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INTER-OFFICE MEMORANDUM

November 9, 2016

TO: Isaac Benton, City Council President
FROM: Suzanne Lubar, Planning Director
Subject: ..title
 Albuquerque Rail Yard - Annual Assessment of Samitaur Constructs

Background and Purpose

The Albuquerque Rail Yards (the “Rail Yards”) is owned by the City of Albuquerque (the “City”) and is located within the Broadway and Barelás communities south of Downtown. The Rail Yards consists of approximately 27 acres and 19 buildings and is listed on the National Register of Historic Places and the State Register of Cultural Properties.

The City selected Samitaur Constructs (“Samitaur”) as the Master Developer for the Rail Yards and entered into a Master Development and Disposition Agreement (“MDDA”) with Samitaur on July 24, 2014. The MDDA outlines the relationship between the City and Samitaur regarding the Rail Yards and describes the steps Samitaur must take to obtain title to the site. Working with Samitaur, the Albuquerque City Council adopted a Master Plan for the Rail Yards on June 16, 2014.

As outlined in Section 9.27.1 of the MDDA, the Albuquerque Development Commission (“ADC”) must make an annual assessment of whether Samitaur has employed Reasonable Diligence over the past year on development of the Albuquerque Rail Yards (the “Project”) and must submit its assessment in the form of a written report to the City Council through the Planning Director. As outlined in the MDDA, Reasonable Diligence shall mean:

“...good faith and commercially reasonable efforts toward Project completion, appropriate to the phase of development and under all of the circumstances, by one or more of the following activities: marketing the Project to end users, preparing and applying for site development plans, preparing infrastructure plans, constructing or facilitating the construction of infrastructure or other improvements, engaging in historic preservation or environmental remediation efforts, and performing any other reasonable and identifiable development or predevelopment activities. In assessing Samitaur’s diligence, the ADC shall consider that the first several years after approval of the Master Plan may be devoted to pre-development activities before tenant occupancies and job creation can be achieved.”

The purpose of this report is to deliver a progress update on steps taken toward completion of the Project and to provide the ADC’s annual assessment of Samitaur.

Samitaur Progress Report

On July 21, 2016, the ADC conducted its annual assessment and heard a presentation from Samitaur’s agent Jim Trump, Planning Director Suzanne Lubar and Metropolitan Redevelopment Manager Rebecca Velarde on progress at the Rail Yards in the previous year. The presentation included the following updates:

Environmental

- The City contracted with Intera to compile over 20 reports and over 12,000 electronic files into one summary report to identify environmental data gaps. Intera also produced a draft Voluntary Remediation Plan for the site.
- After receiving Samitaur’s approval, the City submitted an application for determination of eligibility for the Voluntary Remediation Program to the New Mexico Environment Department (“NMED”). The application included the City and Samitaur as co-applicants and listed Samitaur as the project manager and responsible party for the environmental remediation.

- The City also sought a proposal from Intera to complete environmental testing to fill in the data gaps identified in the summary report.

Appraisal

- The City contracted with Godfrey Appraisal Services to complete an appraisal of the Rail Yards as required by the MDDA to establish the Fair Value of the site, which in turn determines the purchase price for Samitaur.
- The appraisal was completed in June 2016 and has been approved by the City and Samitaur.
- The City of Albuquerque had the appraisal reviewed by a second appraiser.

Archaeology

- The City contracted with TRC Environmental Corporation to complete a Preliminary Archaeological Testing Report at the Rail Yards.
- TRC identified three cultural resources that may need to be addressed during development, including the architectural remains of the 1903 turntable pit, the 1880s to 1910s roundhouse and rail foundations and a creosoted milled lumber tunnel likely associated with the conversion of the locomotives from coal to diesel power during the 1920s.
- The Archaeological Report was reviewed and approved by the City and Samitaur and was submitted to the State Historic Preservation Office (“SHPO”) for review.
- Following the ADC annual assessment, Samitaur has contracted with Marion and Associates and is currently preparing a draft Archaeological Treatment Plan, which will be reviewed by the City Archaeologist and State Archaeologist.

Design of Improvements for Storehouse and Tender Repair Shop

- The City contracted with the Hartman + Majewski Design Group to design improvements to the Storehouse. Once implemented, the improvements will upgrade the building to an A-3 occupancy, which will allow WHEELS to be open to the public. The design and improvements will be funded through City and State funds.
- The City contracted with Chavez-Grievies to produce construction documents to re-roof the Tender Repair Shop and upgrade the drainage system in and around the building. Once construction documents are completed, the City will seek a contractor to perform the work.

Historic Preservation

- The City, Samitaur and SHPO executed a Memorandum of Understanding (“MOU”) for the Rail Yards in December 2015.

Infrastructure and Subdividing

- Samitaur has contracted with Wilson Engineering and conducted an analysis of the infrastructure that will be needed for the site. Mr. Trump noted a water line is in Lead Avenue and will need to be brought to the site. Samitaur also is determining how on-site infrastructure can be economically built minimizing destruction of cultural sites.
- Samitaur has also started to determine how they plan to subdivide the Rail Yards site.

Construction Budgeting

- Samitaur has completed preliminary construction budgeting, including the entire project and individual buildings.

Finance

- Working with both a local and international team, Samitaur has been meeting with and showing the Rail Yards to several financial institutions.

Marketing

- Samitaur has also been pitching the site to local, national and international tenants and brokers and sees a potential link between the Rail Yards and Los Alamos research technology. Samitaur has two potential tenants that have expressed strong interest in locating at the Rail Yards.

Result

After hearing the presentation and asking questions, the ADC voted unanimously that Samitaur over the past year had employed Reasonable Diligence as defined by the MDDA.

Suzanne Lubar, Director
Planning Department