401(k) Retirement Plan	No employer contribution

Hotel management positions will include: General Manager; Assistant GM; Rooms Manager; Food and Beverage Manager; Director of Sales; Sales Coordinator; Housekeeping Supervisor; and Chief Engineer. It is estimated that these positions will range in wages from \$40,000 to \$90,000 per year. A team of guest service agents, night auditors, housekeepers, attendants, drivers, and security will make up the rest of the hotel positions. It is estimated that these positions will range in wages from \$25,000 to \$45,000 per year.

The salary for the Food & Beverage Manager is estimated to be \$80,000 per year. The Assistant F&B Manager is anticipated to make \$55,000 per year. Hourly wages for food and beverage employees are anticipated to be \$10.00/hr - \$14.00/hr.

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<sup>1</sup> ARRIVE contributes 80% of the cost of a Kaiser Bronze HMO plan for all full-time employees. The contribution ratio varies depending on which plan the employee selects.

ARRIVE is also seeking to partner with the New Mexico Workforce Connection ("NMWC") to make low-income hires. As part of the pre-hire screening process, NMWC can determine applicants' income status and who would qualify for the jobs that will be created. ARRIVE will also look at local colleges and job placement agencies seeking to find talented individuals looking to grow in the hospitality industry. ARRIVE also has a management training program that encourages employees to continue to grow and be promoted within the organization.

In addition to the jobs directly created at ARRIVE, other local jobs will be created through contracted services (e.g. linen supply/ laundry), as well as ancillary businesses created through future redevelopment in the area.

<b>PROJECT TOTAL</b>					
<b>Position</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Salary Range</b>	<b>Healthcare Plan</b>	<b>Retirement Plan</b>
Full time	45	-	\$10/hr - \$90,000/yr	Y	Y
Part Time	-	30	\$10/hr - \$60,000/yr	N	N
<b>TOTAL EMPLOYEES</b>	<b>75</b>				

<b>HOTEL SUBTOTAL</b>					
<b>Position</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Salary Range</b>	<b>Healthcare Plan</b>	<b>Retirement Plan</b>
Management	5	-	\$40,000 - \$90,000/yr	Y	Y
Admin/ General	3	-	\$40,000 - \$60,000/yr	Y	Y
Admin/ General	-	2	\$40,000 - \$60,000/yr	N	N
Service & Support	21	-	\$25,000 - \$30,000/yr	Y	Y
Service & Support	-	15	\$25,000 - \$30,000/yr	N	N
Maintenance	2	-	\$30,000 - \$35,000/yr	Y	Y
Maintenance	-	2	\$30,000 - \$35,000/yr	N	N
<b>HOTEL SUBTOTAL</b>	<b>31</b>	<b>19</b>	<b>\$25,000/yr - \$90,000/yr</b>		

<b>FOOD &amp; BEVERAGE SUBTOTAL</b>					
<b>Position</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Salary Range</b>	<b>Healthcare Plan</b>	<b>Retirement Plan</b>
Management	2	-	\$40,000 - \$80,000/yr	Y	Y
Supervisors	5	-	\$14-20/hr; \$40,000 - \$60,000/yr	Y	Y
Service & Support	7	-	\$11-16/hr	Y	Y

Service & Support	-	11	\$10-14/hr	N	N
<b>F&amp;B SUBTOTAL</b>	<b>14</b>	<b>11</b>	<b>\$11/hr - \$80,000/yr</b>		

**1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?**

ARRIVE believes in both giving guests an authentic local experience and investing in the local community. That is why 95% of the permanent new jobs are expected to be filled by current Albuquerque area residents.

**2) Will jobs benefit low and moderate income residents?**

Due the nature of the work, and the skillsets required, in the hospitality and food and beverage industry, many of the jobs will be geared to low- and moderate-income workers.

**3) Will the jobs meet or exceed median wages for the industry within the community?**

The new jobs created at ARRIVE Albuquerque will meet or exceed median wages for the industry within the community.

**4) Will the jobs match skills of current city residents?**

The jobs will match the skills of current city residents. Additionally, NM Workforce Connections offers opportunities for further skills training and career advancement.

**5) Will new employees be trained to fill the positions?**

ARRIVE has in-depth training for employees to cross-train in multiple positions.

**6) What stated advancement opportunities are there?**

ARRIVE has a management training program that encourages employees to continue to grow and be promoted within the organization.

**7) Will “Job Training Incentive Program” or other job training programs be used?**

In addition to working with NM Workforce connections, ARRIVE will look at other opportunities for Job Training Incentive Programs.

**8) Will at least 50% of health insurance premiums be covered for employees?**

At least 50% of health insurance premiums will be covered for full-time employees.

The Company anticipates an annual payroll of approximately \$2.0 million, for a total of \$40 million over the term of the bonds.

#### 8. LOCAL PURCHASES

The Company anticipates spending \$22 million on tenant improvements. Annual expenditures for local goods and services are \$900,000 annually

All project costs will be funded internally by Jabil Inc., a vast-reaching multinational corporation with more than \$22 billion in annual revenues. Additional information on the company is contained in Section 10.

### IV. PROJECT FEASIBILITY

#### 9. COST/ FEASIBILITY/ FINANCING:

As stated above, the Company intends to spend approximately \$22 million in facility upgrades and renovations with completion and occupancy planned by January 2021.

Upon completion of the project, the estimated appraised value of the facility is anticipated to be \$4,700,000, due to the probable re-valuation by the Assessor.

Funding is subject to City Council approval. ARRIVE is responsible for their own and the City's fees related to the IRB applications and associated legal or other administrative fees, including the fiscal impact analysis.

#### 10. DEVELOPER'S RECORD:

.Information provided on the company's website states:

"ARRIVE Hotels & Restaurants are built to welcome people to the neighborhood. We love sharing what makes our neighborhood special with locals and visitors alike. We care more because we love this place. So we try harder, work more, and never stop thinking about how to make our guests happier than when they arrived.

ARRIVE was founded by **Chris Pardo** and **Peter Karpinski**, who met while working at Four Seasons Hotels & Resorts in the late 1990s. Throughout their respective careers, they have strived to chart new paths for their industries – Chris in the architectural, interior design, and hospitality arenas, and Peter in the world of restaurant and hotel development, branding, and operations. The pair committed to developing a hospitality brand together, and after many years of planning, they came full circle to launch the ARRIVE brand.

While exploring an inaugural property for ARRIVE in Palm Springs, Chris and Peter had the fortune of meeting **Ezra Callahan**, **Matt Steinberg**, and **David Isen** - college friends who had formed

Artist & Recreation, a Los Angeles based real estate development and hospitality group. Callahan had recently shifted his focus to this arena after several years working at Facebook, where he was the Company's sixth employee and first product manager. Steinberg, a Stanford-trained lawyer, had also changed gears after several years working at one of Los Angeles' premier law firms. Isen split his time between being a touring musician with HORSE, the Band, and working as a software engineer for Amazon. Chris, Peter, Ezra, David and Matt found they shared a similar mindset around the values, passion and drive they wanted to inject into the hospitality world, and an exciting and promising relationship was formed.

In 2015, ARRIVE added **Chris Putnam** to the team. Putnam served as one of Facebook's first engineers - and one of its youngest after being hired at 19 after notoriously hacking the site in 2005. Two years later, **Noah Ellis** joined the ARRIVE team as the Chief Operating Officer. Ellis started in the hospitality industry washing dishes when he was 13. He has since held (slightly) higher-level positions at the Light Group, Mina Group, Kimpton Hotels, and his own consulting company, where, collectively, he has opened over 25 properties. Ellis is also a Co-Founder & Co-Owner of Top Round Roast Beef."

#### 11. EQUITY:

The company has stated that equity for the Project has been secured. Proof of a firm financing commitment will be required before final City Council approval of the project and ordinance.

Based on the information provided regarding the company's previous successes, and subject to the provision of a firm financing commitment, the Company appears capable of managing and completing the Project.

#### 12. MANAGEMENT:

As stated in their application, ARRIVE is a new hotel brand building in multiple markets across the U.S. ARRIVE builds for the neighborhood, creating hotels and restaurants that serve as a crossroads for locals and travelers celebrating the surrounding style, food, drinks and culture. ARRIVE is a team of people who care an extraordinary amount about making special places that make people feel welcome. ARRIVE designs hotels to reflect their surroundings with restaurants, coffee shops, and bars aimed to appeal to neighborhood regulars. ARRIVE offers guests "low-key luxury" with a focus on thoughtful design and getting the little things right without all the bells-and-whistles. That means high-quality bedding, linens, and bath amenities in rooms designed to be simple, accommodating, and memorable. Each ARRIVE property reflects the look, feel, tastes, and lifestyle of its neighborhood. Each property boasts distinctive design and architecture that complements and honors its local surroundings, with the aim of earning a position as a locally-celebrated landmark.

The first property under the ARRIVE flag premiered in Palm Springs in 2016 and was met with critical and customer acclaim. The Wilmington, NC and Austin, TX properties both opened in mid-2019. The Phoenix, AZ and Memphis, TN locations are under construction and scheduled to be open by the end of the 2019. With plans for significant expansion in the coming years, ARRIVE aims to become a nationally-recognized leader in hotels and restaurants.

Based on the description given in the project plan, management appears to be qualified to manage the project.

### 13. FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. We had this analysis prepared in a way similar to previous hotel projects, whereby we don't assume that all of the taxes generated necessarily will be net new revenues, but that some could potentially be coming from other hotel properties (this is what the economists refer to as a "sensitivity analysis"). Even at our most conservative approach, assuming only 20 percent net new revenues, the analysis shows that the company will be making a substantive contribution to the community. It will add 60 full-time and 40 part-time jobs, and bring in increased gross receipts and lodging taxes. Over the 20 year term of the bonds, the City is expected to receive nearly \$1.95 million in additional tax revenues above the tax abatements.

In addition to the straight fiscal impact, the project is seen as having a strong additional public policy benefit through its renovation of an historic property, and the infusion of significant private investment in a redeveloping area, with no financial risk to the City and no required public capital investment.

#### **FINDINGS:**

1. IRB-19-1 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (16-1985) as amended by Resolution 350 Sixth Council.); and
2. IRB 19-1 would make positive substantive contributions to the local economy and community by renovating and restoring a significant Mid-Century Modern historic property in Downtown Albuquerque, providing meeting space to local community groups, featuring local artisans, and helping revitalize the west end of Downtown;
3. IRB 19-1 will provide approximately 135 boutique hotel rooms to the Albuquerque downtown market, which will provide much needed accommodations for visitors to nearby businesses and residents, and help support the City's Convention Center;
4. IRB 19-1 will provide approximately 45 full time and 30 part-time positions for the hotel and food and beverage establishments;
5. Subject to securing a firm financing commitment, IRB 19-1 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and

6. Subject to securing a firm financing commitment, IRB 19-1 would adequately meets the evaluation criteria established by the City for industrial revenue bond projects, including the requirement that the City recoup the value of its investment.

**STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of IRB 19-1 as proposed in the project plan application.

Deirdre M. Firth, Deputy Director  
Economic Development Department



**Table 6. IRB Analysis (70% Abatement, 20% New Revenues): Estimated Tax Revenues for Proposed ARRIVE Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Present Value by Year (\$)**

Percent Abatement (60/70): 70% (Company furnishings & fixtures, purchases, real & personal property)  
 Sensitivity Level (20/40/60): 70% (Company sales, lodgers tax)  
 Percent Occurring in ABQ: 75% (HH consumption, company expenditures)

	Gross Receipts Taxes							Property Taxes			Other Taxes	Total Revenues	Foregone			Total Foregone	City Costs	Fiscal Impact		
	Construction G&S	Construction Employees	Company Employees (direct)	Indirect and Induced Employees	Company Purchases	Company Sales	Lodgers Tax	Real (Company)	Personal (Company)	Real Property Tax (Company)			Personal Property Tax	Gross Receipts Tax	Annual			Present Value	Cumulative	
2020	406,975	14,593	1,425	298	12,418	-	-	21,727	3,297	10	461,247	50,695	8,870	28,976	88,547	628	372,706	163,438	363,502	
2021	-	-	22,263	4,401	20,522	32,056	37,950	21,944	3,259	136	142,731	51,202	7,603	-	58,806	22,170	83,925	79,803	443,395	
2022	-	-	22,760	4,489	20,932	32,697	38,709	22,163	4,715	343	144,811	51,714	6,336	-	58,050	22,352	86,760	80,448	523,843	
2023	-	-	23,267	4,578	21,351	33,351	39,483	22,385	2,172	340	145,940	52,232	5,069	-	57,300	22,531	89,640	81,051	604,894	
2024	-	-	23,784	4,670	21,778	34,018	40,273	22,609	1,629	356	149,122	52,754	3,802	-	56,555	22,712	92,566	81,616	686,510	
2025	-	-	24,312	4,763	22,214	34,699	41,078	22,835	1,086	364	151,255	53,281	2,534	-	55,816	22,898	95,539	82,143	768,653	
2026	-	-	24,850	4,859	22,658	35,393	41,900	23,063	543	371	153,642	53,814	1,267	-	55,081	23,087	98,560	82,633	851,286	
2027	-	-	25,398	4,956	23,111	36,101	42,738	23,298	-	378	155,983	54,352	-	-	54,352	23,280	101,630	83,088	934,373	
2028	-	-	25,958	5,055	23,573	36,823	43,543	23,527	-	386	158,922	54,896	-	-	54,896	23,477	104,026	82,932	1,017,305	
2029	-	-	26,529	5,156	24,045	37,559	44,364	23,762	-	394	161,918	55,445	-	-	55,445	23,677	106,473	82,772	1,100,077	
2030	-	-	27,112	5,259	24,526	38,310	45,194	24,000	-	402	164,971	55,993	-	-	55,999	23,882	108,972	82,608	1,182,685	
2031	-	-	27,706	5,364	25,016	39,076	46,021	24,240	-	409	168,023	56,545	-	-	56,550	24,091	111,574	82,440	1,265,126	
2032	-	-	28,312	5,472	25,516	39,858	46,865	24,482	-	418	171,255	57,125	-	-	57,125	24,304	114,130	82,269	1,347,395	
2033	-	-	28,930	5,581	26,027	40,655	47,730	24,727	-	426	174,488	57,696	-	-	57,695	24,521	116,792	82,094	1,429,490	
2034	-	-	29,560	5,692	26,504	41,468	48,592	24,974	-	434	177,737	58,273	-	-	58,273	24,743	119,514	81,917	1,511,407	
2035	-	-	30,203	5,807	26,991	42,298	49,464	25,224	-	443	181,000	58,855	-	-	58,855	24,969	122,284	81,744	1,593,151	
2036	-	-	30,859	5,925	27,487	43,143	50,336	25,476	-	452	184,271	59,444	-	-	59,444	25,199	125,105	81,572	1,674,723	
2037	-	-	31,528	6,046	27,994	44,006	51,207	25,731	-	461	187,552	60,039	-	-	60,039	25,434	127,970	81,400	1,756,123	
2038	-	-	32,210	6,170	28,510	44,886	52,069	25,988	-	470	190,843	60,639	-	-	60,639	25,674	130,167	81,228	1,837,351	
2039	-	-	32,906	6,297	29,037	45,784	52,922	26,248	-	480	194,143	61,246	-	-	61,246	25,919	132,414	81,056	1,918,407	

**Gross Receipts Taxes, Company Employees** Gross receipts taxes on local purchases by new operating personnel employed by applicant.

