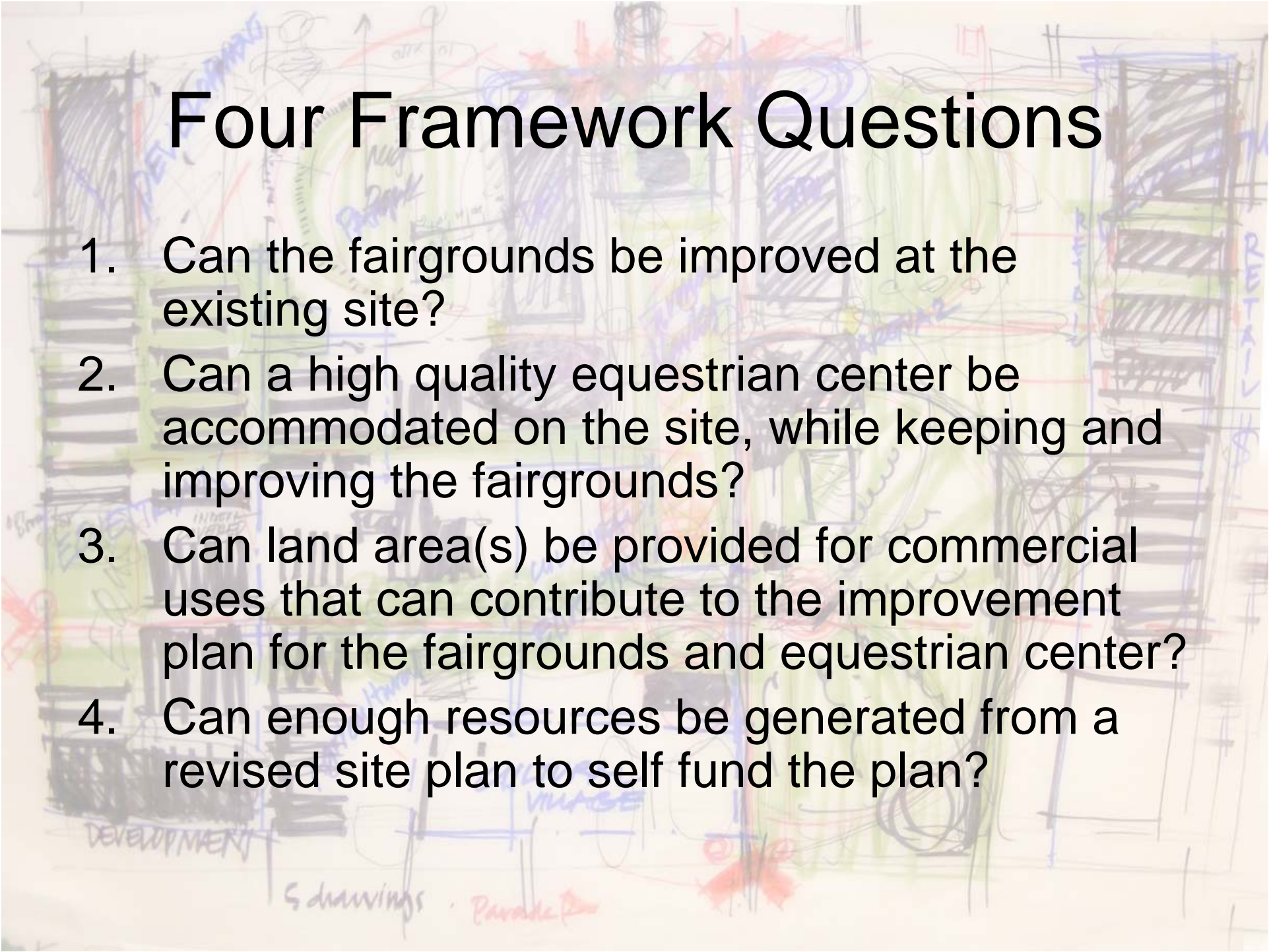




New Mexico State Fairgrounds, An Equestrian Center, Associated Real Estate Development, Neighborhood Improvements

December 18 and 19, 2008

Working Information
Prepared by
Johnson Consulting, The Genesis Group



Four Framework Questions

1. Can the fairgrounds be improved at the existing site?
2. Can a high quality equestrian center be accommodated on the site, while keeping and improving the fairgrounds?
3. Can land area(s) be provided for commercial uses that can contribute to the improvement plan for the fairgrounds and equestrian center?
4. Can enough resources be generated from a revised site plan to self fund the plan?



Limitations

- Very focused effort
- Demanded that work stayed focused on four framework questions
- Limited input from Charettes
- Kept conclusions to broad strokes, sufficient for next level of planning
- Created visions, not solutions



A Fairgrounds

California State Policy- “Creating the Magic of a Great Fair,” culminates in three basic principles:

- *The public purpose of the annual fair is to provide structure and opportunity for people of a community to celebrate the local identity and character of their community*
- *The primary goal of fair organizations is to mobilize the community to produce a great fair*
- *The business of fair organizations is to broker opportunities to reach the appropriate market*

Context

- Deferred maintenance of \$50 million to \$150 million
- No dedicated revenue
- Call for addition of an expo center (called a class B exhibit hall by Johnson Consulting, as opposed to the Albuquerque Convention Center, which is class A space).
- Equestrian Center has been analyzed for the market, in response to losing events to markets that have improved equestrian facilities.
- Capital estimates for the Equestrian Center in Mesa Del Sol are \$78 million.
- The State has “allocated” \$24 million for the Equestrian Center.
- The casino and horse track are assumed to leave the State Fairgrounds, leaving about 75 to 100 acres, depending on how land is accommodated
- Its departure is slated to remove \$2.5 million from fair finances
- Approximately 2,200 horse barns will be vacated.



Context

- 1,500,000 visitors/ year; could be 2,000,000 +
- Minimal amount of cultural and social interface between the neighborhoods and the fairgrounds
- Adjacent neighborhoods need lift, cosmetically and economically
- Fairgrounds have attracted some cultural influences
 - African American Performing Arts Center
 - Latino tapestry in weekly markets
- Cultural base could be built upon - cultural crossroads for City and State
- initiatives seen elsewhere
 - Murals on surrounding walls
 - Riding programs
 - Animal therapy for the physically and mentally challenged
 - Softer edges with Green Space
 - Many Social Program opportunities for adjacent neighborhoods
 - Transit Oriented Development opportunities
 - Influences development patterns across streets
 - Showplace for nature, sustainability



Can the fairgrounds be improved at the existing site?

- Ample land exists to accommodate a very high quality fairgrounds
- Good core infrastructure
- Urban fairgrounds exist very successfully
- An Expo Center would reenergize the sales mandate for the complex

