



Milan Industrial Park

MASTER PLAN AND PRELIMINARY DESIGN





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June 18, 2020

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Prepared by Wilson & Company, Inc. Engineers & Architects
Albuquerque, New Mexico

for

Northwest New Mexico Council of Governments (NWNMCOG)

Cibola Communities Economic Development Foundation (Cibola CEDF)

Village of Milan, New Mexico

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Certification

VILLAGE OF MILAN

MILAN INDUSTRIAL PARK MASTER PLAN AND PRELIMINARY DESIGN

JUNE 2020

I, Mario Juarez-Infante, do hereby certify that this report was prepared by me or under my direction and that I am a duly registered Professional Engineer under the laws of the State of New Mexico.

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Executive Summary

The Milan Industrial Park Master Plan and Preliminary Design details the concept for a large industrial park development on a 913-acre site on the north side of Milan, New Mexico. The site has been studied for years as a potential economic development site due to its size and location near major transportation routes, as well as local and regional interest in fostering development and job creation in the area. The Plan and Preliminary Design provides the most detail of any effort yet, moving the industrial park a crucial step closer to implementation.

This document includes an updated inventory of existing conditions on the site. Existing roadway, railroad, and utility infrastructure, as well as environmental conditions, are assessed. The analysis identifies key upgrades needed to implement the industrial park. A 30% design for the industrial park is detailed and includes proposed subdivision of the current site, internal road and rail networks, and water, wastewater, and dry utility alignments. The design is intended to answer key development questions and to allow the Village to begin conversations with site selectors and developers interested in a multi-modal logistics. The preliminary design is summarized in the report. A detailed set of preliminary infrastructure construction drawings is provided in Appendix A.

To move the industrial park even closer to implementation, a 90% construction drawings set is provided for a spec building within the industrial park site. This provides potential site selectors a nearly shovel-ready project. The proposed Phase I Spec Building is located within the industrial park site where buildout of transportation and utility infrastructure could be most quickly implemented. In this draft, the Phase I Spec Building Design is provided as 30% Design Progress Drawings.

Cost estimates for the Phase I Spec Building and for full buildout of the industrial park are provided for interested developers, as well and an anticipated project schedule for the Phase I Spec Building. These details are intended to simplify and streamline the process for prospective developers. A brochure to be used in marketing the site to site selectors can be found in Appendix H.