**Gross Receipts Taxes, Indirect and Induced Employees** Gross receipts taxes on local spending by those supported by company's purchases of local goods and services and by spending by operating personnel.

**Gross Receipts Taxes, Company Purchases** Gross receipts taxes on increased company purchases of local goods and services as a result of the project.

**Gross Receipts Taxes, Company Sales** Only sales in state generate gross receipts taxes.

**Gross Receipts Taxes, Construction** Gross receipts taxes on contractor receipts and on local spending by construction workers and those supported indirectly by the project.

**Other Revenues** Increased employment, resulting from the project, will increase Albuquerque's population and this new population will pay taxes and various City charges for services. Taxes include property tax operating and debt service levies, franchise fees, State shared revenue distributions other than gross receipt, permits and charges for services, including rent on city properties.

**Total Revenues** Gross receipt tax revenues and other revenues associated with the additional population resulting from the project.

**Foregone Property Taxes** Property taxes that would have been paid on land, buildings and equipment financed by the IRB. 75% to properties financed are held by the City and the properties are exempt from taxes during the life of the bond. There is a minimum Payment in Lieu of Taxes of 5% of the taxes foregone.

**Foregone Sales Taxes** Gross receipts taxes that would have been owed on local equipment purchases in the absence of the IRB.

**City Costs** Costs of providing City services and infrastructure to the additional population and additional employment supported by the project. Costs include general fund expenditures, the subsidy for Transit City street fund expenditures and average spending over past 5 years in the City's Capital Acquisition loss that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

**Fiscal Impact, Annual** The annual fiscal impact is the total revenue less the cost for each year of the Industrial Revenue Bond.

**Fiscal Impact, Present Value** Present value of the stream of annual net fiscal impacts discounted to current values. Here the discount rate is the real rate of interest on GO bonds.

**Fiscal Impact, Cumulative** The running total of state present value fiscal impacts over the life of the Industrial Revenue Bond, where the last year is the net present value of the Industrial Revenue Bond.

**Company Purchases** includes employer paid health care insurance as well as G&S expenditures.

**Construction Employees** Includes direct, indirect, and induced.



APPLICATION  
for  
INDUSTRIAL REVENUE BOND  
Project Approval  
7/24/19

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Name of Project: ARRIVE Albuquerque Hotel

Location of Project: 717 Central Ave NW, Albuquerque, NM 87102

Company Name: 717 Central Ave Hotel LLC

Contact Person: Ryan McCulloch

Address: 1723 West 14<sup>th</sup> St, Unit C

Houston, TX 77008

Telephone: (210) 906-2624

Email: ryan@neighborhoodestablishment.com

Company Finance Counsel: Rodey Law Firm

Address: 201 3<sup>rd</sup> St NW, Suite 2200, Albuquerque, NM 87102

MAILING: P.O. Box 1888, Albuquerque, NM 87102

Telephone: (505) 765-5900

Bond Amount Requested: \$22,000,000 Fee Submitted: \$2,500 and \$6,500 retainer to  
Modrall Law Firm

**FOR STAFF USE**

Staff Assigned: \_\_\_\_\_

Case Number: \_\_\_\_\_

Fee Received: \$ \_\_\_\_\_

ADC Hearing Date: \_\_\_\_\_

Council Dates (Tentative): Introduction  
Committee \_\_\_\_\_

\_\_\_\_\_ Council Hearing \_\_\_\_\_

## IRB APPLICATION TO BOND APPLICATION ARRIVE ALBUQUERQUE

7/24/19

### I. GENERAL DESCRIPTION

**Give a brief overview of the project, including general location, proposed development, use, and total bond amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the IRB if approved.**

ARRIVE Albuquerque (the “Project” or the “Hotel”) is the historic rehabilitation of the 1965-built Downtowner Motor Inn (most recently The Hotel Blue) into a new boutique hotel. The Project is located in Albuquerque, New Mexico at the west end of Downtown at the intersection of 8<sup>th</sup> Street NW and Central Avenue NW (see Exhibit-A “Project Location”). Directly west of the Hotel is Robinson Park, which dates back to the 1880s as Albuquerque’s first public park.<sup>1</sup> As the first hotel built in Downtown Albuquerque post-World War II, and the first since the original Hilton in 1939 (now Hotel Andaluz), the Downtowner Motor Inn is an example of Route 66 history.<sup>2,3</sup>

The new hotel development will restore the six-story, 75,000 square-foot, building to the original historic exterior. The plan also includes completely renovating the guestrooms, ground-level public space, pool/patio area, and landscaping. The Project will consist of the following:

- Hotel: An approximately 135-room boutique hotel to managed by ARRIVE Hotels and Restaurants (“ARRIVE”).
- Bar and Coffeeshop: The ground floor of the Hotel will consist of a large public space featuring a bar and a coffeeshop. The bar, which also functions as the “reception desk”, will feature an extensive list of local microbrewery selections along with a craft cocktail program and a snack menu. For the coffeeshop, ARRIVE will partner with a local roaster to provide a full range of coffee and tea beverages, along with a selection of breakfast items, pastries, and small plates.
- Pool Courtyard and Activity Area: The existing pool and deck will be renovated and will include a new activity area for games such as bocce.
- Food Truck Lot: Adjacent to the pool area, the Hotel will feature a small food truck park that can accommodate 3-6 local purveyors to set up with water and power connections. The kitchen at the Hotel will be available as a commissary to the food trucks that are regularly stationed at the Hotel.
- Event/Meeting Spaces: The hotel will have flexible meeting and event rooms that can be scaled to accommodate everything from small group meetings of 2-5 people, to large

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<sup>1</sup> “Albuquerque’s 20<sup>th</sup>-Century Suburban Growth.” *New Mexico History.org: Places*.  
<http://newmexicohistory.org/places/albuquerques-20th-century-suburban-growth>

<sup>2</sup> “Downtowner Inn Groundbreaking Scheduled Soon.” *Albuquerque Journal*. 26 February 1964. Pg. 2.

<sup>3</sup> “5-Story Hotel Is Proposed.” *Albuquerque Tribune*. 21 May 1963. Pg. 2.

banquets and receptions for up to 300 guests. The Hotel will have a variety of furniture and audio/visual equipment available for rent.

To fund the renovation of the Project, the development team is requesting industrial revenue bonds (“IRBs”) in the amount of \$22,000,000. This amount will fund the total development costs of the Project.

ARRIVE Albuquerque will become a unique destination for tourists to Albuquerque and provide a positive community benefit. Historic Route 66 is internationally known, and at 15 miles, Albuquerque has the longest intact stretch of the highway in an urban area in the U.S.<sup>4</sup> Undergoing the federal historic preservation requirements will bring the Hotel back to its original character as a stop on the John Steinbeck-coined “Mother Road”.<sup>5</sup> It is our experience that visitors seek out this type of authenticity during their travels. Additionally, the Project is conveniently located between the Central Business District (“CBD”) in Downtown and the cultural area of Old Town, offering a wide array of business, entertainment, and amenities. The Hotel’s new ground-floor amenities will make it a destination for locals too. Our goal is to create a thriving neighborhood establishment that is continually active with both locals and visitors to Albuquerque.

During our time spent in Albuquerque, we have been told multiple times, by community leaders and neighborhood associations, that there are not enough hotel rooms to meet the current, and increasing, demand. The Convention Center continually has to turn away potential event business, because the city does not have enough accommodations for conference guests. There is also not a convenient quality hospitality option for the surrounding neighbors to recommend for their friends and families. This is a huge missed opportunity for Albuquerque both in loss of potential new revenue and loss in tourist exposure. It also delays the revitalization of Downtown Albuquerque. With 135 rooms located on Central Ave., less than one-half mile from the Convention Center, ARRIVE Albuquerque is well-positioned to help fill the need for additional rooms.

Both the *Downtown 2025 Sector Development Plan* and the *Route 66 Action Plan* call for incentives to foster, “Urban enhancement and catalytic redevelopment projects,” along Central Ave., especially in Downtown Albuquerque.<sup>6</sup> The *Action Plan* encourages support for Route 66’s potential as a thriving local and tourist economy. *The Action Plan* recognizes that Central Ave. is:

Dotted with roadside motels, businesses and signs. [T]ourists are drawn to Albuquerque for a historic taste of the Mother Road. However, authentic attractions and businesses are vanishing. In recent years, many motels have been demolished or have burned down. The remaining stock of buildings, signs and infrastructure is tired and fading. Limited opportunities exist to engage in authentic Route 66 experiences, such as staying in an era motel or campground,

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<sup>4</sup> “Introduction.” *Route 66 Action Plan*. November 2014. Pg. 13.

<sup>5</sup> Steinbeck, John. *The Grapes of Wrath*. Also “Introduction: Overview.” *Route 66 Action Plan*. November 2014. Pg. 29.

<sup>6</sup> “Introduction: Overview.” *Route 66 Action Plan*. November 2014. Pg. 29.

eating at a diner or patronizing a roadside business. It is essential that such opportunities are prioritized and expanded in order to continue to attract tourists.<sup>7</sup>

A goal of the *Action Plan* is to, “Focus [actions] on the preservation of existing Route 66 structures, economic development, and facilitating private investment.”<sup>8</sup> Policy 1.2 of the *Action Plan* specifically states that, “Route 66 era buildings... should be recognized and supported as significant features of the Mother Road experience. In order to assure longevity and to restore vitality to key Route 66 assets, putting remaining structures and sites into active use should be a high priority.”<sup>9</sup> ARRIVE Albuquerque will rehabilitate a vacant historic building on Route 66 and is seeking, “...Development incentives for adaptive re-use of era structures.”<sup>10</sup> Policies 4.2 and 4.3 further recommend that the City should, “Incentivize Route 66 business and development,” and should, “Create incentives and support for tourist related industries, such as hospitality and food service.”<sup>11</sup>

Positioned at the intersection of Central Ave. and 8th St., the Project is the cap for the west-end of Downtown. With only a few venues located on this portion of Central Ave., people have limited reasons to go this far west in Downtown. The area is typically only activated during concerts or on Saturday mornings during the Growers’ Market at Robinson Park. Having more guests and locals in the area will provide, “Eyes on the street,” and help discourage crime in the area.<sup>12</sup> A safe area will inspire others to visit Downtown Albuquerque and spur more development. As a new boutique hotel with public amenities, ARRIVE Albuquerque will serve as a catalyst for the continued revitalization of the Central Ave. corridor.

## **II. SITE AND EXISTING CONDITIONS**

### **A. Legal Description**

**Give both the precise and complete legal description and address or identification of location.**

The Hotel address is: 717 Central Avenue NW, Albuquerque, NM 87102. The Site is more particularly described as:

Lot 24-A Block 14 NEW MEXICO COMPANY’S ORIGINAL TOWNSITE, of the City of Albuquerque, New Mexico, as the same is shown and designated on the Map of said Addition, filed in the Office of the County Clerk of Bernalillo County, New Mexico, on May 27, 1998, recorded in Map Book 98C, Page 148, containing approximately 1.0961 acres.

EXCEPTING THEREFROM that portion dedicated to the City of Albuquerque for rights-of-way purposes in Book D-751, page 468, records of Bernalillo County, New Mexico, described by metes and bounds as follows: Beginning at the Northeast corner of Lot numbered Eight (8), whence the above-mentioned Northwest corner of Lot numbered Twelve (12) bears West a

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<sup>7</sup> “Promotion and Tourism: Goal 5.” *Route 66 Action Plan*. November 2014. Pg. 56.

<sup>8</sup> “Introduction: Overview.” *Route 66 Action Plan*. November 2014. Pg. 29.

<sup>9</sup> “Goals and Procedures: Historic Legacy.” *Route 66 Action Plan*. November 2014. Pg. 38.