Capital Estimate for Improved Fairgrounds

Summary of Capital Costs- New Mexico State Fairgrounds

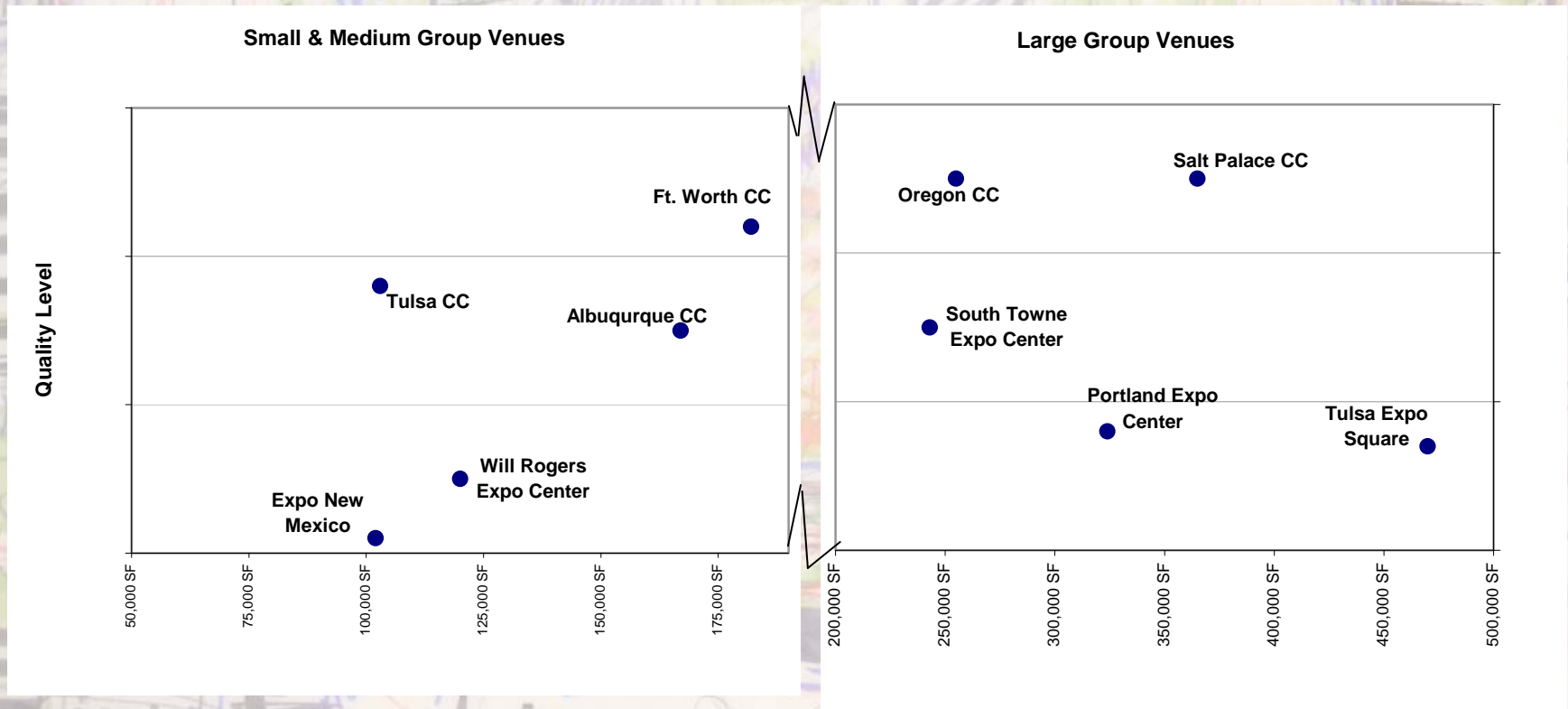
Category	Cost	
	Low	High
Currently Identified Capital Needs ¹	\$50,000,000	\$150,000,000
Adjustment for Escalation	7,500,000	22,500,000
Adjustment for more competitive Expo Center	20,000,000	30,000,000
	<u>\$77,500,000</u>	<u>\$202,500,000</u>

¹ Budget for Expo Center is included in the Higher Figure

- Significant deferred maintenance
- Need for Class B Expo Center

Competitor Cities That Both Types of Facilities

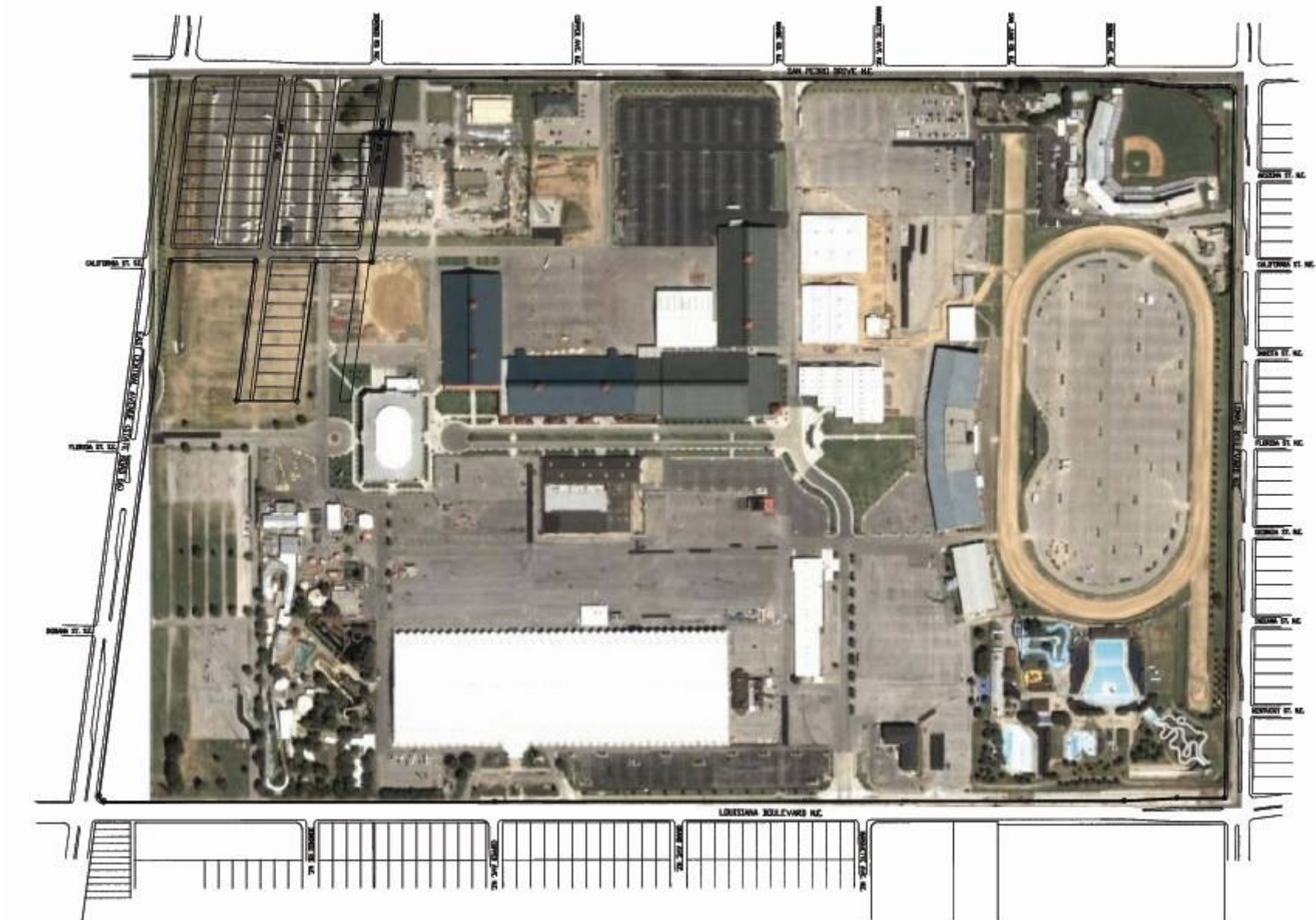
Nationally Co-Existing Expo and Convention Centers Continuum