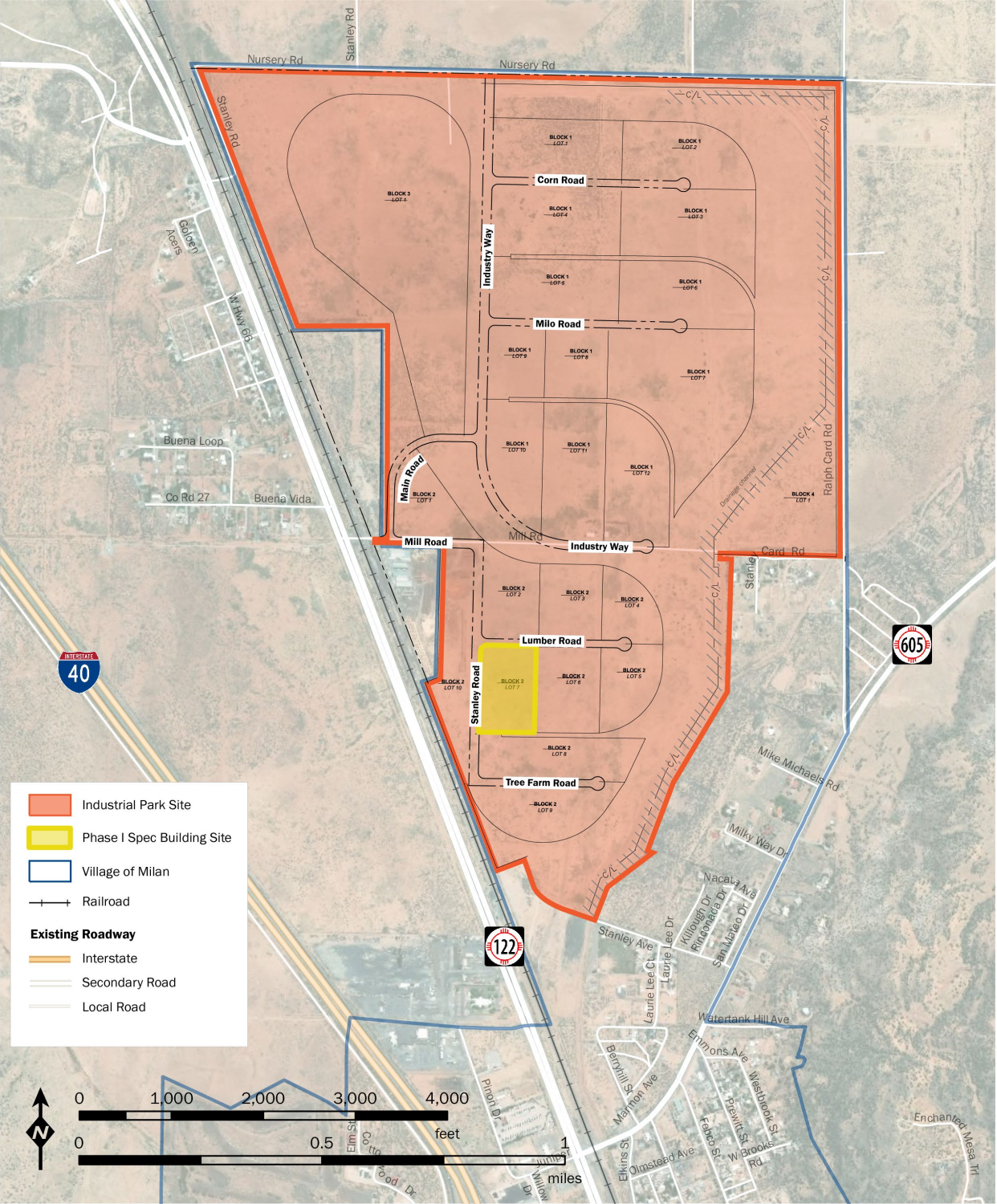


Figure ES-1: Proposed Layout for Milan Industrial Park

1 Project Background

1.1 PROJECT PURPOSE

This plan provides a detailed concept for a large industrial park with rail service centered on a site known as Milan Tract Farms, located in the Village of Milan, New Mexico. The location is among several within northwestern New Mexico being studied by the Northwest New Mexico Council of Governments (NWNMCOG) for future industrial or other economic development. This document includes preliminary designs of key infrastructure, such as roadway and utilities, for the entire Milan Industrial Park site. This document also includes 90% construction drawings for a Phase I Spec Building situated in Block 2, Parcel 7 of the Industrial Park site. This design is intended to provide a prospective developer with a “head start” in the implementation of their project.

For over a decade, the mostly vacant Tract Farms area has been considered as a possible site for new economic development activities. A 2018 master plan conducted by Wilson & Company for the Village of Milan produced a planning-level analysis of infrastructure needs for a future industrial park on the Tract Farms site. The study found that with several key infrastructure upgrades, the site could offer a prime location for industrial development. The study highlighted the site’s large contiguous size, its proximity to Interstate 40 and the BNSF Southern Transcon line, and the presence of utilities as unique selling points of the site.

This document builds on previous studies of the site and provides the private and public sector with a toolset with which to begin developing the site. This document’s goal is two-fold: first, to provide developers a clearer understanding of the opportunities available on the site and the requirements needed to implement developments; second, to provide government a more detailed understanding of the infrastructure needed to facilitate development. The internal roadway and rail networks have been designed, and the location and quantity of new utility infrastructure have been detailed.