<sup>10</sup> “Goals and Procedures: Historic Legacy.” *Route 66 Action Plan*. November 2014. Pg. 38.

<sup>11</sup> “Economic Investment: Policies 4.2 and 4.3.” *Route 66 Action Plan*. November 2014. Pg. 52.

<sup>12</sup> Jacobs, Jane. *The Death and Life of Great American Cities*.

distance of 125.00 feet; Thence from the beginning corner of the exception, South 142.00 feet; Thence South 16.00 feet; Thence East 25.00 feet.; Thence South 5.00 feet; Thence West 32.00 feet; Thence North 5.00 feet; Thence West 12.00 feet; Thence North 14.00 feet; Thence West 5.00 feet; Thence North 62.00 feet; Thence East 8.00 feet; Thence North 82.00 feet; Thence East 16.00 feet to the beginning corner.

**B. Prevailing Site Conditions**

**Describe the present use and development of the site, including any improvements, vacant land, etc.**

The Hotel was originally built in 1965 as the Downtowner Motor Inn, but has changed ownership and was remodeled multiple times over its history. Most recently the Hotel was known as The Hotel Blue (See Exhibit-B “Downtowner Motor Inn” and Exhibit-C “Hotel Blue”). The property is currently closed and is not operating for any use.

The Site contains the hotel building, a large surface parking lot, and a pool and patio area. The building footprint occupies roughly 3/8 of the site, the parking lot occupies roughly 1/2 of the site, and the pool/patio area occupies roughly 1/8 of the Site.

**C. Present Assessed Value**

**Give the present assessed value according to the Bernalillo County Assessor’s office. You may also list a current appraised value if you feel it will make the post-development value clearer.**

The total full value for Tax Year 2019, according to the Bernalillo County Assessor’s office, is: Three Million One Hundred Forty Thousand One Hundred Dollars (\$3,140,100.00). (See Exhibit-D “Present Assessed Value - Tax Year 2019”).

**D. Present and Proposed Zoning**

**Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.**

The Site is zoned “MX-FB-UD” (Mixed-use Form-based Urban Development) which allows for the proposed use of a hotel and restaurant/ retail project.<sup>13</sup> By renovating the ground-level and providing an engaging entrances on both Central Ave. and 8<sup>th</sup> St., the Project will promote the intention of the sub-zone which is to, “Create a compact, pedestrian-oriented urban form with uses that are served by and support transit.”<sup>14</sup>

**E. Renewable Energy**

**Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.**

<sup>13</sup> “Table 4-2-1: Allowable Uses.” *Integrated Development Ordinance (IDO)*. Revised and Updated Through May 2018. Page 131.

<sup>14</sup> “Section 2-4: Mixed-use Zone Districts.” *Integrated Development Ordinance (IDO)*. Revised and Updated Through May 2018. Pages 32-33.

ARRIVE Albuquerque will have a positive impact on the environment. By renovating the existing building in an infill site in Downtown Albuquerque, the Project will not have as high of a carbon footprint as new construction. The Project will also be utilizing existing infrastructure within the city's urban core.

While the Project will not pursue LEED certification, the Project will include many energy-saving products. The environmental impact of the Site will benefit from low-impact development strategies implemented to manage rainwater runoff and from a landscape design which will include only native and adapted drought-tolerant vegetation and a highly efficient irrigation system.

Inside the building, potable water will be further reduced by the specification of low-flow plumbing fixtures at all restrooms. Low-flow showerheads and low-flow faucet aerators will also reduce the Project's environmental impact by minimizing the energy consumed for heating water as the Project's total volume of consumed water is substantially reduced. Additional energy-efficient design strategies will include better insulating the building envelope by replacing the old windows. These modern windows will also help minimize the direct solar heat gain. Additional strategies include: high-efficiency water heaters and mechanical HVAC units, LED lighting throughout the Project, and energy management systems in the appliances and thermostats located in each room.

The specification of building materials for the Project will include careful consideration of environmental impact as well as the health of the building occupants. Materials will be specified to be durable and easy to maintain, to have a low embodied energy, to be locally sourced when possible, to be low-emitting, and to have a long useful life. In addition to the use of low-emitting materials, further focus on the health and well-being of building occupants will include a mechanical system designed for a high level of indoor air quality and thermal comfort, and a building envelope design which optimizes quality daylight and views.

### **III. PROJECT PLAN**

#### **A. Information Concerning Applicant**

**Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principles, or other information which will bear on the experience and credibility of the development entity.**

The development entity, and Applicant, 717 Central Ave Hotel LLC is owned by ARRIVE Hotels and Restaurants and its affiliates.

#### **ARRIVE Hotels & Restaurants**

ARRIVE is a new hotel brand building in multiple markets across the U.S. ARRIVE builds for the neighborhood, creating hotels and restaurants that serve as a crossroads for locals and travelers celebrating the surrounding style, food, drinks and culture. ARRIVE is a team of people who care an extraordinary amount about making special places that make people feel welcome.

ARRIVE designs hotels to reflect their surroundings with restaurants, coffee shops, and bars aimed to appeal to neighborhood regulars. ARRIVE offers guests “low-key luxury” with a focus on thoughtful design and getting the little things right without all the bells-and-whistles. That means high-quality bedding, linens, and bath amenities in rooms designed to be simple, accommodating, and memorable. Each ARRIVE property reflects the look, feel, tastes, and lifestyle of its neighborhood. Each property boasts distinctive design and architecture that complements and honors its local surroundings, with the aim of earning a position as a locally-celebrated landmark. (See Exhibit-E “Company Biographies” for more information).

The first property under the ARRIVE flag premiered in Palm Springs in 2016 and was met with critical and customer acclaim. The Wilmington, NC and Austin, TX properties both opened in mid-2019. The Phoenix, AZ and Memphis, TN locations are under construction and scheduled to be open by the end of the 2019. With plans for significant expansion in the coming years, ARRIVE aims to become a nationally-recognized leader in hotels and restaurants. (See Exhibit-F “Map of ARRIVE Properties”).

**B. Tax Issues**

**Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.**

There are no outstanding substantive federal, state, or local tax issues.

**C. Information Concerning Products and Process**

**Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.**

The proposed use is the same as the prior use as a hotel, which was operated until 2017. There won't be any new impacts to city infrastructure or traffic. The development team has met with civic leaders, surrounding neighborhood associations, and business and community groups to get their feedback on the proposed project. All parties have expressed the need for more quality hotel rooms in the area and recognize that the Project will improve its surroundings. It will contribute to creating an activated, safer, and more desirable Downtown.

During the construction period, which is anticipated to be twelve months, the Site will be self-contained, secured, and fenced. Since this is a renovation project, the majority of the work will occur inside the existing building. The pool and patio area are located within an enclosed patio, so work here won't affect the public either. Additionally, the Project will employ modern-day construction techniques designed to minimize waste. Construction of the building will take into account the effect that using recycled and low-emitting materials has on the internal and external environment.

The development team will minimize construction vehicle traffic around residential neighborhoods and keep the roads clean by removing dirt from all vehicles before exiting the

Site. Through soil dampening procedures, the development team will also limit the amount of dust and dirt released into the air from earth moving and construction activities. Noise will be kept to a minimum and only occur during City standard ordinance construction hours.

With its location in Downtown Albuquerque, and close proximity to the Albuquerque International Sunport, the Project also has the potential to reduce traffic in the area. In keeping with the goals of the *Downtown 2025 Plan*, ARRIVE Albuquerque aims to be a “pedestrian-first” and “park-once” destination.<sup>15</sup> Guests will be easily able to walk Downtown or use other means of transportation such as ride-share, bikes, or electric vehicles. With the addition of the ART bus-rapid transit project along Central Ave., many of the guests will likely use the ART not only for convenient access to business Downtown and at the Convention Center, but also for food and entertainment. The development team is also looking at dedicating parking spots for vehicle sharing companies. By redeveloping an infill location, the Project will benefit from these means of public transportation and help reduce the carbon footprint of visitors.

**D. Competition**

**Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make industrial revenue bonds, with their associated tax abatements, available for projects with local competition, this statement is very important.**

ARRIVE Albuquerque will be positioned as an upscale boutique hotel that will cater to vacation, convention, and corporate travelers. Local competitors, of a similar quality and in the vicinity, include the hotels below (see Exhibit-G “Map and Table of Hotel Competitors”). There are multiple precedents for projects receiving tax incentives, such as IRBs, from either the City or Bernalillo County.

1. Hotel Andaluz – A luxury hotel, in Downtown, consisting of 107 rooms, with a target of vacation travelers. The historic hotel, which was renovated and reopened in 2009 following the issuance of IRBs by the City. It recently became part of the Hilton Curio Collection brand in 2019. ARRIVE Albuquerque is located 0.5 miles from Hotel Andaluz.
2. Hotel Albuquerque – A full-service hotel, near Old Town, consisting of 188 rooms, with a target of convention/corporate travelers. Opening in 2005, the hotel is owned and operated by Heritage Hotels. ARRIVE Albuquerque is located 1.5 miles from Hotel Albuquerque.
3. Hotel Chaco – A luxury hotel consisting of 118 rooms, that opened in 2017, following the issuance of IRBs by Bernalillo County, as an addition/expansion of Hotel Albuquerque, near Old Town. Also owned and operated by Heritage Hotels, the hotel’s target market is vacation travelers. ARRIVE Albuquerque is located 1.5 miles from Hotel Chaco.
4. Hotel Parq Central – An upper-upscale boutique hotel, in East Downtown, consisting of 74 rooms, with a target of vacation travelers. The historic building was renovated and repurposed into a hotel in 2010 following the issuance of IRBs by the City. ARRIVE Albuquerque is located 1.2 miles from Hotel Parq Central.

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<sup>15</sup> “Transportation and Parking.” *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 12.



5. Hyatt Regency Albuquerque – A full-service hotel, in Downtown, consisting of 382 rooms, that opened in 1990. With its proximity to the Convention Center, the hotel’s target market is convention/corporate travelers. ARRIVE Albuquerque is located 0.5 miles from the Hyatt Regency.

ARRIVE Albuquerque won’t take away business from local competitors, but as a new boutique hotel, it will become a unique destination driving more tourists to Albuquerque. Historic Route-66 is internationally-known, and Albuquerque has the longest preserved stretch of the highway in the U.S. Undergoing the historic preservation requirements to the original 1965-built Downtown Motor Inn will bring the hotel back to its original character as a stop on the “Mother Road”. It is our experience that visitors seek out this type of authenticity during their travels. Additionally, the project is conveniently located between Downtown Albuquerque and Old Town, offering a wide array of entertainment and amenities.

Additionally, community leaders and neighborhood associations have been vocal that there are not enough hotel rooms to meet the current demand. The Convention Center continually has to turn away potential event business, because the city does not have enough accommodations for conference guests. There is also not a convenient hospitality quality option for the surrounding neighbors to recommend for their friends and families. This is a huge missed opportunity for Albuquerque both in loss of potential new revenue and loss in tourist exposure. Visit ABQ, Albuquerque’s preeminent tourism company, estimates that, “Since 2013, the Convention Center has been eliminated from consideration for at least three dozen meetings due to a lack of concentration of hotel rooms within walking distance to the building. The collective direct spending impact of that business conservatively equates to over \$80 million dollars.”<sup>16</sup> (See Exhibit-H “Hotel Inventory Letter”). The lack of hotel rooms also delays the revitalization of Downtown. With its 135 rooms located on Central Ave., less than 0.5 miles from the Convention Center, ARRIVE Albuquerque is well-positioned to help fill the need for additional rooms.

**E. Effect on Existing Industry and Commerce during and after Construction**  
**Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.**

ARRIVE Albuquerque will have a positive impact on the surrounding area through construction, ongoing operations, and spurring future development. The development team has been working with a local general contractor and is anticipated to use 100% local subcontractors. Construction of the Project is estimated to create 80 full-time jobs over the anticipated 12-month schedule.

Once open, the Project anticipates creating 75 full- and part-time jobs with a total net payroll estimated at \$2,000,000. This includes employees at the hotel and the food and beverage establishments. For comparison, the previous owners of the Hotel Blue only had 11 employees to run the hotel. It also did not have any restaurant/retail spaces. (See *Section M: Number and Types of Jobs Created* for full list of positions, estimated salaries, and benefits).

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<sup>16</sup> “Hotel Inventory Letter.” *Visit ABQ*. July 2019.

In addition to the job creation, the Project will have 135 hotel rooms and food and beverage on the ground floor. This helps fill a hospitality need in the urban core of Albuquerque that is currently unmet. These guests and their families will be looking for areas to shop, dine, and entertain themselves. This will spur continued mixed-use development in the area for business, retail, and entertainment opportunities.

As mentioned earlier, the Project Site is currently vacant and generates no gross receipts tax. Once renovated, the Hotel and F&B operations are estimated to have an annual local sale of goods and services of \$5,700,000 with an estimated 3.0% increase. These sales will be new to the location and generate substantial gross receipts tax revenues for the City. This is in addition to the sales generated from the food truck court and increased sales from surrounding businesses as the area redevelops.

**F. Land Acquisition**

**Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.**

The IRB proceeds will not be used to acquire land. The land is presently owned by the applicant. The property was acquired by ARRIVE and its affiliates on February 28, 2018, under the entity 717 Central Ave Hotel LLC, a New Mexico limited liability company.

**G. Description of Proposed Development**

**Describe the construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing).**

The Project is the historic rehabilitation of the 1965-built Downtowner Motor Inn. The Project furthers the City's goals to provide mixed-use projects along the Central Ave. corridor and encourage investment in Albuquerque's urban core. The Project will also be filling a need for quality hospitality in this area of Albuquerque.