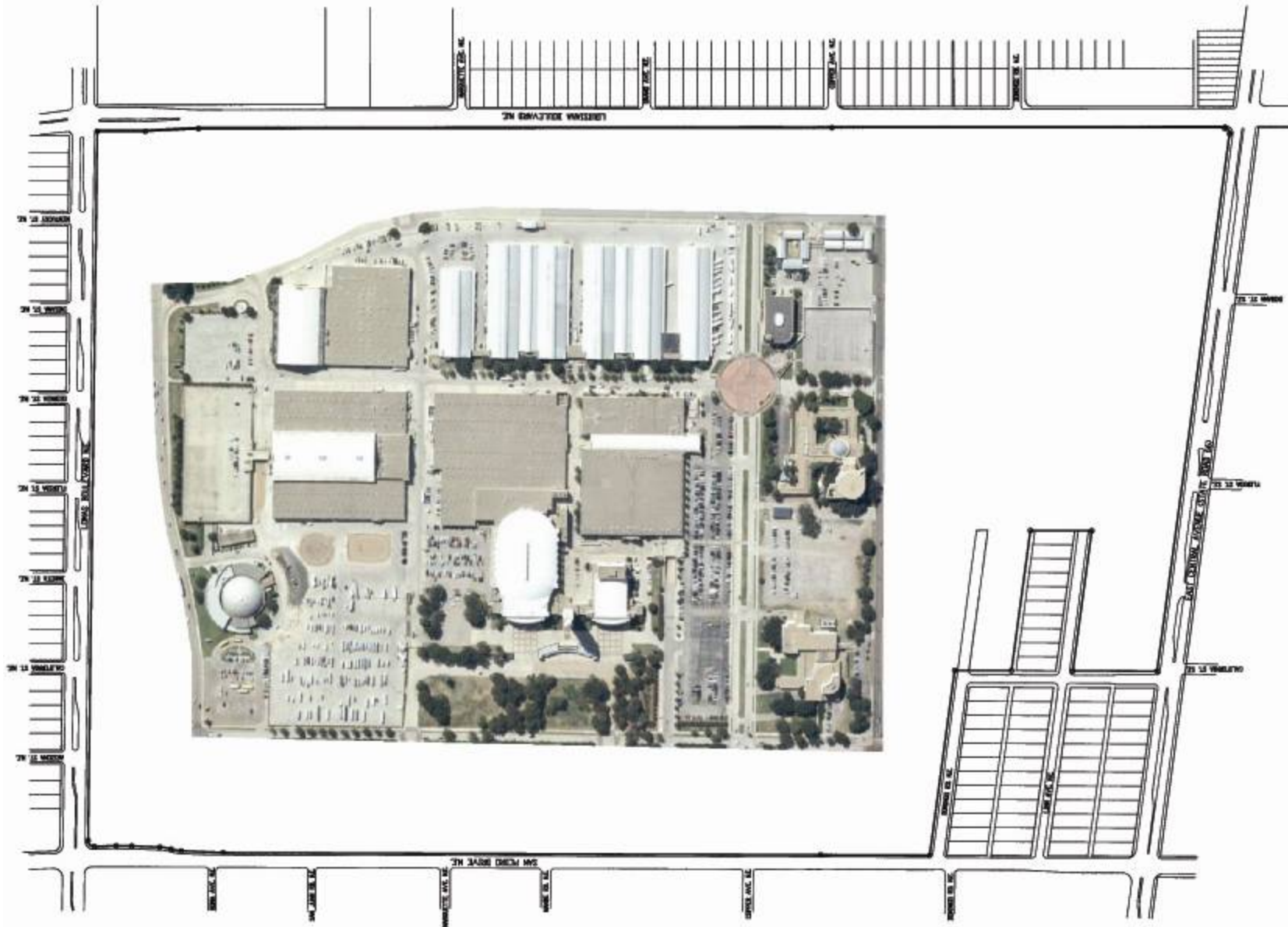
Source: Johnson Consulting

1) Square footage listed only includes exhibit space, not ballroom and meeting space