The document also details the design of a spec building for a parcel within the Industrial Park site. This would represent the Phase I of development within the industrial park. 90% design documents are provided for the Phase I Spec Building in Appendix B. This detailed design allows a prospective developer to streamline the development process and saves them valuable time and resources otherwise spent on design and engineering services. The Phase I Spec Building design also serves as a template that future developers can follow when developing on other sites within the industrial park.

Per the scope of this project, an appraisal of the site was completed. The results of the appraisal can be found in Appendix E. Meanwhile, Wilson & Company has initiated the process of pursuing BNSF Site Certification of the Industrial Park site. Certification ensures more rapid development of rail infrastructure on the site and aids national site selectors in understanding the opportunities at the site. The BNSF Site Certification process is described in greater detail in section 5.3 of this report and in Appendix G.

This plan supports the shared goals of the NWNMCOG, Cibola Communities Economic Development Foundation, and the Village of Milan of expanding and diversifying the regional economic base and of creating job opportunities for residents. The Milan site is among several sites being studied by NWNMCOG for industrial development: a similar study is being prepared under a separate cover for a site near Prewitt, approximately 15 miles north of Milan, while a non-rail served site in Milan has been identified for future study (see Figure 1). These are in addition to other economic development sites, including Cibola Industrial Park and Gallup Energy

Logistics Park, already under development in the area. This plan fulfills a goal of the Village of Milan Comprehensive Plan to create a plan and establish standards for an industrial park at the Tract Farms site.

1.2 LOCATION

The Industrial Park site is located in the northern part of the Village of Milan, New Mexico, a community located roughly halfway between Gallup and Albuquerque on Interstate 40 (I-40) (see Figure 1). The village is home to approximately 3,600 residents according to 2018 Census Bureau estimates and is a suburb of Grants, the largest city and seat of Cibola County. Together, the communities have a population of approximately 12,000 residents. They form part of the economy of northwestern New Mexico, a region of the state has, in recent years, has attracted increasing public and private investment in sectors such as transportation, logistics and energy. In addition to I-40, Milan lies along another important transportation infrastructure: the tracks of the BNSF Railway Southern Transcon line. These road and rail routes are the two most important transportation routes in the region and are major links in the national interstate highway and railroad system.

1.3 PARTNERS

This Master Plan and Preliminary Design is led by the Northwest New Mexico Council of Governments (NWNMCOG). NWNMCOG is a key facilitator of economic development and transportation planning and local governmental coordination efforts within the New Mexico counties of McKinley, Cibola, and San Juan. The organization also distributes funding from a variety of state and federal programs to support regional planning efforts. In the 2019 New Mexico Legislative Session, several appropriations were made for scopes-of-work for site planning and development at the Prewitt Industrial Park and the Milan Industrial Park. These appropriations are being administered regionally by the Northwest New Mexico Council of Governments

The project has been developed with close collaboration with Cibola Communities Economic Development Foundation (Cibola CEDF) and the Village of Milan. Cibola CEDF fosters economic development within Cibola County, providing resources for existing businesses and outreach to potential developers alike.

The Village of Milan is the government for the incorporated municipality whose area includes the Industrial Park site. The Village also owns all the parcels within the Industrial Park site. The Village has planning and zoning authority within its boundaries and leads land use and economic planning efforts to guide the community’s growth.

1.4 PREVIOUS STUDIES

This document summarizes the key planning efforts concerning the Milan Industrial Park site, as well as economic development needs generally in Milan and the surrounding region. The 2018 Village of Milan Industrial Park Master Plan provides the most site-specific recommendations. Other documents cited illustrate the region’s efforts to foster economic development, and they generally highlight similar industry sectors – such as energy, logistics, and tourism – as opportunity areas for the region.