The development team is working with the Federal Historic Preservation Tax Incentives program to gain Historic Tax Credits ("HTCs") for the Project. The program, which encourages private sector investment in the rehabilitation and re-use of historic buildings, requires that the building be brought back to its historic character as it was originally built. This goal is in-line with the *Downtown 2025 Plan* which places a focus on preservation and quality building development. The *Plan* states that through public/private partnerships, "Historic sites in and around Downtown shall be preserved, restored, and reused."<sup>17</sup> The *Route 66 Action Plan* also promotes the redevelop of Route 66 era buildings through its policies that state, "Putting remaining structures and sites [along Route 66] into active use should be a high priority."<sup>18</sup>

<sup>17</sup> "Land Use and Design." *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 13.

<sup>18</sup> "Historic Legacy: Policy 1.2." *Route 66 Action Plan*. November 2014. Pg. 38.

The Site is approximately 1.1 acres with ½ as an existing parking lot. The original six-story building, with an additional underground parking garage, includes approximately 75,000 square feet. The building is reinforced concrete construction.

The entire Project exterior and interior will be rehabilitated. The development plan includes the below. (See Exhibit-I “Conceptual Project Drawings”).

- 1) Revitalizing the guestrooms, on floors 2-6, by upgrading finishes, fixtures, and fully refurbishing with a mid-century modern aesthetic.
- 2) Reprogramming the ground floor into a coffee shop and bar that will also serve as the “front desk” of the hotel
- 3) Refreshing the pool area and landscaping by installing lush planting, game areas, and revitalizing the pool and deck
- 4) Creating a food truck park adjacent to the pool area to accommodate 3-6 local purveyors.

The exterior will be returned to its historic appearance. The contemporary synthetic stucco treatments will be removed and the underlying stucco, including the Native American symbols at the south elevation, will be repaired or replaced to closely match the historic where repair is not possible (see Exhibit-J “Original Native American Symbols”). This historic renovation of the exterior furthers the intent of both the *Downtown 2025 Plan* and the *Route 66 Action Plan*. Through historic preservation, the *Downtown 2025 Plan* seeks to, “Maintain the existing fabric of historic building facades.”<sup>19</sup> The *Route 66 Action Plan* commits to investment in Central Ave. through a façade improvement program, because, “These types of improvements signal that reinvestment is being made in an area and encourages redevelopment.”<sup>20</sup>

The contemporary parapet will also be removed, and the flat roofline will be reestablished. The railings will be replaced with compatible metal railings with metal mesh and porcelain panels. At the guestrooms, the historic entrance storefront configurations will be re-established.

Within the interior, the first floor, which was previously renovated in multiple campaigns, will be updated with new modern compatible finishes. The general floorplan and circulation pattern will be retained. An updated public space, including a bar and coffee shop, will be created on the first floor. At floors 2-6, the floor plans will be retained. The guestrooms and elevator lobbies will be updated with new compatible finishes. The existing stairs and elevators will be retained and repaired. New elevator cabs will be installed. Building systems will be upgraded as needed.

The existing Site will be retained including the surface parking lot and the pool and patio area. The site circulation pattern will also be retained with the porte cochere and carport at the entry. The existing driveways will be retained with a small portion of the driveway to the south of the building becoming an outdoor seating area. The concrete sidewalks located at the Central Ave. and 8th St. edges of the Site will be repaired. New street trees and landscaping will be installed at new planting beds in the sidewalk. The pool and fountain will be retained and repaired. The

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<sup>19</sup> “Historic Preservation.” *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 77.

<sup>20</sup> “Economic Interest: Policy 4.1.” *Route 66 Action Plan*. November 2014. Pg. 52.

patio, which remains in poor condition, will be replaced with new concrete and landscaping. Two new gravel bocce courts will be installed to the rear of the building to the north of the pool.

The current signage for The Hotel Blue will be replaced with a new ARRIVE-brand sign in the neon-style paying homage to historic Route 66. This will also further the goals of the *Route 66 Action Plan* by promoting tourism through items such as neon signs.<sup>21</sup>

**H. Infrastructure**

**Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?**

Since this is the renovation of an existing building that was previously operating as a hotel, the Project will not require any extension or relocation of utility or road systems.

**I. Area Enhancement**

**Describe how project design and placement will enhance the area.**

Located in the heart of the city, connecting the CBD to historic Old Town, Downtown Albuquerque is being revitalized as a destination for dining, the arts, and entertainment. A renovation of the Project will attract people to the area and spur more development in Downtown Albuquerque.

ARRIVE Albuquerque is poised to become a social and architectural landmark for this culturally significant stretch of the city's downtown core. Anchored by a ground floor emphasizing a locally-oriented restaurant, bar, pool and outdoor grounds, ARRIVE seeks to celebrate, and be celebrated by, the local community. Through thoughtfully-designed spaces and unique programming, ARRIVE will immerse its guests in the design, style, tastes, and culture of Albuquerque. Our goal is to create a neighborhood establishment that is continually active with both locals and visitors to Albuquerque.

As mentioned, the area is really only activated once per week on Saturdays during the Growers' Market at Robinson Park. Remaining vacant, the property does not help encourage the revitalization of the Central Ave. corridor. It will continue to be an underutilized asset in an area that has untapped potential. If the Hotel were to be renovated with updated guestrooms, meeting rooms, and a strong ground-floor restaurant/retail presence then it would serve as a catalyst for activity.

Because of its location, the Project furthers many of the *Downtown 2025 Plan's* goals, including: 1) Creating a first-class pedestrian experience; 2) Creating a top-quality urban environment; 3) Creating a true center for arts/ entertainment/ culture; and 4) Promoting a well-managed urban environment.<sup>22</sup> With its unique historic character, the Hotel also will help promote, "The [Downtown] District as a 'tourist destination'."<sup>23</sup> Having a hotel above street level and the food/

<sup>21</sup> "Promotion and Tourism: Policy 5.1." *Route 66 Action Plan*. November 2014. Pg. 57.

<sup>22</sup> "Goals of the Downtown 2010 Plan." *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 5.

<sup>23</sup> "Tourism and Hospitality." *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 19.

amenity spaces on the ground floor, the Project will attract visitors and locals to the area, furthering the *Plan*'s goal of creating a vibrant 24-hour, "Arts and Entertainment District."<sup>24</sup>

ARRIVE Albuquerque meets all of the criteria listed as part of the "Plan Area" in the *Route 66 Action Plan* which are sites that: 1) Contribute to the past, present, and future legacy of Route 66; 2) Are visible from Route 66; 3) Contribute to a diverse, sustainable economy; and 4) Support the potential Route 66 has to create a thriving tourist economy.<sup>25</sup> Through the historic preservation and reopening as a boutique hotel, the Project will help to, "Preserve an existing asset on the Mother Road and stimulate reinvestment in a community along Central Ave. to make Route 66 an attractive and inviting experience for both visitors and residents."<sup>26</sup>

**J. Local Purchasing**

**Please provide an estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.**

An estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax ("NMGRT") is provided below:

<b>Locally Procured Goods &amp; Services</b>	<b>Estimated Annual Expenditures</b>	<b>Estimated Annual Increase</b>
General Contracting and Construction Services	\$7,000,000 (development) \$50,000 (ongoing)	3%
Consulting Services (e.g. MEP Engineering, Landscaping)	\$100,000 (development) \$10,000 (ongoing)	3%
Hotel Furniture & Fixtures	\$900,000 (development) \$75,000 (ongoing)	3%
Restaurant Furniture & Fixtures	\$50,000 (development) \$25,000 (ongoing)	3%
Signage Install & Repairs	\$85,000 (development) \$2,500 (ongoing)	3%
Information Technology Equipment Install & Repairs	\$100,000 (development) \$2,500 (ongoing)	3%
Operating Supplies and Services (e.g., linens, laundry, waste removal, live entertainment)	\$200,000 (development) \$150,000 (ongoing)	3%

<sup>24</sup> "Arts and Entertainment Focus." *Downtown 2025 Sector Development Plan*. June 2014 Update. Pg. 37-38.

<sup>25</sup> "Plan Area." *Route 66 Action Plan*. November 2014. Pg. 29.

<sup>26</sup> "Overview." *Route 66 Action Plan*. November 2014. Pg. 29.

## ARRIVE Albuquerque – IRB Application

Food & Beverage Inventory	\$625,000 (ongoing)	3%
Marketing & Advertising Services (e.g. public relations agency)	\$20,000 (ongoing)	3%
Utilities (electricity, gas & water)	\$140,000 (ongoing)	3%
<b>Total Development Expenditures</b>	<b>\$8,435,000</b>	<b>0%</b>
<b>Total Ongoing Expenditures</b>	<b>\$1,100,000</b>	<b>3%</b>

### **K. Water Conservation**

**Estimate average daily and monthly water consumption and include any plans for the reduction or re-use of water.**

An estimate of average daily and monthly water consumption is provided below:

<b>Project Phase</b>	<b>Estimated Daily Consumption</b>	<b>Estimated Monthly Consumption</b>
Hotel Development	<10 gal.	<300 gal.
Ongoing Operations	3,800 gal.	115,000 gal.

As a part of the historic rehabilitation, we intend to take the following steps to address water conservation, reduction, and re-use:

1. Install upgraded plumbing fixtures that will include water conservation features.
2. Assess and repair, as necessary, leaking and damaged plumbing fixtures
3. Install drought-tolerant landscaping and upgrade irrigation systems with conservation features.

### **L. Relocation of Individuals or Businesses**

**No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.**

The building is currently vacant and not in operation of any kind. No individuals, families, or businesses will be displaced by the activities outlined in this plan.

**M. Number and Types of Jobs Created**

**Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created.**

Once open, the Project anticipates creating 75 full- and part-time jobs. This includes employees at the Hotel and the food and beverage establishments. For comparison, the previous owners of the Hotel Blue only had 11 employees to run the hotel. It also did not have any restaurant/retail spaces.

ARRIVE builds a world-class staff by empowering its employees and treating them as partners. ARRIVE employees are cross-trained in multiple areas of the hotel, from front-desk operations to bartending, allowing each employee to provide guest services across multiple disciplines and providing them with opportunities for professional growth.

All full-time employees will receive health insurance, dental, vision, life insurance, PTO, and the option to participate in a 401(k) plan. Approximately 60% of the employees are anticipated to be full-time, with 40% part-time employees. (Please see the write-up and tables below for more detailed information regarding estimated compensation and benefits).

<b>Benefit Type</b>	<b>Value</b>
Health Insurance	~ 9% net pay (~ 20% employee contribution) <sup>27</sup>
Dental Insurance	~ .1% net pay (100% employee contribution)
Vision Insurance	~ .1% net pay (100% employee contribution)
Paid Time Off	~ 1% net pay (0% employee contribution)
Life Insurance	~ .1% net pay (0% employee contribution)
401(k) Retirement Plan	No employer contribution

Hotel management positions will include: General Manager; Assistant GM; Rooms Manager; Food and Beverage Manager; Director of Sales; Sales Coordinator; Housekeeping Supervisor; and Chief Engineer. It is estimated that these positions will range in wages from \$40,000 to \$90,000 per year. A team of guest service agents, night auditors, housekeepers, attendants,

<sup>27</sup> ARRIVE contributes 80% of the cost of a Kaiser Bronze HMO plan for all full-time employees. The contribution ratio varies depending on which plan the employee selects.

## ARRIVE Albuquerque – IRB Application

drivers, and security will make up the rest of the hotel positions. It is estimated that these positions will range in wages from \$25,000 to \$45,000 per year.

The salary for the Food & Beverage Manager is estimated to be \$80,000 per year. The Assistant F&B Manager is anticipated to make \$55,000 per year. Hourly wages for food and beverage employees are anticipated to be \$10.00/hr - \$14.00/hr.

ARRIVE is also seeking to partner with the New Mexico Workforce Connection (“NMWC”) to make low-income hires. As part of the pre-hire screening process, NMWC can determine applicants’ income status and who would qualify for the jobs that will be created. ARRIVE will also look at local colleges and job placement agencies seeking to find talented individuals looking to grow in the hospitality industry. ARRIVE also has a management training program that encourages employees to continue to grow and be promoted within the organization.

In addition to the jobs directly created at ARRIVE, other local jobs will be created through contracted services (e.g. linen supply/ laundry), as well as ancillary businesses created through future redevelopment in the area.

PROJECT TOTAL					
Position	Full Time	Part Time	Salary Range	Healthcare Plan	Retirement Plan
Full time	45	-	\$10/hr - \$90,000/yr	Y	Y
Part Time	-	30	\$10/hr - \$60,000/yr	N	N
<b>TOTAL EMPLOYEES</b>	<b>75</b>				

HOTEL SUBTOTAL					
Position	Full Time	Part Time	Salary Range	Healthcare Plan	Retirement Plan
Management	5	-	\$40,000 - \$90,000/yr	Y	Y
Admin/ General	3	-	\$40,000 - \$60,000/yr	Y	Y
Admin/ General	-	2	\$40,000 - \$60,000/yr	N	N
Service & Support	21	-	\$25,000 - \$30,000/yr	Y	Y
Service & Support	-	15	\$25,000 - \$30,000/yr	N	N
Maintenance	2	-	\$30,000 - \$35,000/yr	Y	Y
Maintenance	-	2	\$30,000 - \$35,000/yr	N	N
<b>HOTEL SUBTOTAL</b>	<b>31</b>	<b>19</b>	<b>\$25,000/yr - \$90,000/yr</b>		

FOOD & BEVERAGE SUBTOTAL					
Position	Full Time	Part Time	Salary Range	Healthcare Plan	Retirement Plan
Management	2	-	\$40,000 - \$80,000/yr	Y	Y
Supervisors	5	-	\$14-20/hr; \$40,000 - \$60,000/yr	Y	Y
Service & Support	7	-	\$11-16/hr	Y	Y



Service & Support	-	11	\$10-14/hr	N	N
<b>F&amp;B SUBTOTAL</b>	<b>14</b>	<b>11</b>	<b>\$11/hr - \$80,000/yr</b>		

**The following questions must also be answered:**

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?**

ARRIVE believes in both giving guests an authentic local experience and investing in the local community. That is why 95% of the permanent new jobs are expected to be filled by current Albuquerque area residents.