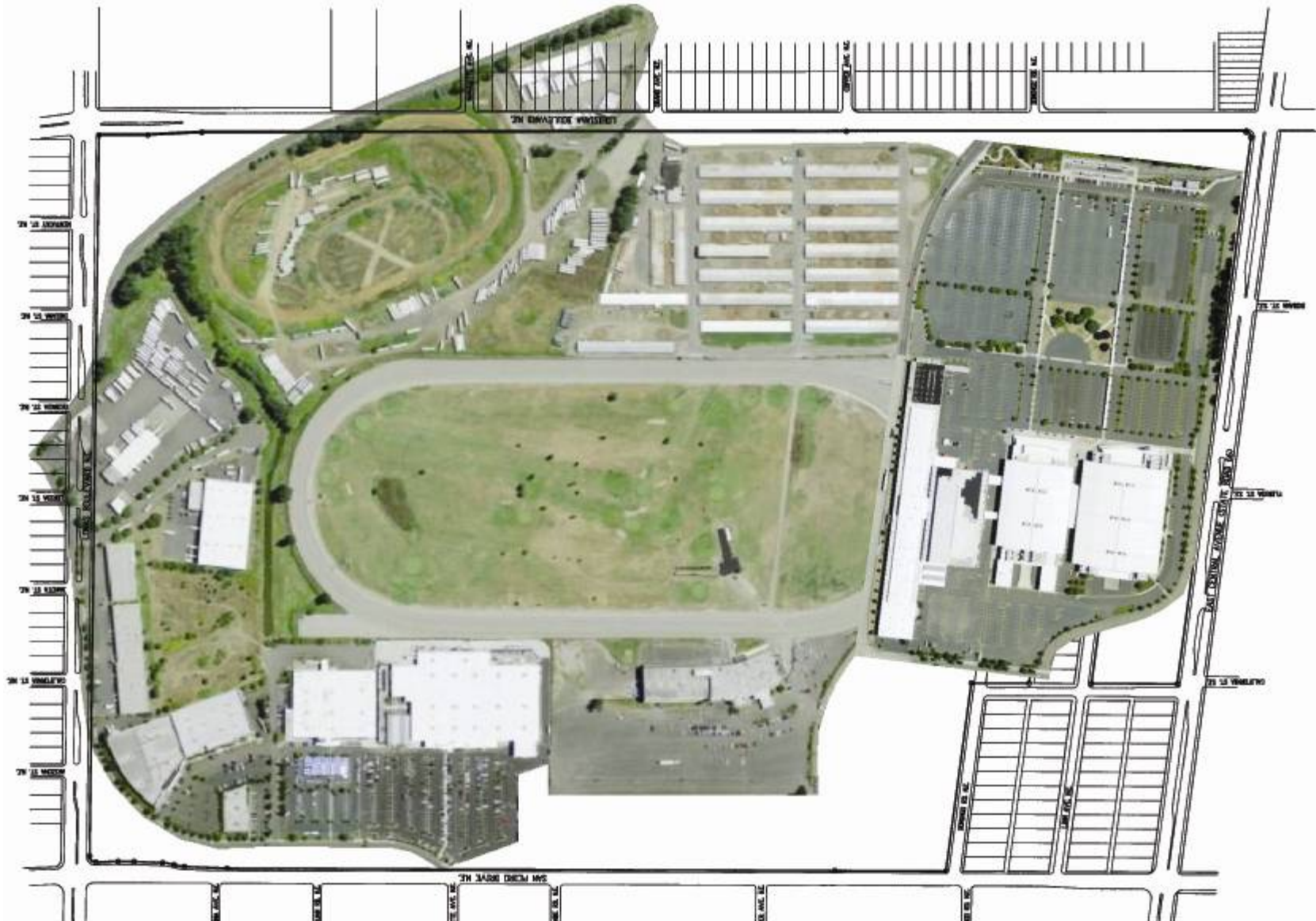
Analogs- Tulsa



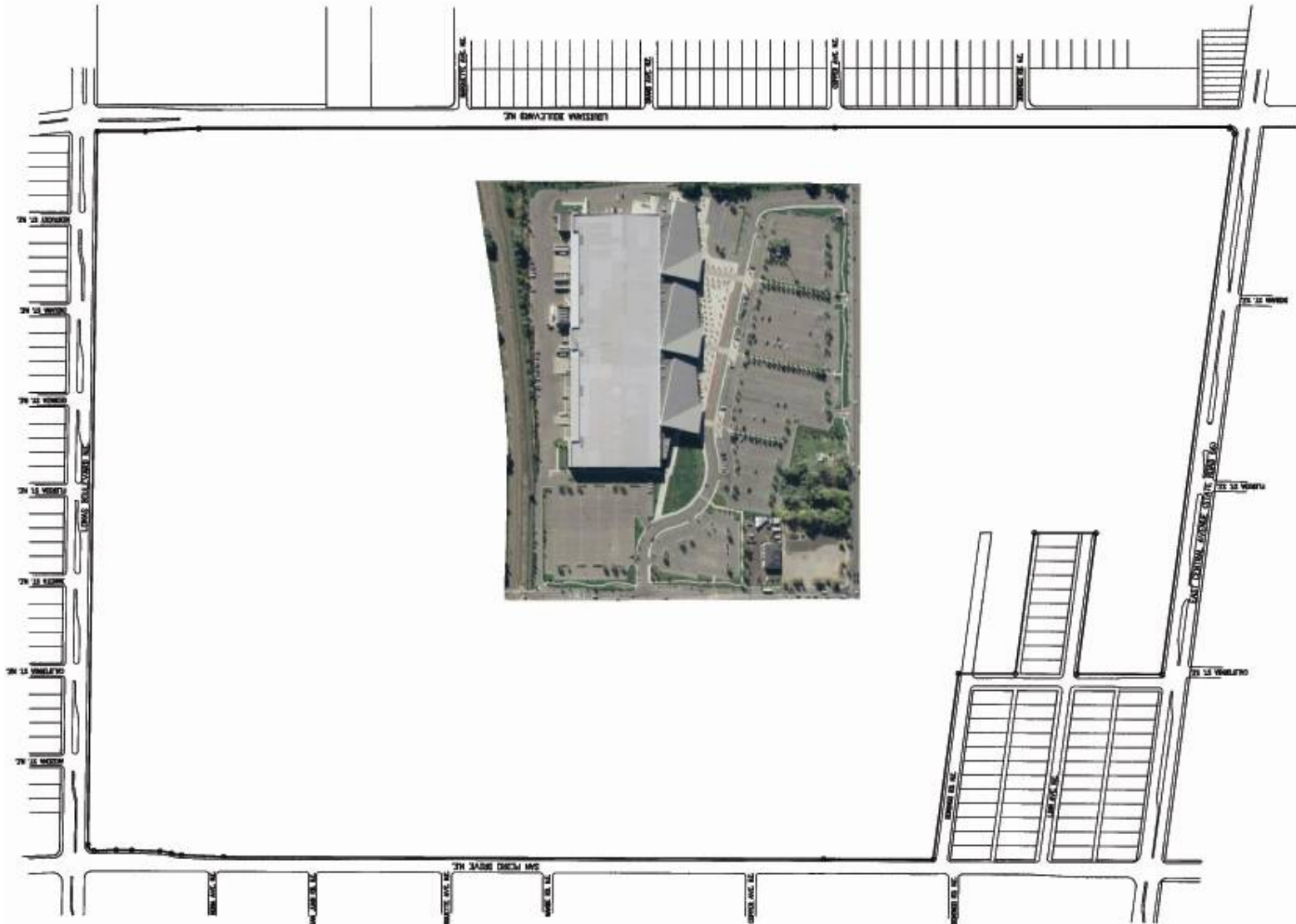
Analogs- Ft Worth Cultural District

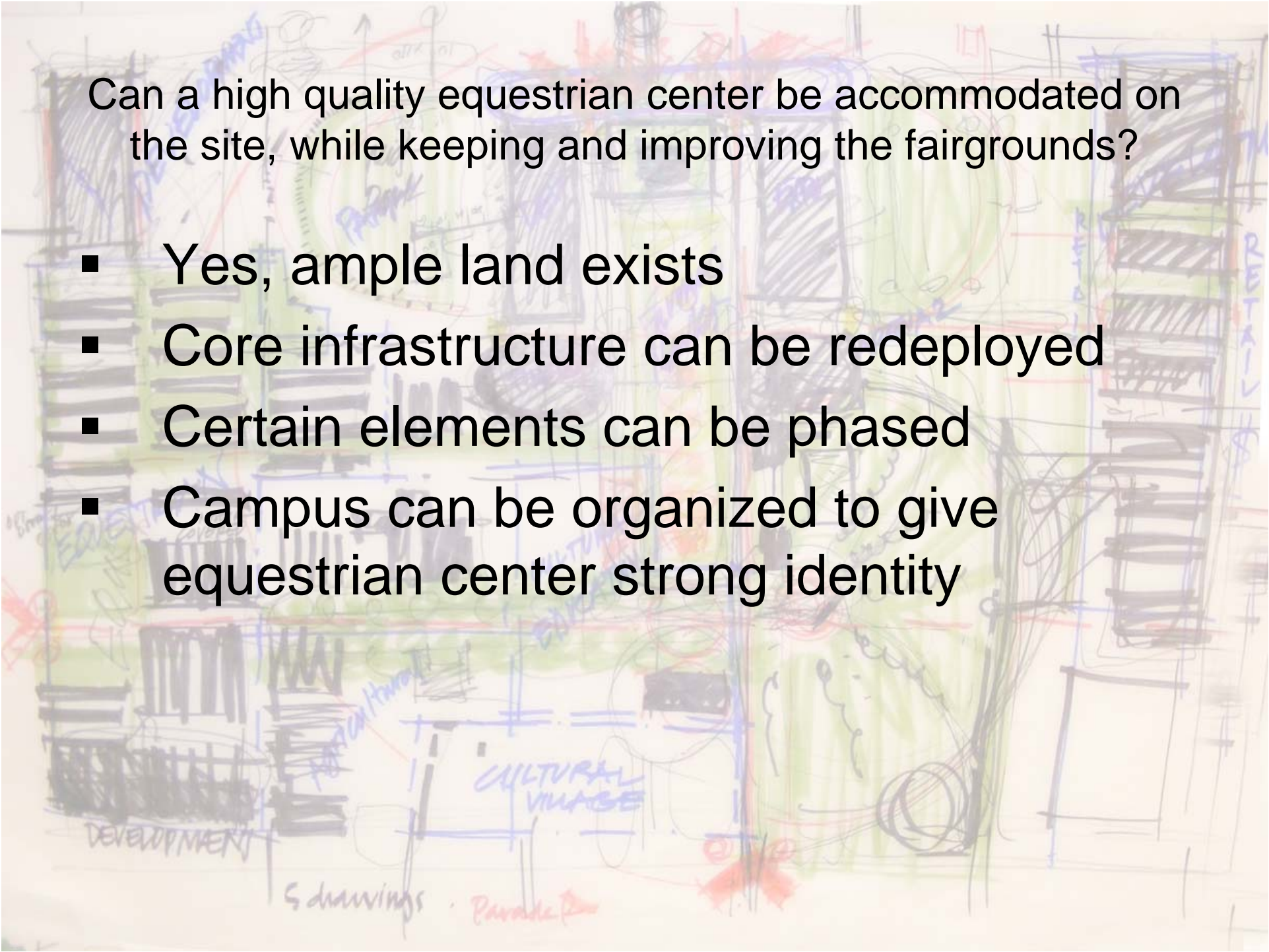


Analogs- Portland Expo Center and Equestrian Center



Analogs-Southtowne Expo Center (Salt Lake)





Can a high quality equestrian center be accommodated on the site, while keeping and improving the fairgrounds?

- Yes, ample land exists
- Core infrastructure can be redeployed
- Certain elements can be phased
- Campus can be organized to give equestrian center strong identity

Capital Estimate for Equestrian Center

Summary of Capital Costs- Equestrian Center

Category	Cost
Main Arena	\$41,000,000
Other Elements in the Program	37,000,000
	<hr/>
	\$78,000,000