The following studies and plans are summarized in the subsections below:

- Village of Milan Industrial Park Master Plan (2018)
- Village of Milan Comprehensive Plan (updated 2017)
- La Ristra-Northwest: Comprehensive Economic Development Strategy (CEDS) (2018)

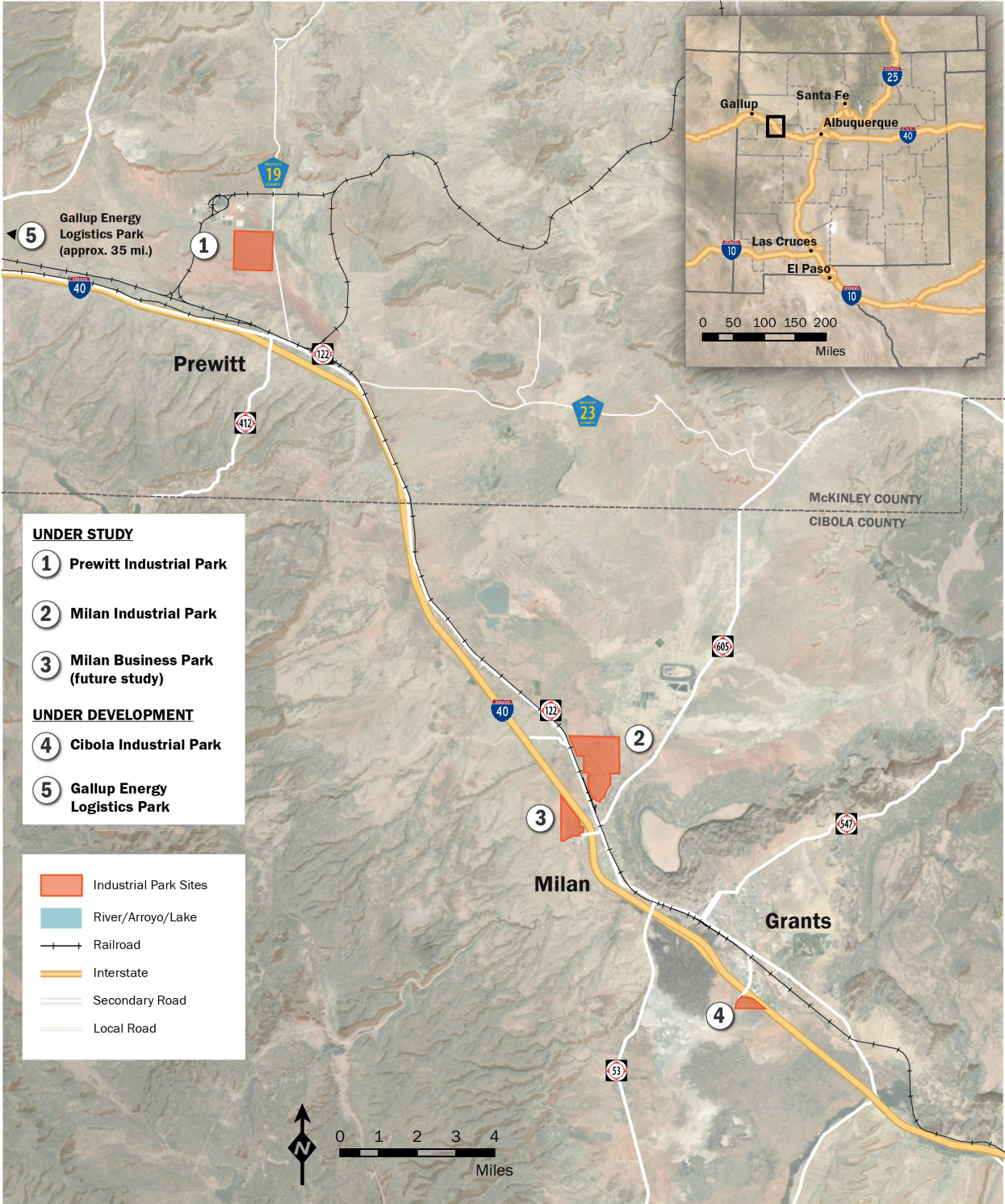


Figure 1: Industrial Park Sites being studied by NWNMCOG

Other plans address economic development in the surrounding region but are less detailed or less applicable to the Milan Industrial Park. These were reviewed by the project team but are not summarized here. They include:

- SET Plan, Trail of the Ancients Region (2015)
- Cibola County Comprehensive Plan (2015)
- Village of Milan Northside Infrastructure Plan (2009)
- A Regional Economic Assessment & Strategy for Coal-Effected Communities, 2017
- Prewitt Industrial Cluster: Workforce Skills and Economic Development Assessment & Final “Best Fit” Targets, 2018
- Prewitt Industrial Cluster: Supply Chain and Preliminary Targeted Industry Analysis, 2018
- Prewitt Industrial Cluster: Master Site Plan, 2018

The site has also undergone several environmental reviews. These are discussed in section 2.2.7.

1.4.1 Village of Milan Industrial Park Master Plan (2018)

This was an earlier effort to understand the constraints and opportunities at the Tract Farms site. The site reviewed in that study was smaller than the site assessed in this document, and the proposed industrial park concept was more high level and less detailed.

This site had been identified in the 2009 village comprehensive plan and a site for a future industrial park due to its large area and location directly adjacent to the BNSF Southern Transcon railroad mainline. Wilson & Company analyzed the existing conditions of the site, identified key infrastructure needs, and provided cost estimates for addressing those needs. The potential layout of an internal road network and railroad spur/siding network was created. The plan proposed 2 million gross square feet of industrial and warehouse buildings and nearly 200,000 square feet of retail development. A new I-40 interchange at Sawmill Road was recommended to facilitate better truck access to the site. The estimated cost of new water and sewer infrastructure to support the development was \$8.3 million, while the cost of the full road and rail network was \$121.7 million. See Figure 2 for the conceptual layout of the site from the 2018 plan.



Figure 2: Previous Industrial Park Master Plan Concept from 2018 Plan

1.4.2 Village of Milan Comprehensive Plan Update (2018)

The plan identifies the vision and priorities for the Village’s future. The document covers a range of topics related to the Village’s development. The plan includes data and recommendations related to the golf course site, the adjacent area, and how redevelopment of the site would play into the Village’s overall priorities and development strategies.

Village Priorities

In the plan industrial development is identified as a major priority for the Village’s growth. In small survey of residents and stakeholders, participants listed development of an industrial park among the top priorities for economic development, behind only the “Tourism & Recreation” category. Among desired overall improvements, a large of majority of respondents selected “job opportunities.”

The document’s implementation plan calls for creation of standards for industrial park development, and for an evaluation of water and other infrastructure to understand possible improvements needed to support a future industrial park. The large area occupying the northern portion of the Village limits is labeled as the future industrial park. Wilson & Company created the 2018 master plan for the industrial park in this area.

More broadly, the “top economic development priority” for the Village is expansion of high-speed broadband. Meanwhile, workforce development is cited as another major need in Milan.

1.4.3 Regional Economic Assessment & Strategy for the Coal-Impacted Four Corners Region

This document was created in 2017 to address changes in the local economy due to disinvestment in the Four Corners region’s mining and energy production sectors. The report, compiled by Highland Economics, LLC, makes an accounting of the impact of the decline in the mining and energy sectors in San Juan, McKinley, and Cibola counties in New Mexico and recommends ways to strengthen the area’s economy. The decline in the two industries is estimated to cost the region approximately 930 jobs and \$122.1 million annually, or 1-2% of the region’s jobs and annual income. The worst impacts are expected in San Juan County.

The report identifies several key strategies to improve the regional economy, including workforce and business development, quality of life investments meant to retain talent and attract employers, and partnerships to improve branding and marketing of the local economy and communities.

The document identifies “top targeting industries” for each county in the Four Corners region. For Cibola County, greenhouse, tourism and forest products are identified. For McKinley County, the report recommends transloading/warehousing and tourism, and to a lesser extent, local food manufacturing.