- 2) Will jobs benefit low and moderate income residents?**

Due the nature of the work, and the skillsets required, in the hospitality and food and beverage industry, many of the jobs will be geared to low- and moderate-income workers.

- 3) Will the jobs meet or exceed median wages for the industry within the community?**

The new jobs created at ARRIVE Albuquerque will meet or exceed median wages for the industry within the community.

- 4) Will the jobs match skills of current city residents?**

The jobs will match the skills of current city residents. Additionally, NM Workforce Connections offers opportunities for further skills training and career advancement.

- 5) Will new employees be trained to fill the positions?**

ARRIVE has in-depth training for employees to cross-train in multiple positions.

- 6) What stated advancement opportunities are there?**

ARRIVE has a management training program that encourages employees to continue to grow and be promoted within the organization.

- 7) Will “Job Training Incentive Program” or other job training programs be used?**

In addition to working with NM Workforce connections, ARRIVE will look at other opportunities for Job Training Incentive Programs.

- 8) Will at least 50% of health insurance premiums be covered for employees?**

At least 50% of health insurance premiums will be covered for full-time employees.

**N. Corporate Citizenship Policy/Plan**

**List any company policies/plans regarding the promotion of donations and volunteerism policy.**

Although, no current policy is in place, see *Section O: Positive Contributions* below for some of the anticipated engagement in the community.

**O. Positive Contributions**

**List all positive contributions that the project will make to the neighborhood.**

ARRIVE is committed to engaging with the surrounding neighborhood and promoting Downtown Albuquerque as a destination for both visitors and locals. The Project encourages future neighborhood growth, local job creation, increased availability of goods and services to local residents, improved appearance and reduction in transient activity, and increased local and national recognition of the neighborhood and the surrounding community.

By developing relationships with civic leaders, surrounding businesses, and neighborhoods, the Project will have a positive impact for the broader community. While specific programs are to be determined, below are some ideas that have been discussed with local leaders and neighbors. Programs will be more defined closer to the opening date of the Hotel.

- Working with New Mexico Workforce Connection (“NMWC”) to hire new employees. Working with this program will also help promote employees’ job training and career advancement.
- Involvement with Downtown ABQ MainStreet Initiative. We intend to become active supporters of the Downtown ABQ MainStreet Initiative, and we will look to work with the program’s leadership in any way we can to further its valuable programs.
- Supporting local businesses. ARRIVE’s brand identity centers on celebrating local culture, including neighborhood establishments and service providers. ARRIVE Albuquerque will support the local business community by sourcing inventories, supplies, furnishings and product offerings from local producers and makers. The hotel will also highlight local service and retail businesses to guests through printed and electronic materials distributed to guests, including our signature local guidebooks (Online example: <https://arrivehotels.com/palmsprings/field-guide/>).
- Programming at Robinson Park. This is an important city amenity that is typically only activated for the Downtown Growers’ Market. In addition to supporting the Growers’ Market in a variety of ways, we will also explore other types of events and programming that could activate the park on a more regular basis.
- Supporting the Central Avenue bike police officer initiative. We believe this program can initiate a virtuous cycle of decreasing crime while increasing pedestrian traffic to

Downtown Albuquerque. We will eagerly support this initiative, as well as future programs focused on safety in the downtown area.

- Providing meeting space for local groups. In response to significant interest we have heard from discussions with neighborhood groups and organizations, we will provide special accommodations for community groups to utilize our meeting spaces as available, and we will look for opportunities to partner with local organizations to host events that support local causes.

**P. Management**

**Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?**

ARRIVE will be the manager of the Project.

**IV. PROJECT FINANCING**

**A. Cost of Improvements, Bond Amount and Private Financing**

**Provide the total cost of the improvements to be constructed and the amount of bonds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.**

The total anticipated cost of the Project is \$22,000,000. The cost of the land and existing facilities is \$7,400,000. The remaining construction and development costs are estimated to be \$14,600,000.

The amount of bonds requested is \$22,000,000, which would be self-purchased by a related entity. Equity is assumed to make up \$7,700,000 of the capital, with the remaining project costs to be funded from private financing sources.

**B. Estimated Value After Completion**

**Indicate the estimated appraised value of the project after completion.**

The estimated appraised value of the Project after completion is \$4,700,000. This is based on the average appraised value, per key, of surrounding hotel properties.<sup>28</sup>

**C. Feasibility**

**Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.**

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<sup>28</sup> Properties included: Hotel Albuquerque, Hotel Andaluz, Hotel Parq Central, Hyatt Regency Downtown

Equity for the Project has been secured. The development team has engaged potential lenders for the construction loan.

**D. Construction Schedule**

**Give the date of anticipated beginning and completion of construction.**

Construction of the Project is anticipated to begin in December 2019. It is expected to be complete twelve months later in January 2021. The anticipated opening of the hotel is February 2021.

**E. Issuance of Bonds**

**Provide the anticipated date of bond issuance.**

The anticipated date of bond issuance is December 2019.

**Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 25 copies.**

For all exhibits see attached document *IRB Exhibits - ARRIVE Albuquerque*.

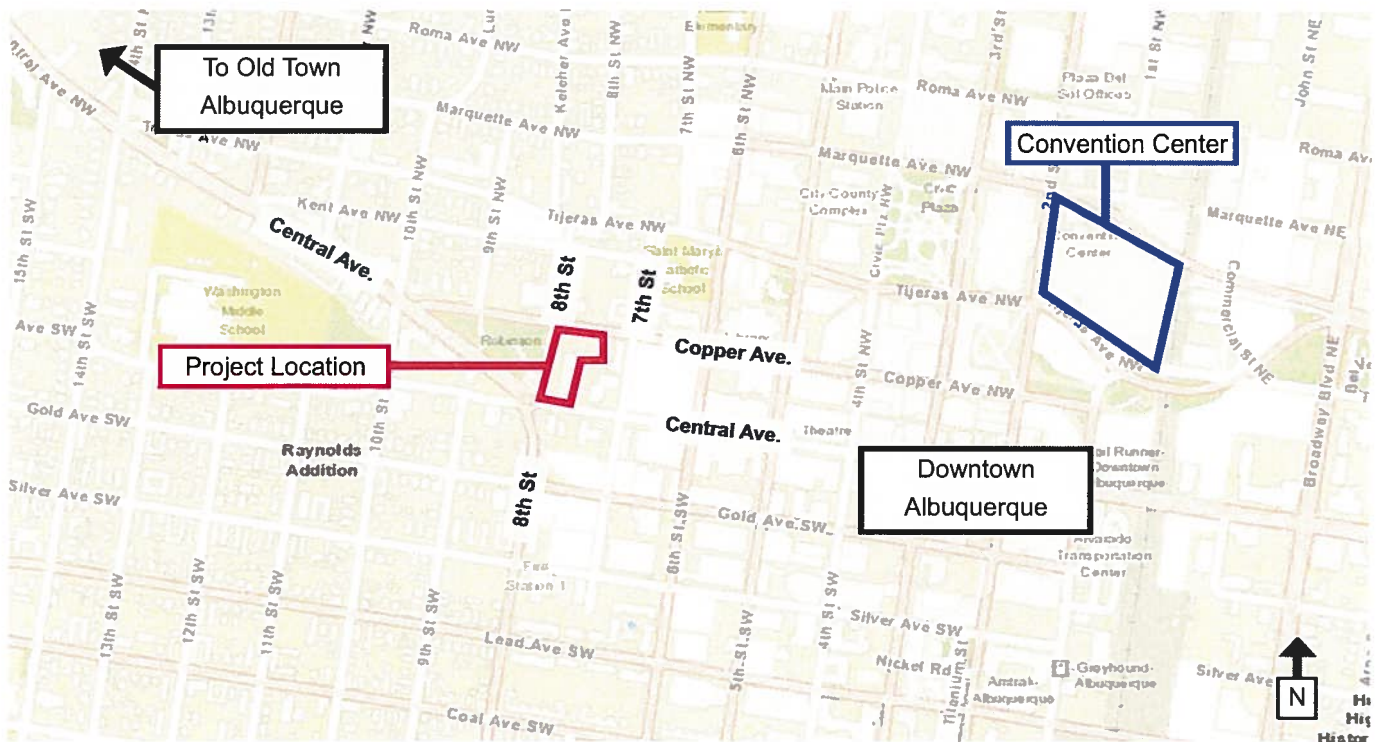
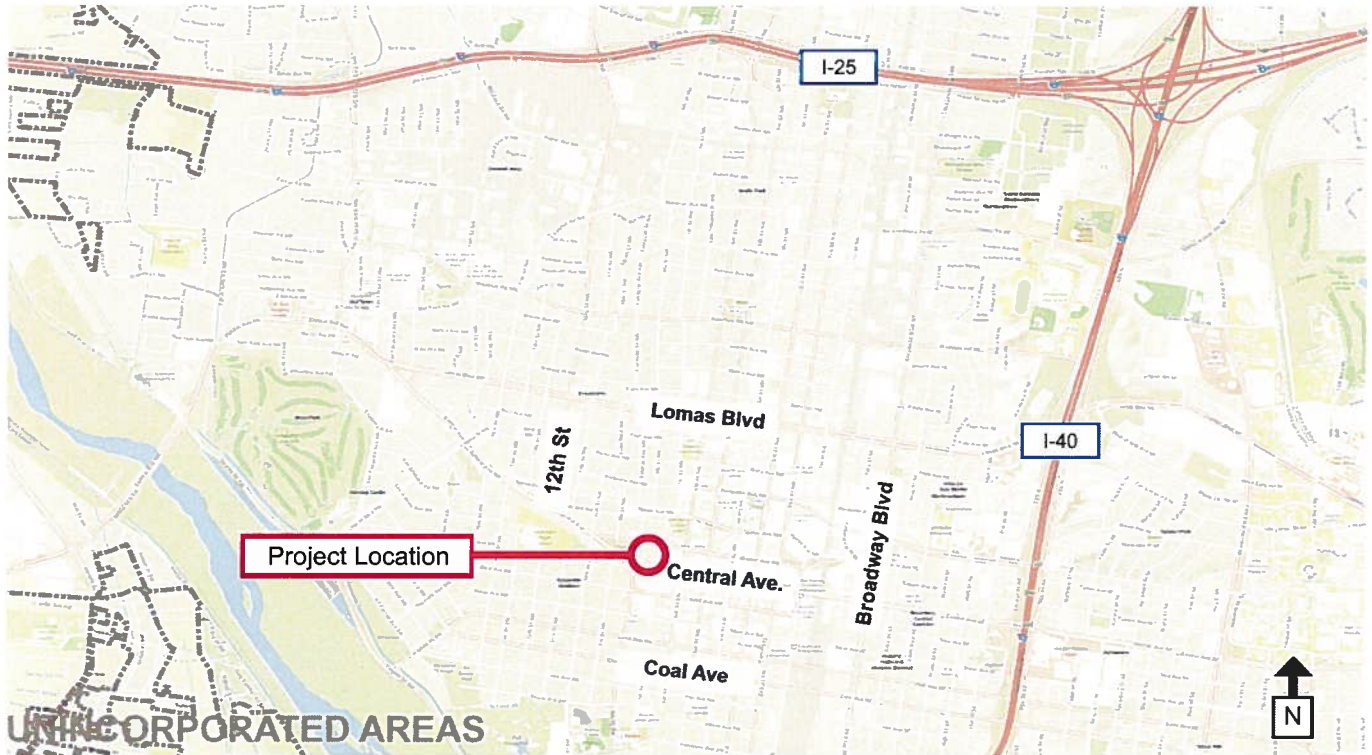
## **FISCAL IMPACT ANALYSIS**

**Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).**

See attached document *Fiscal Impact Analysis*. This information was provided to the University of New Mexico Bureau of Business and Economic Research (“BBER”) on 7/15/19.

**EXHIBITS**  
**IRB APPLICATION - ARRIVE ALBUQUERQUE**  
**7/24/19**

**EXHIBIT - A**  
**Project Location**





**EXHIBIT - B**  
**Downtowner Motor Inn**





**EXHIBIT - C**  
**The Hotel Blue - Previous Condition (1 of 2)**





**EXHIBIT - C**  
**The Hotel Blue - Previous Condition (2 of 2)**





**EXHIBIT - D**  
**Present Assessed Value - Tax Year 2019**

7/22/2019

Bernalillo County, NM

**PARID: 101405704347123702**  
**717 CENTRAL AVE HOTEL LLC,**

**717 CENTRAL AVE**

**Values**

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<b>Tax Year</b>	<b>2019</b>
<b>Full Land Value</b>	<b>\$346,700.00</b>
<b>Agric. Land</b>	<b>\$0.00</b>
<b>Full Impv. Value</b>	<b>\$2,793,400.00</b>
<b>Full Total Value</b>	<b>\$3,140,100.00</b>
 <b>Taxable (1/3 Full)</b>	 <b>\$1,046,595.00</b>

**Exemptions**

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<b>Head of Family</b>	<b>\$0.00</b>
<b>Veteran</b>	<b>\$0.00</b>
<b>Other 4000</b>	<b>\$0.00</b>

**Net Taxable Value**

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<b>Net Taxable Value</b>	<b>\$1,046,595.00</b>
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**EXHIBIT - E**  
**Company Biographies**

**ARRIVE HOTELS & RESTAURANTS**

**Chris Pardo**

**Co-Founder & Chief Development Officer**

Chris Pardo, an Honors graduate of the UNLV Hotel & Restaurant Management program, served in various management positions with Four Seasons in New York and Beverly Hills. He then attended the University of Washington Architecture Master's program and launched the architecture firm Elemental Architecture. Pardo has also created and opened a variety of restaurant, bar and entertainment venues, including Bootlegger Tiki and Ernest Coffee in Palm Springs, CA.