- Can Phase in 6,500 seat arena
- Can redeploy current facilities

Reconciled Capital Assumption

Summary of Capital Costs- New Mexico State Fairgrounds

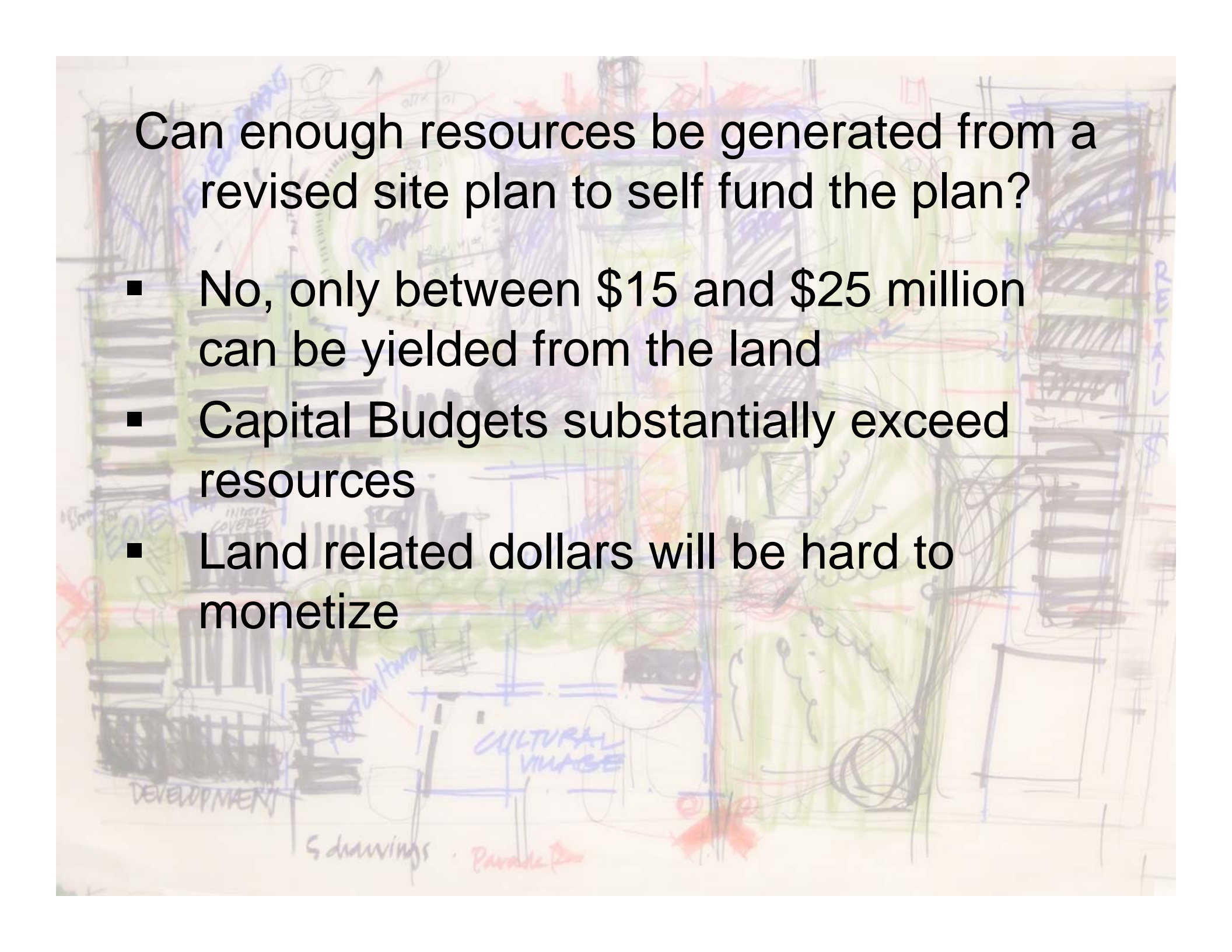
Category	Cost			Comments
	Low	Middle	High	
Currently Identified Capital Needs ¹	\$50,000,000	\$100,000,000	\$150,000,000	As per fair management
Adjustment for Escalation	7,500,000	15,000,000	22,500,000	Increased by 15 percent
Adjustment for more competitive Expo Center	20,000,000	30,000,000	40,000,000	Budget assumption by management assumes, inexpensive venue; suggest some meeting and ballroom space
Adjustment to Plan to Modify for Equestrian Center	16,650,000	18,500,000	20,350,000	Assumes existing facilities reduce required amount cited for Mesa Del Sol
Allowance to Improve Grounds	21,330,000	23,700,000	26,070,000	Middle assumes \$100,000 per acre for all 237 acres
	<u>\$115,480,000</u>	<u>\$187,200,000</u>	<u>\$258,920,000</u>	

¹ Budget for Expo Center is included in the Higher Figure



Can land area(s) be provided for commercial uses that can contribute to the improvement plan for the fairgrounds and equestrian center?

- Yes, about 50 to 60 acres can be redeployed
- 4 parcels (see map)
- Opportunity exists for:
 - Four parcels, one big one
 - 200,000 sf+ retail; 200,000 sf commercial/residential
 - Hotel
 - Alternative uses



Can enough resources be generated from a revised site plan to self fund the plan?

- No, only between \$15 and \$25 million can be yielded from the land
- Capital Budgets substantially exceed resources
- Land related dollars will be hard to monetize

Yield From Land and Operating Improvements

Financial Gap- New Mexico State Fair and Equestrian Center

Category

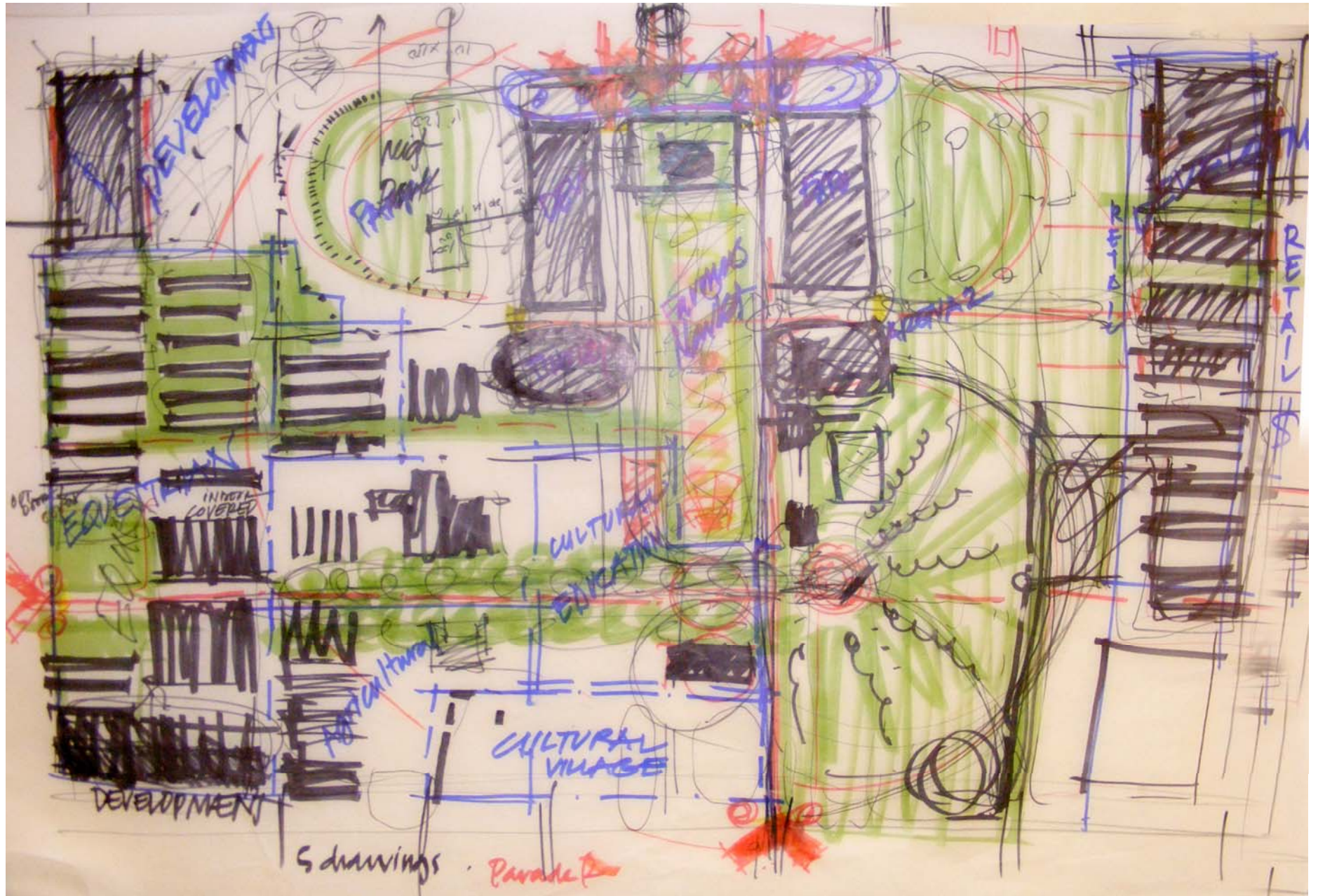
	Revenue			
	Low	Middle	High	
State Grant	\$24,000,000	\$24,000,000	\$24,000,000	One Time amount
Funding Gap	-\$91,480,000	-\$163,200,000	-\$234,920,000	
Annual Financial Changes				
Loss from removal of Racetrack/ Casino		-\$2,500,000		
NMSF Net Cash Flow Improvement- Annual	\$500,000	\$750,000	\$1,000,000	(f) Better Facilities
Yield from Land	\$1,235,875	\$1,544,844	\$1,853,813	See Land Yield Below; Low @ 80%; High @ 120%
Land Yield Tests				
Hotel Site- 300 rooms- 4 acres			\$444,844	300 rms*65% occ*\$125 ADR*1.25%*4% land lease
200,000 sf of Retail and 200,000 sf of office, residential			\$1,100,000	200,000 sf of retail@ \$200 sales per sq foot @ 2% land lease + 200,000 sf of office space@ \$15 sf rent @ 10% land lease
Sum			\$1,544,844	