1.4.4 La Ristra Northwest: Comprehensive Economic Development Strategy (CEDS) (2018)

La Ristra-Northwest is the latest update to the Comprehensive Economic Development Strategy (CEDS) for the NWNMCOG region, which covers San Juan, McKinley, and Cibola Counties.

According to the US Economic Development Administration, a CEDS “is a strategy-driven plan for regional economic development”. These plans must be renewed every five years by the federally-designated economic development district group – in this case, the NWNMCOG – in order to qualify the region for certain EDA assistance. A CEDS is intended to develop regional capacity, as the EDA states: “A CEDS is the result of a regionally-owned planning process designed to build capacity and guide the economic prosperity and resiliency of an area or region.”

The document details the region’s key economic challenges, including lack of infrastructure, lack of economic diversification, and lack of a skilled workforce.

The plan identifies three primary “Bundles of Vision:” 1) People, 2) Community, and 3) Jobs & Enterprise. For each of these categories, strategies are identified to boost economic development through these avenues (pp 21-22). Four Strategic Clusters are also identified. These are industry sectors or economic opportunity areas where resources should be dedicated. The Strategic Clusters are as follow:

- Energy, Logistics & Manufacturing
- Agriculture & Regional Food Systems
- Tourism, the Arts & Outdoor Recreation
- Downtown Revitalization (p. 42)

2 Existing Site

2.1 SITE LOCATION & MAP

The Industrial Park site is one of two sites in Milan being considered for economic development investment. The other site, located to the west of I-40, has been identified for future study as a possible non-rail served economic development site (see Figure 3). The site being evaluated in this study encompasses 912.93 acres (39,767,380 square feet) along the northern edge of the village.

The site is directly bounded by Nursery Road to the north and Ralph Card Road to the east. The southeastern edge of the Industrial Park site is lined by residential and agricultural properties. The western edge is generally bounded by BNSF railroad right-of-way, NM 122, and the existing Mount Taylor Millworks facility, which is not part of the Industrial Park. The site is mostly former agricultural land, with limited light industrial operations.