**Peter Karpinski**

**Co-Founder**

A graduate of Cornell's School of Hotel Administration, Peter Karpinski has worked for several top luxury hospitality brands, including Four Seasons, Caesars Entertainment, and the Starr Restaurant Organization. Karpinski has also served as COO & Partner of Sage Hospitality, where he created several lifestyle hotel concepts and founded Sage Restaurant Group, launching over a dozen award-winning brands.

**Ezra Callahan**

**Co-Founder & Chief Investment Officer**

Ezra Callahan, a graduate of Stanford, co-founded Artist & Recreation, a Los Angeles-based real estate and hospitality group, which redeveloped the Regent Theater in downtown Los Angeles into a 1,000-capacity live music venue. Previously, Callahan was the sixth employee and first product manager at Facebook.

**Matt Steinberg**

**Co-Founder & Chief Executive Officer**

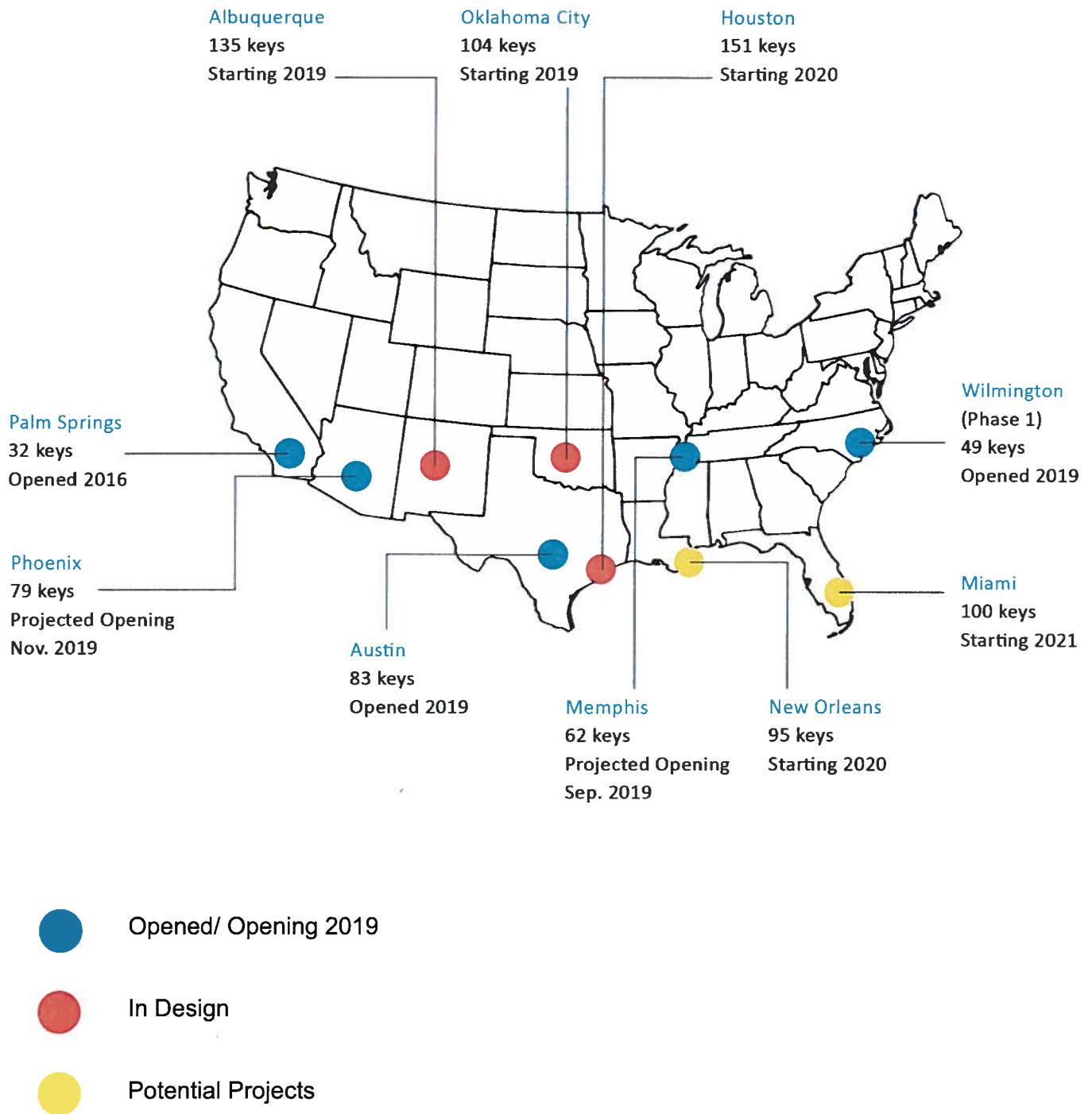
Before co-founding Artist & Recreation, a Los Angeles-based real estate and hospitality group, Matt Steinberg was an attorney at Munger, Tolles & Olson in Los Angeles, focusing on corporate and real estate litigation. Steinberg graduated from Stanford with a degree in International Relations. He received a Master's from the Fletcher School at Tufts before returning to Palo Alto, CA to earn a J.D. at Stanford Law School.

**Noah Ellis**

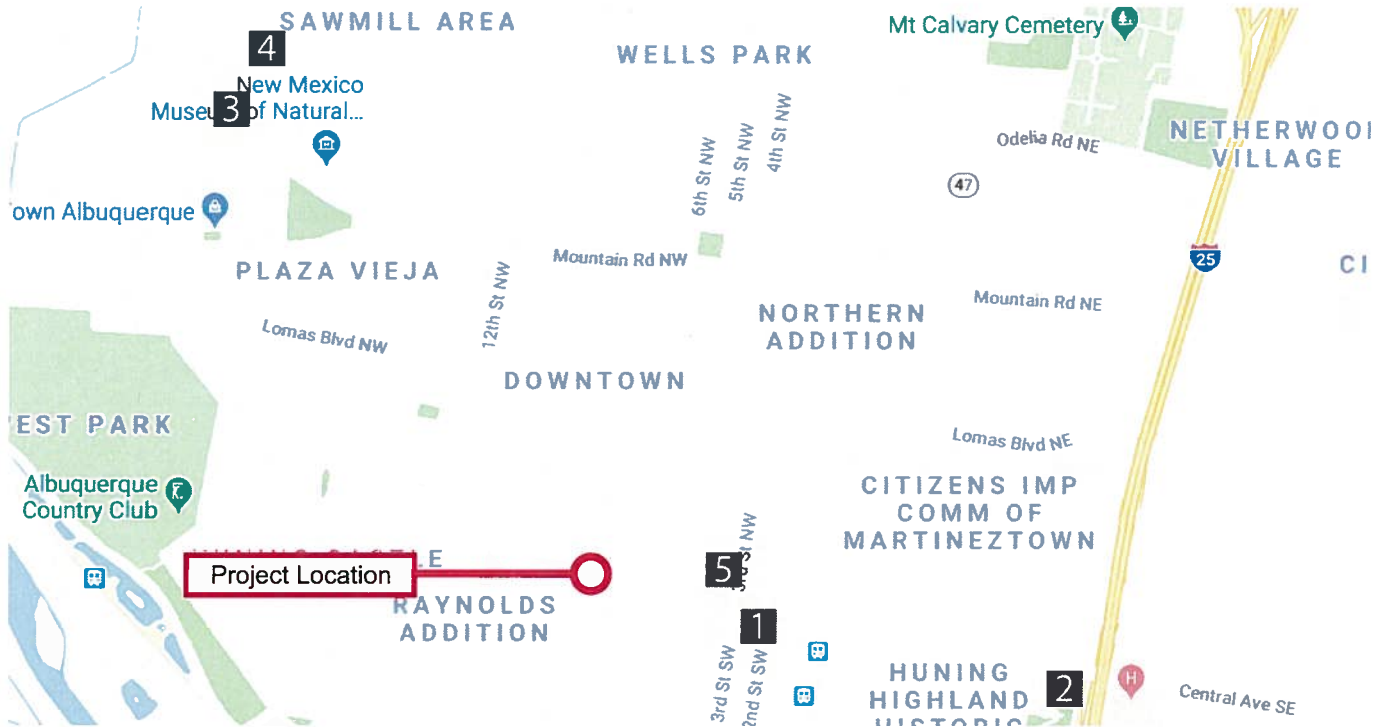
**Chief Operating Officer**

Noah Ellis started in the hospitality industry washing dishes when he was 13. He has since held higher-level positions at the Light Group, Mina Group, Kimpton Hotels, and his own consulting company, where, collectively, he has opened over 25 properties. Ellis is also a Co-Founder & Co-Owner of Top Round Roast Beef.

## EXHIBIT - F Map of ARRIVE Properties



# **EXHIBIT - G** **Map and Table of Hotel Competitors**



MAP #	NAME	FLAG	CLASS	SUBMARKET	KEYS	OPEN DATE
-	Subject	ARRIVE	Upper Upscale	Downtown	135	2021
1	Hotel Andaluz	Hilton Curio Collection	Luxury	Downtown	107	2009
2	Hotel Parq Central	-	Upper Upscale	East Downtown	74	2010
3	Hotel Albuquerque	Heritage Hotels	Full-Service	Old Town	188	2005
4	Hotel Chaco	Heritage Hotels	Luxury	Old Town	118	2017
5	Hyatt Regency	Hyatt	Full-Service	Downtown	382	1990
<b>TOTAL/AVG</b>					<b>869</b>	<b>2006</b>

**EXHIBIT - H**  
**Hotel Inventory Letter**



July 10, 2019

To Whom It May Concern:

Tourism in Albuquerque continues to be a very bright spot for the economy. All indicators have seen substantial growth in the last several years including Lodgers Tax and Gross Receipts collections from visitors, and more people are employed in the industry than ever before.

Visit Albuquerque serves as the primary destination marketing contractor for the City of Albuquerque. As part of that function, one of the primary objectives of our organization is the acquisition of meetings, conventions and sports event occurring at the Albuquerque Convention Center. As discussion is ongoing regarding the development and vibrancy of Downtown, we'd like to provide insight and background knowledge from our daily business regarding potential hotel and entertainment development.

Our data shows that since 2013, the Albuquerque Convention Center has been eliminated from consideration for at least three dozen meetings due to a lack of concentration of hotel rooms within walking distance to the building. The collective direct spending impact of that business conservatively equates to over \$80 million dollars. This only factors in the business that Albuquerque was considered for with our current specs and inventory.

We remain enthusiastic about the positive momentum in Downtown as the additional activity of businesses and residents adds to the vibrancy of the city and the offerings for visitors.

Please let us know if you need any additional information or have questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tania Armenta", is written over a light blue circular stamp.