Supplemental Revenue Sources

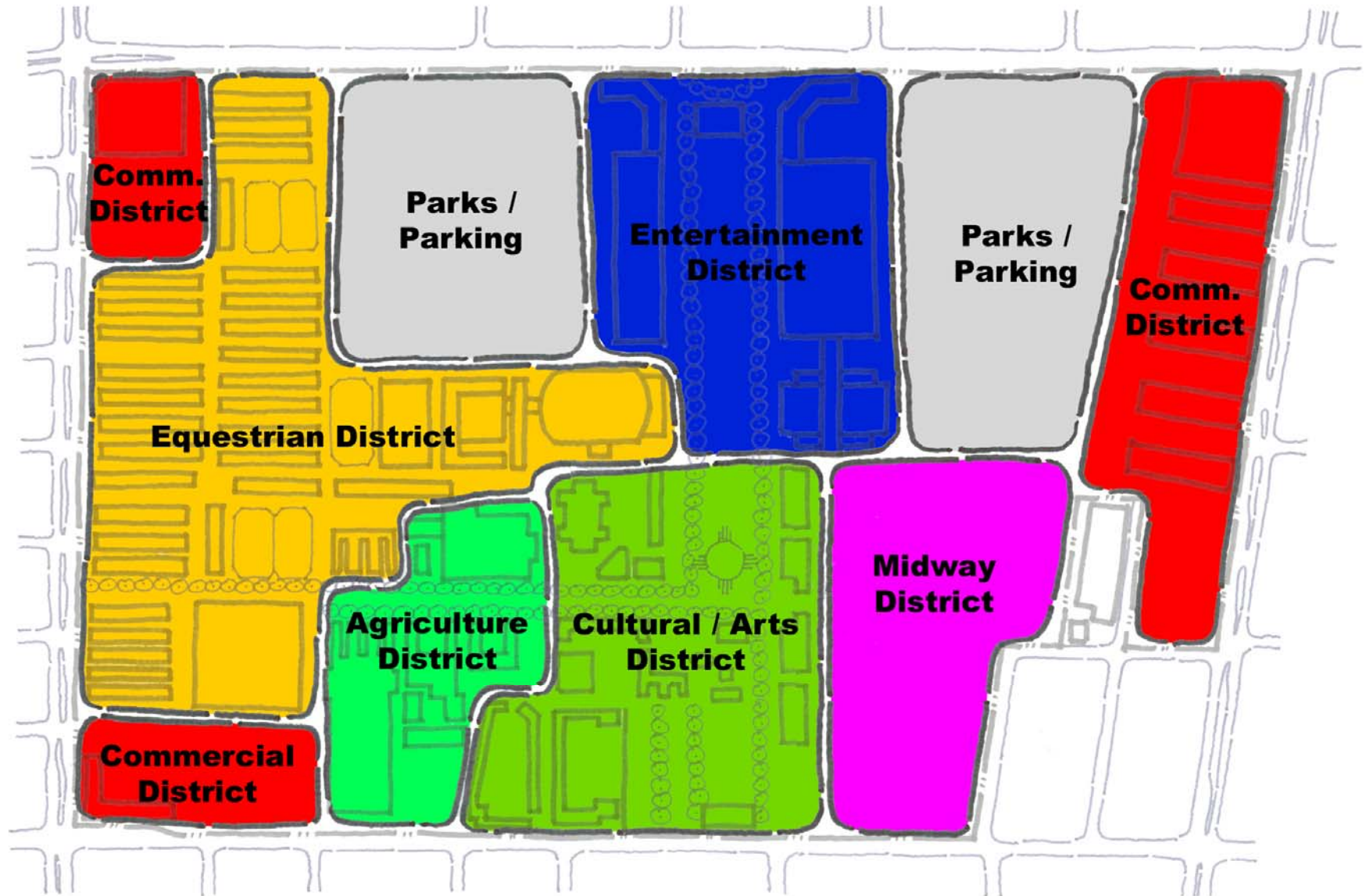
Summary of Supplemental Revenue Alternatives

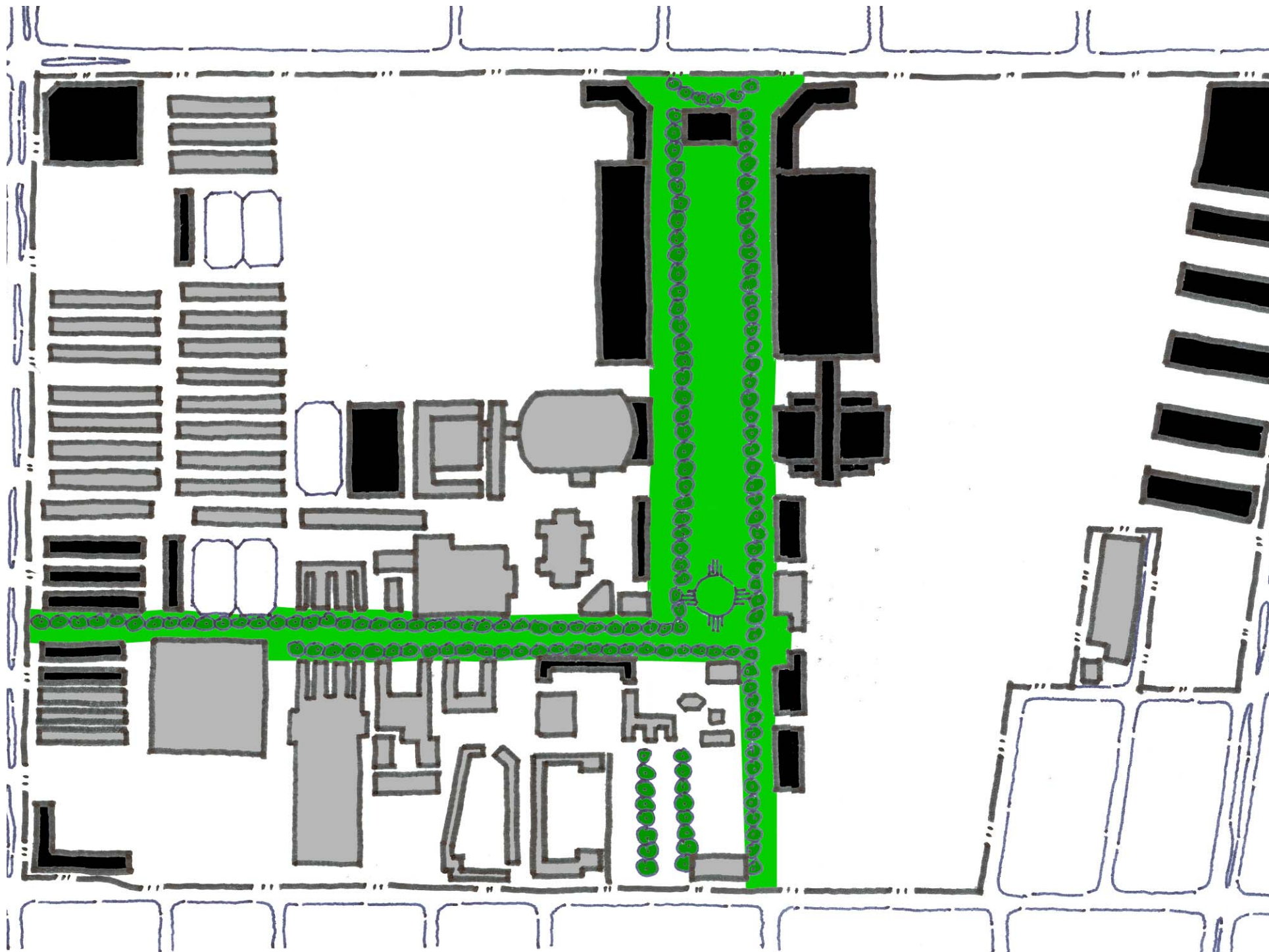
Category	Revenue, Growth Not Considered	Comments
On Site Retention of Sales Tax	Substantial resource	Based on Nashville Convention Center Law; Assumes all sales tax on new on site retail, and \$5 per cap per 2 million attendees/ year
Neighborhood Improvement Fund	Substantial resource	Based on Tucson's Rio Nuevo Law; Assumes 2.5 Million sq feet of retail, \$250 sales per sf, 1 percent tax; Could also be structured as a TIF
Continue Pari-mutuel	\$2,500,000	
CIP, Grants, Homeland Security, Sustainability Grants	Could be \$500,000/yr, but lots of work to earn	
Local Options Sales Tax	Substantial resource	Tulsa Maps Program
Cooperative Jurisdictions	Substantial resource	Washington State Public Facilities District

Visions- Schematic Brainstorming

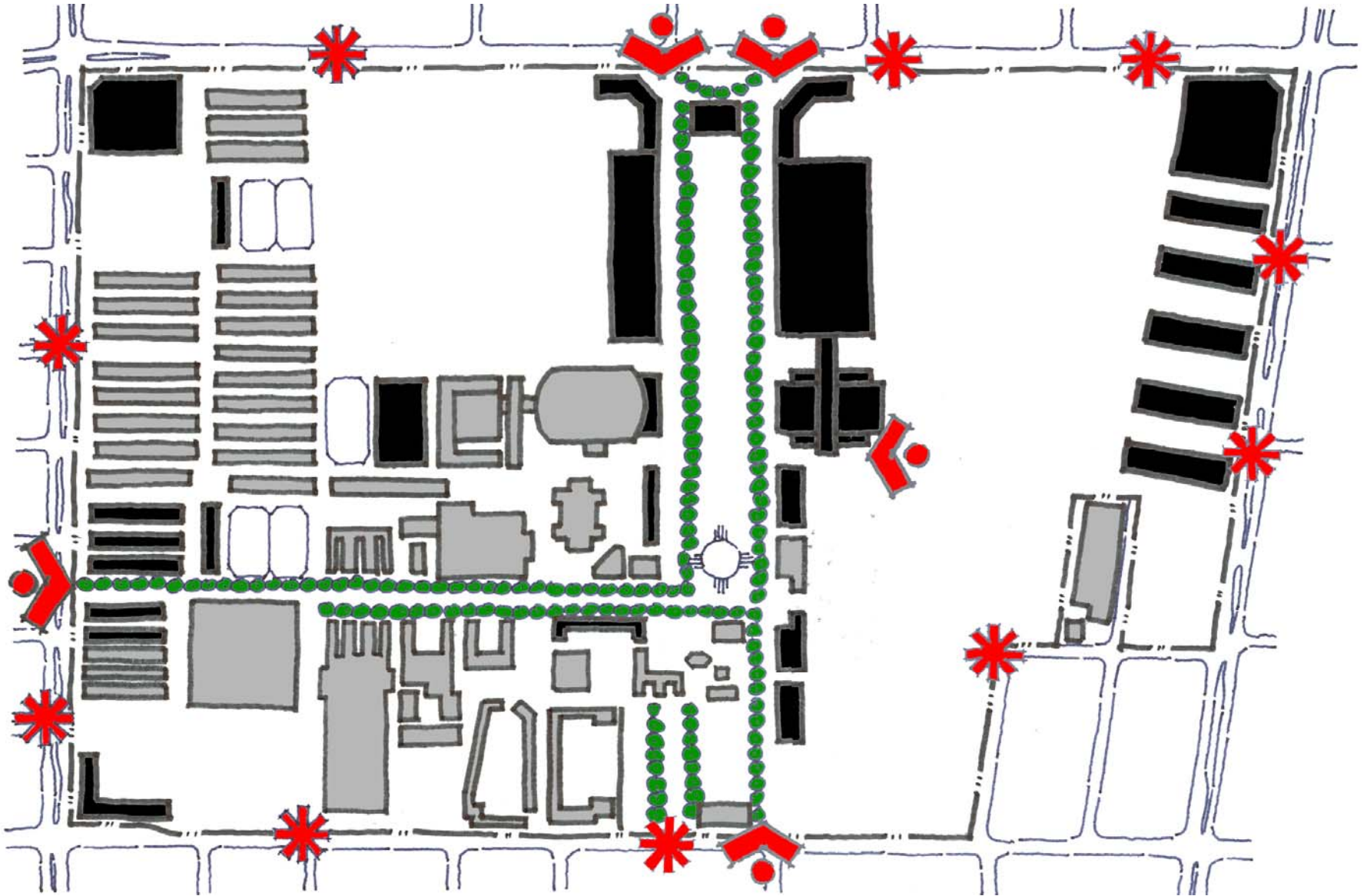


Visions- A “District” View





Visions- Overall Site Plan



Visions- Overall Site Plan



Visions- From NE Corner



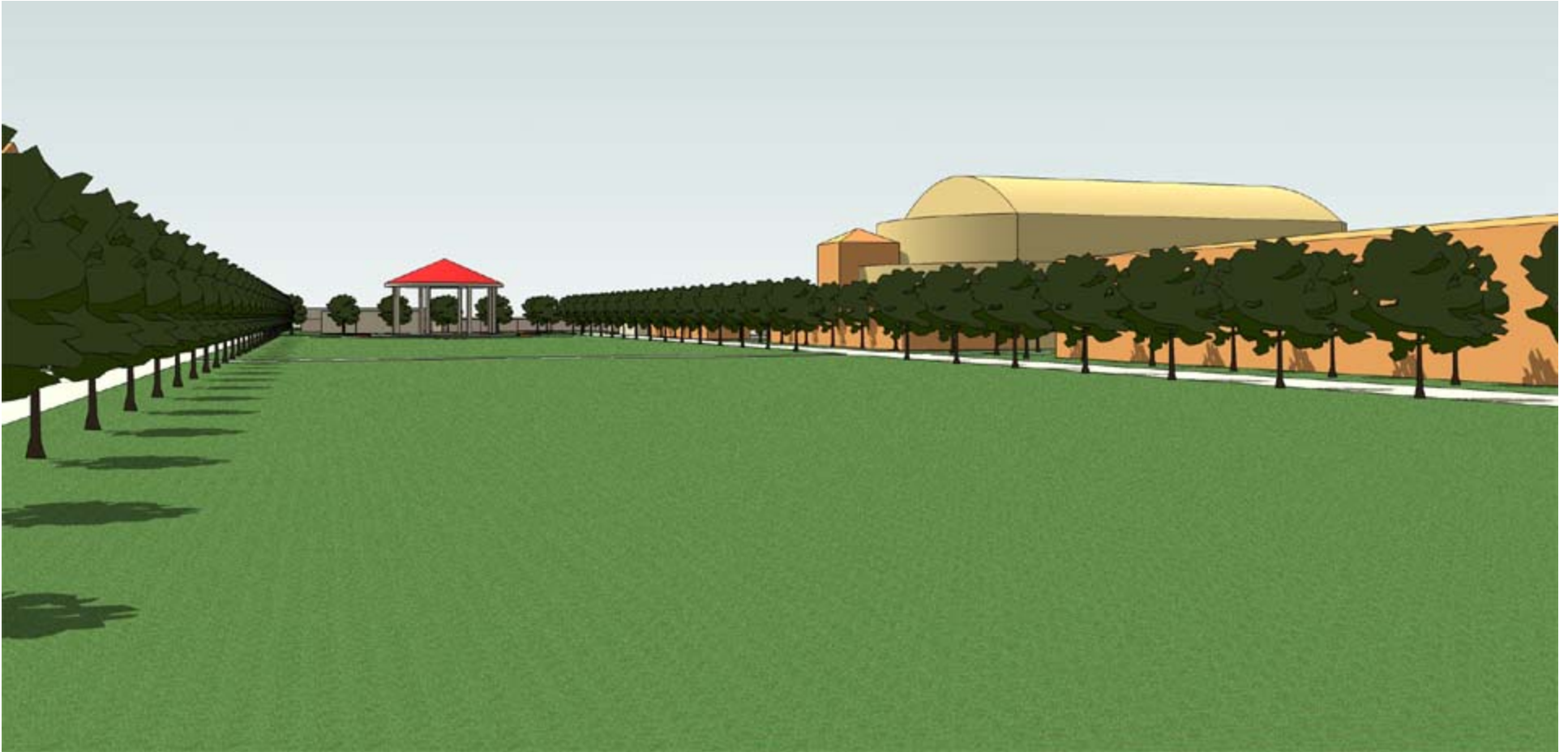
Visions- Down Main Street



Visions- From San Pedro



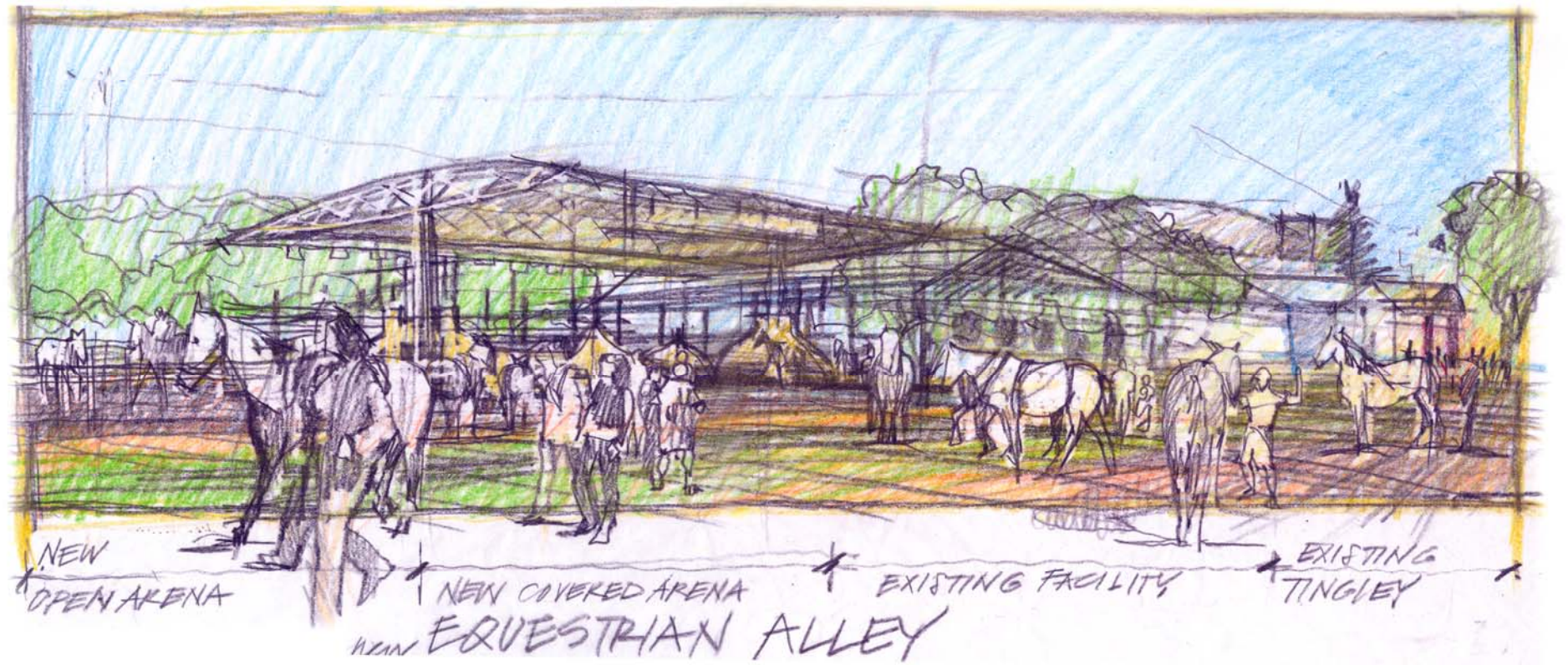
Visions- The Village Green



Visions- A Neighbor's View