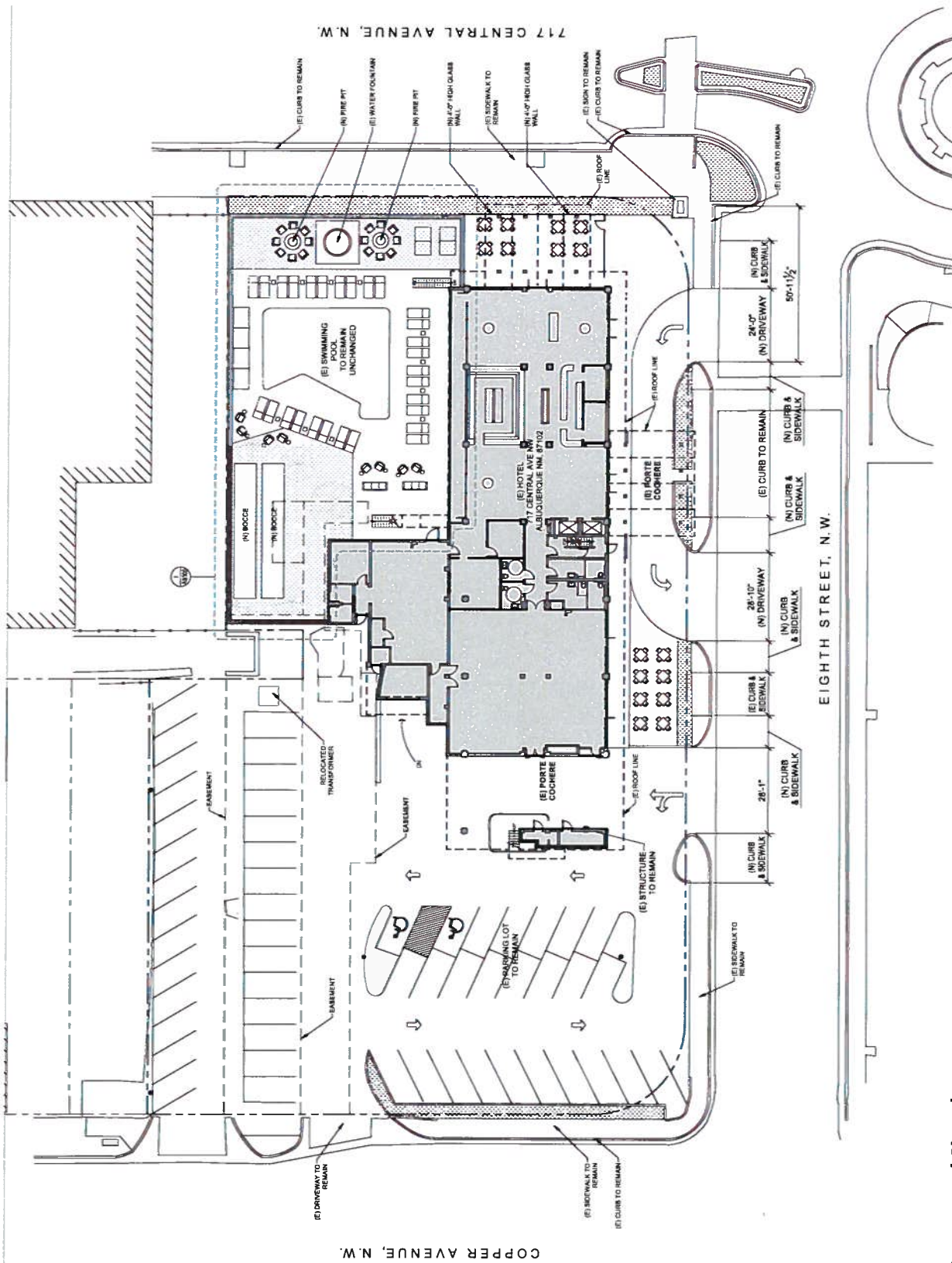
Tania Armenta  
President & CEO

20 FIRST PLAZA NW SUITE 601 ALBUQUERQUE NM 87102  
505 842.9918 800 733.9918 FAX 505 247.9101

VisitABQ.org #TrueABQ

# EXHIBIT - I Conceptual Project Drawings (1 of 6)

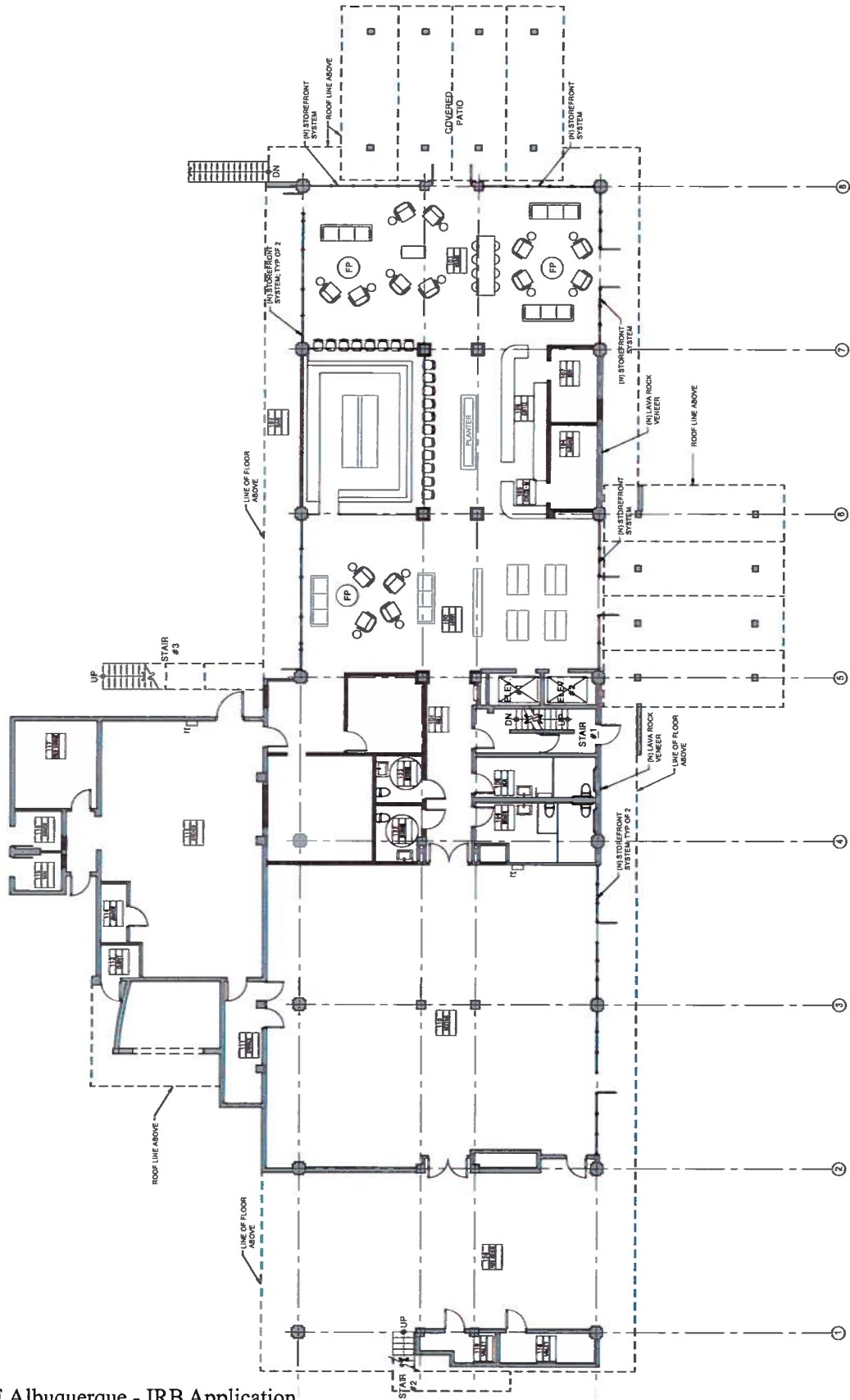
(Please see 11x17 attachment for enlarged drawings)



Conceptual Site Plan

EXHIBIT - I  
Conceptual Project Drawings (2 of 6)

(Please see 11x17 attachment for enlarged drawings)

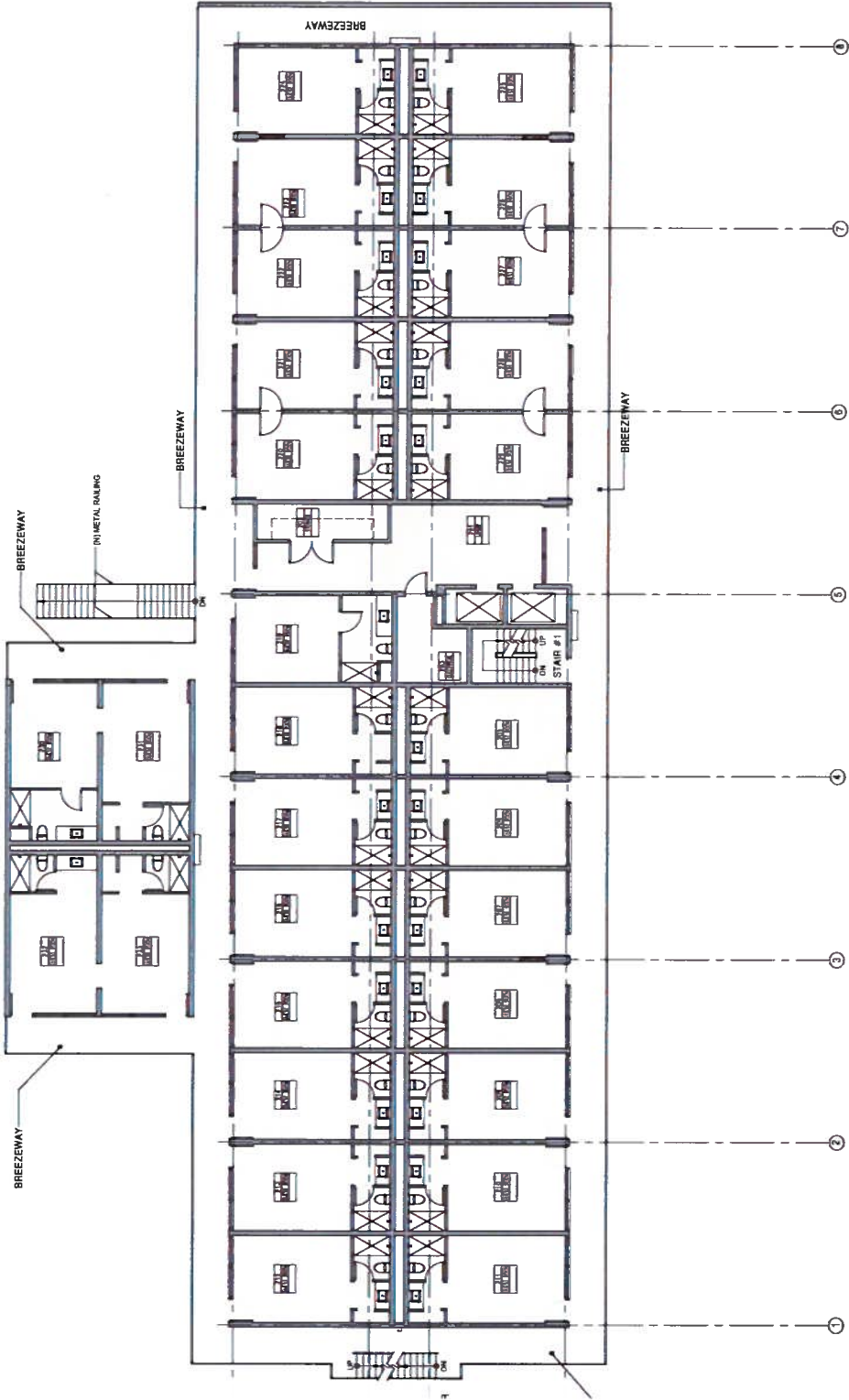


Conceptual Ground Floorplan



**EXHIBIT - I**  
**Conceptual Project Drawings (3 of 6)**

(Please see 11x17 attachment for enlarged drawings)



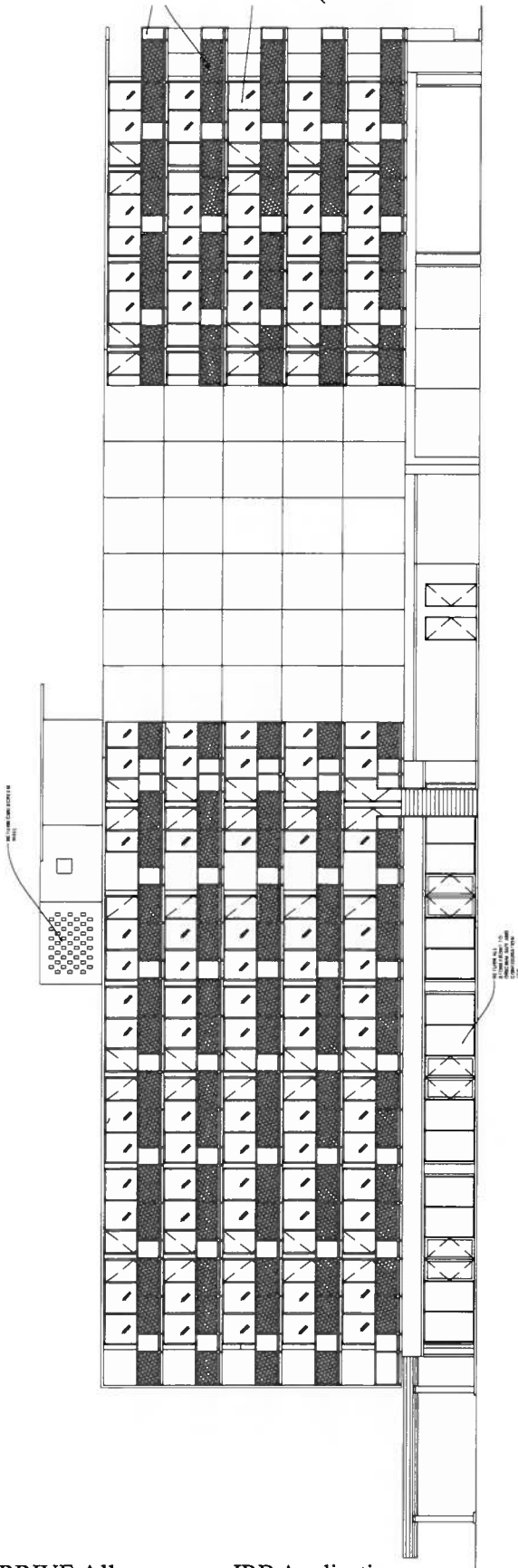
**Conceptual Typical Floorplan (Floors 2 - 6)**