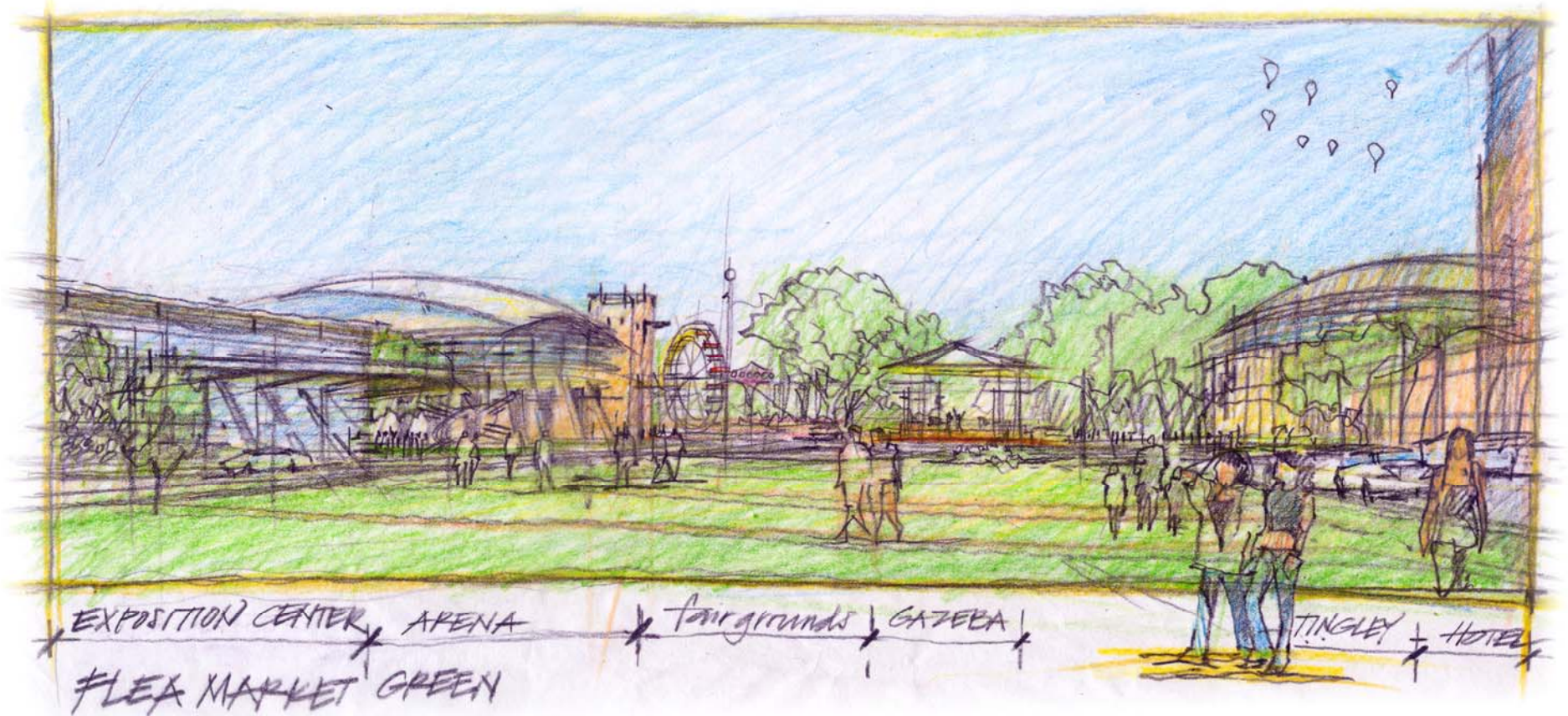
Visions- A Visitor's View



Visions- A Visitor's View



Visions- A Visitor's View





Next Steps

- Study
 - Reflect on today's comments
 - Issue draft report
 - Clarify scope for RFP
 - Prepare scope of work for RFP
- Policy- Accept "Plan", lay ground work for execution
- Legislative improvements to dedicate funding
- Charettes
- Prepare full master plan and business plan