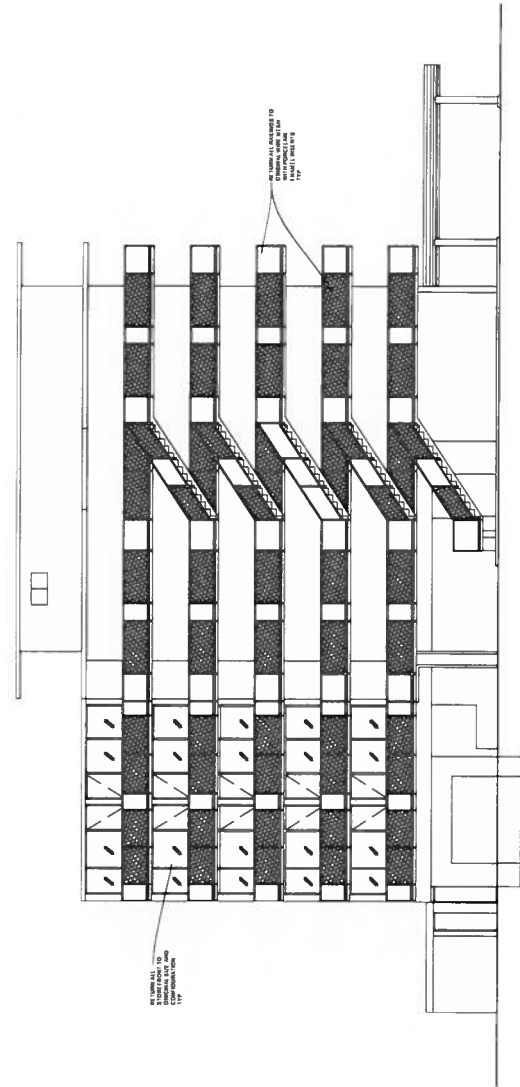
(Please see 11x17 attachment for enlarged drawings)



**EXHIBIT - I**  
**Conceptual Project Drawings (5 of 6)**  
(Please see 11x17 attachment for enlarged drawings)



**1 EAST ELEVATION**  
**SCALE: 1/8"=1'-0"**



**Conceptual Elevations (Top: East Bottom: North)**

**EXHIBIT - I**  
**Conceptual Project Drawings (6 of 6)**



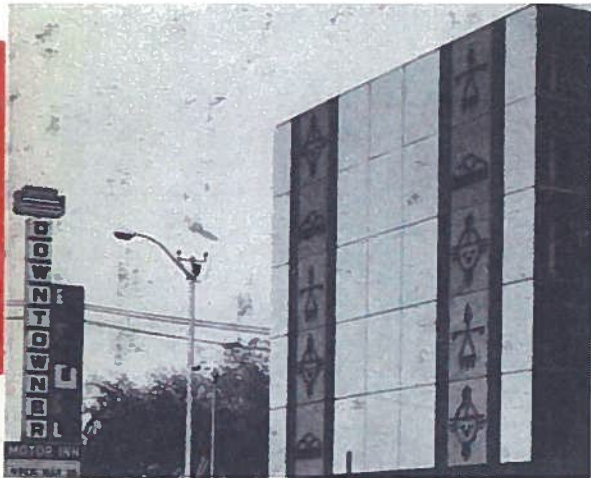
**Conceptual Ground Floor Rendering**



**Conceptual Ground Floor Rendering**



# **EXHIBIT - J** **Original Native American Symbols**



## FISCAL IMPACT ANALYSIS

**Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).**

### **1. Describe the type or nature of project operations.**

ARRIVE Albuquerque (the “Project” or the “Hotel”) is the historic rehabilitation of the 1965-built Downtowner Motor Inn into a new boutique hotel. The Project is located in Albuquerque, New Mexico at the west end of Downtown at the intersection of 8<sup>th</sup> Street NW and Central Avenue NW. Directly west of the Hotel is Robinson Park, which dates back to the 1880s as Albuquerque’s first public park.<sup>1</sup> As the first hotel built in Downtown Albuquerque post-World War II, and the first since the original Hilton in 1939 (now Hotel Andaluz), the Downtowner Motor Inn is an example of Route 66 history.<sup>2,3</sup>

The new hotel development will restore the six-story, 75,000 square-foot, building to the original historic exterior. The plan also includes completely renovating the guestrooms, ground-level public space, pool/patio area, and landscaping. The Project will consist of the following:

- Hotel: An approximately 135-room boutique hotel to managed by ARRIVE Hotels and Restaurants (“ARRIVE”).
- Bar and Coffeeshop: The ground floor of the Hotel will consist of a large public space featuring a bar and a coffeeshop. The bar, which also functions as the “reception desk”, will feature an extensive list of local microbrewery selections along with a craft cocktail program and a snack menu. For the coffeeshop, ARRIVE will partner with a local roaster to provide a full range of coffee and tea beverages, along with a selection of breakfast items, pastries, and small plates.
- Pool Courtyard and Activity Area: The existing pool and deck will be renovated and will include a new activity area for games such as bocce.
- Food Truck Lot: Adjacent to the pool area, the Hotel will feature a small food truck park that can accommodate 3-6 local purveyors to set up with water and power connections. The kitchen at the Hotel will be available as a commissary to the food trucks that are regularly stationed at the Hotel.
- Event/Meeting Spaces: The hotel will have flexible meeting and event rooms that can be scaled to accommodate everything from small group meetings of 2-5 people, to large banquets and receptions for up to 300 guests. The Hotel will have a variety of furniture and audio/visual equipment available for rent.

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<sup>1</sup> “Albuquerque’s 20<sup>th</sup>-Century Suburban Growth.” *New Mexico History.org: Places*.  
<http://newmexicohistory.org/places/albuquerques-20th-century-suburban-growth>

<sup>2</sup> “Downtowner Inn Groundbreaking Scheduled Soon.” *Albuquerque Journal*. 26 February 1964. Pg. 2.

<sup>3</sup> “5-Story Hotel Is Proposed.” *Albuquerque Tribune*. 21 May 1963. Pg. 2.

**2. Total number of new employees to be created as a result of the proposed Industrial Revenue Bond project, a total net payroll and an estimated annual pay increase in future years.**

The development team has been working with a local general contractor and is anticipated to use 100% local subcontractors. Construction of the Project is estimated to create 80 full-time jobs over the anticipated 12-month schedule.

Once open, the Project anticipates creating 75 full- and part-time jobs. This includes employees in both the hotel and food and beverage operations. For comparison, the previous owners of the Hotel Blue only had 11 employees to run the hotel. It also did not have any restaurant/retail spaces.

The total net payroll is estimated at \$2,000,000, and is expected to increase 3% per year.

**3. Number of new employees by title or job classification and respective salaries.**

The Project anticipates creating 75 full- and part-time jobs.

Hotel management positions will include: General Manager; Assistant GM; Rooms Manager; Food and Beverage Manager; Director of Sales; Sales Coordinator; Housekeeping Supervisor; and Chief Engineer. It is estimated that these positions will range in wages from \$40,000 to \$90,000 per year. A team of guest service agents, night auditors, housekeepers, attendants, drivers, and security will make up the rest of the hotel positions. It is estimated that these positions will range in wages from \$25,000 to \$45,000 per year.

Food and Beverage include: the salary for the Food & Beverage Manager is estimated to be \$80,000 per year. The Assistant F&B Manager is anticipated to make \$55,000 per year. Hourly wages for food and beverage employees are anticipated to be \$10.00/hr - \$14.00/hr.

ARRIVE is also seeking to partner with the New Mexico Workforce Connection ("NMWC") to make low-income hires. As part of the pre-hire screening process, NMWC can determine applicants' income status and who would qualify for the jobs that will be created. ARRIVE will also look at local colleges and job placement agencies seeking to find talented individuals looking to grow in the hospitality industry. ARRIVE also has a management training program that encourages employees to continue to grow and be promoted within the organization.

In addition to the jobs directly created at ARRIVE, other local jobs will be created through contracted services (e.g. linen supply/ laundry), as well as ancillary businesses created through the hotel's food truck lot and future redevelopment in the area.

PROJECT TOTAL					
Position	Full Time	Part Time	Salary Range	Health Care Plan	Retirement Plan
Full time	45	-	\$10/hr - \$90,000/yr	Y	Y
Part Time	-	30	\$10/hr - \$60,000/yr	N	N

<b>TOTAL EMPLOYEES</b>	<b>75</b>			
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<b>HOTEL SUBTOTAL</b>					
<b>Position</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Salary Range</b>	<b>Health Care Plan</b>	<b>Retirement Plan</b>
Management	5	-	\$40,000 - \$90,000/yr	Y	Y
Admin/ General	3	-	\$40,000 - \$60,000/yr	Y	Y
Admin/ General	-	2	\$40,000 - \$60,000/yr	N	N
Service & Support	21	-	\$25,000 - \$30,000/yr	Y	Y
Service & Support	-	15	\$25,000 - \$30,000/yr	N	N
Maintenance	2	-	\$30,000 - \$35,000/yr	Y	Y
Maintenance	-	2	\$30,000 - \$35,000/yr	N	N
<b>SUBTOTAL</b>	<b>31</b>	<b>19</b>	<b>\$25,000/yr - \$90,000/yr</b>		

<b>FOOD &amp; BEVERAGE SUBTOTAL</b>					
<b>Position</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Salary Range</b>	<b>Health Care Plan</b>	<b>Retirement Plan</b>
Management	2	-	\$40,000 - \$80,000/yr	Y	Y
Supervisors	5	-	\$14-20/hr; \$40,000 - \$60,000/yr	Y	Y
Service & Support	7		\$11-16/hr	Y	Y
Service & Support	-	11	\$10-14/hr	N	N
<b>SUBTOTAL</b>	<b>14</b>	<b>11</b>	<b>\$11/hr - \$80,000/yr</b>		

**4. Optional employee benefits and an estimated value of such benefits and an estimated value of such benefits, either by amount or percentage of net pay. If employees contribute to such benefits, indicate their contributions in amount or percentage.**

All full-time employees will receive health insurance, dental, vision, life insurance, PTO, and the option to participate in a 401(k) plan. Approximately 60% of the employees are anticipated to be full-time, with 40% part-time employees. (Please see the write-up and tables below for more detailed information regarding estimated compensation and benefits).

<b>Benefit Type</b>	<b>Value</b>
Health Insurance	~ 9% net pay (~ 20% employee contribution) <sup>4</sup>

<sup>4</sup> ARRIVE contributes 80% of the cost of a Kaiser Bronze HMO plan for all full-time employees, which is in compliance with NMSA 1978, 3-32-7.E. The contribution ratio varies depending on which plan the employee selects, but in no case does ARRIVE contribute less than 50% of the premium for health care coverage for those employees choosing to enroll.

Dental Insurance	~ .1% net pay (100% employee contribution)
Vision Insurance	~ .1% net pay (100% employee contribution)
Paid Time Off	~ 1% net pay (0% employee contribution)
Life Insurance	~ .1% net pay (0% employee contribution)
401(k) Retirement Plan	No employer contribution

**5. An estimated total annual expenditure of goods and services locally procured, identification of such goods and services (only those over \$10,000 per year), and an estimated annual increase in total expenditure.**

The estimated total of locally procured goods and services, their annual expenditure, and estimated annual increase are included below:

<b>Locally Procured Goods &amp; Services</b>	<b>Estimated Annual Expenditures</b>	<b>Estimated Annual Increase</b>
General Contracting and Construction Services	\$7,000,000 (development) \$50,000 (ongoing)	3%
Consulting Services (e.g. MEP Engineering, Landscaping)	\$100,000 (development) \$10,000 (ongoing)	3%
Hotel Furniture & Fixtures	\$900,000 (development) \$75,000 (ongoing)	3%
Restaurant Furniture & Fixtures	\$50,000 (development) \$25,000 (ongoing)	3%
Signage Install & Repairs	\$85,000 (development) \$2,500 (ongoing)	3%
Information Technology Equipment Install & Repairs	\$100,000 (development) \$2,500 (ongoing)	3%
Operating Supplies and Services (e.g., linens, laundry, waste removal, live entertainment)	\$200,000 (development) \$150,000 (ongoing)	3%
Food & Beverage Inventory	\$625,000 (ongoing)	3%



Marketing & Advertising Services (e.g. public relations agency)	\$20,000 (ongoing)	3%
Utilities (electricity, gas & water)	\$140,000 (ongoing)	3%
<b>Total Development Expenditures</b>	<b>\$8,435,000</b>	<b>0%</b>
<b>Total Ongoing Expenditures</b>	<b>\$1,100,000</b>	<b>3%</b>

- 6. An estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.**

The estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax ("NMGRT"), and their estimated annual increase are included below:

Project Phase	Estimated Annual Expenditure
Hotel Development	\$7,330,000
Ongoing Operations	\$900,000 (with estimated 3% annual increases)

- 7. An estimated total annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and an estimated annual increase in total expenditure.**

The estimated annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and their estimated annual increase are included below:

Project Phase	Estimated Annual Expenditure
Hotel Development	\$500,000
Ongoing Operations	\$50,000 (with estimated 3% annual increases)

- 8. An estimated annual local sale of goods and services that are subject to the New Mexico gross receipts.**

The estimated annual local sale of goods and services that are subject to the NMGRT are included below:

Project Phase	Estimated Annual Expenditure
Hotel Development	\$0
Ongoing Operations	\$5,750,000 (with estimated 3% annual increases)

**9. Costs of land, site improvement, and building, respectively.**

The cost of the land and existing facilities is \$7,400,000. The remaining construction and development costs are estimated to be \$14,600,000 for a total development cost of \$22,000,000.

**10. Total costs of equipment, fixtures, and furnishings to be purchased with the proceeds of the bond, and an amount of such purchases in New Mexico and out-of-state, respectively.**

The total cost of equipment, fixtures, and furnishing to be purchased with the bond is estimated to be \$3,300,000. This amount is included in the total development cost above. At least 40% of such purchases will be sourced in New Mexico.

**11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.**

The Project does not anticipate having any incremental corporate income tax as a result of the IRB.

**12. An estimated amount of capital expenditures to be qualified for the New Mexico investment tax credit.**

The Project does not anticipate having any capital expenditures to be qualified for the New Mexico investment tax credit.