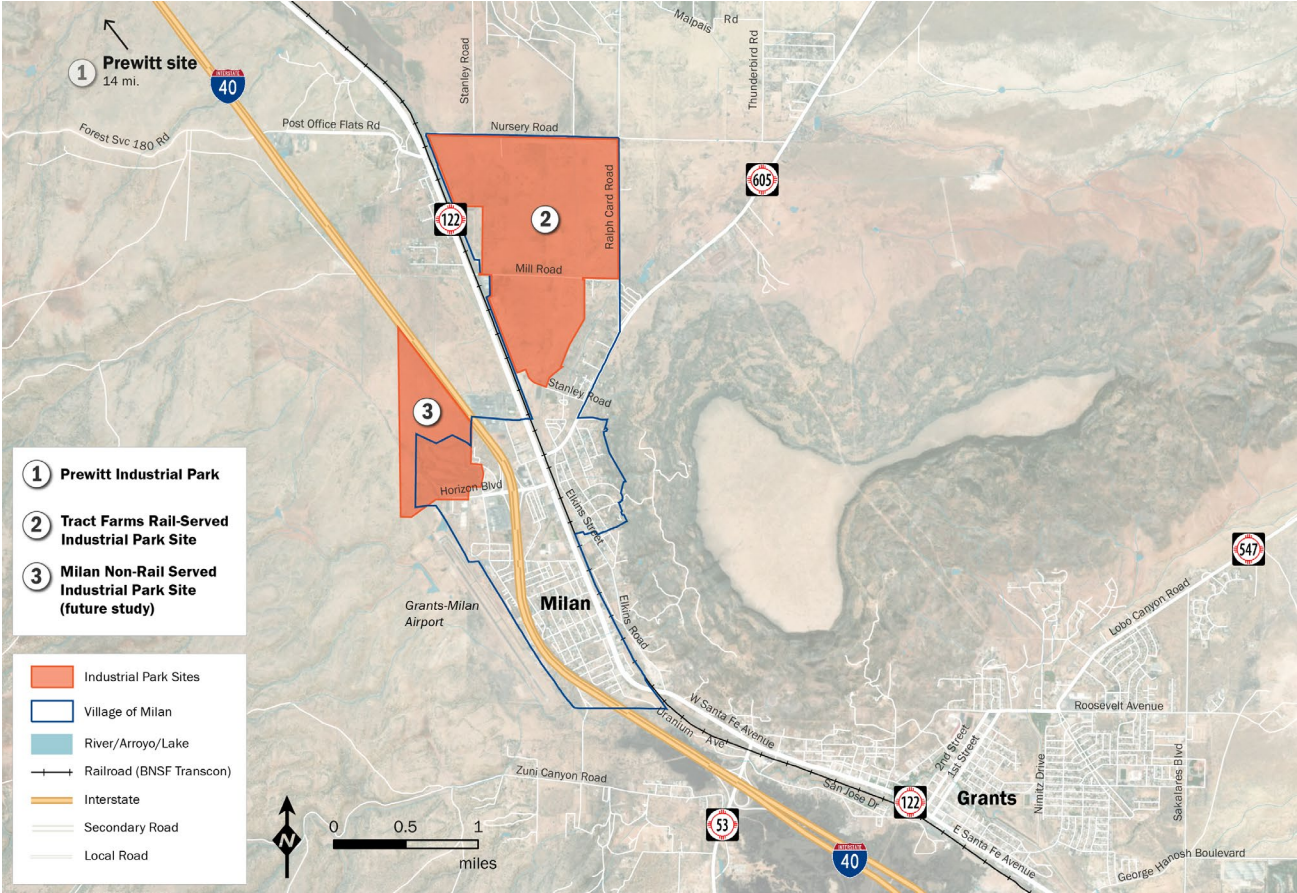


Figure 3: Industrial Park Site and Village of Milan

2.1.1 History

The land on which the Industrial Park site is located had largely been used for farming and rangeland until as late as the early 2000's. Aerial photography dating back to 1935 shows much of the site under cultivation. (The 1935 photography shows no development where the village is today – this was before the founding of Milan.) Records show that much of the land was owned by the Church of Jesus Christ of Latter-Day Saints (LDS) from the 1970's, until the Village of Milan purchased it in 2003. Prior to LDS ownership, the land had been owned by Allen Nielson and Stanley Card for a period.

Aerial photography from 1978 shows that rail spurs had been built to serve a Dow Chemical facility near Stanley Road and Mill Road, and a facility owned by Chemical Marketing Service near the south end of the site. The facilities are gone, but the spurs still exist.³

2.2 EXISTING CONDITIONS & INFRASTRUCTURE

2.2.1 Ownership, Land Use & Zoning

The Industrial Park site is made up of several parcels, all of which are all owned by the Village of Milan (see Figure 4). Three parcels near the intersection of Mill Road and NM 122 (parcels R11468, R06841, and R06282) are owned by other entities. Adjoining parcels to the southeast include residential and agricultural parcels owned by a variety of owners. Land to the east and north of the Industrial Park site is largely owned by Homestake Mining Company of California, with the exception of a parcel west of Stanley Road that is owned by Atlantic Richfield Company. The northwesternmost parcel within the Industrial Park site (parcel R07309) is owned by the Village of Milan but extends beyond the village limits towards the southeast. The portion beyond Village limits is not included in the proposed Industrial Park design.

The Industrial Park site is zoned M1-Industrial by the Village of Milan. Though the site was previously used for agricultural cultivation or light industrial operations, it is mostly vacant today. Remaining structures on the site include a farmhouse and maintenance shop on Mill Road and the remnants of grain silos on Ralph Card Road. The Mt. Taylor Millworks facility, which is still in operation, sits at the west end of Mill Road., technically outside the Industrial Park site. A former greenhouse site towards the north of the site lies abandoned.

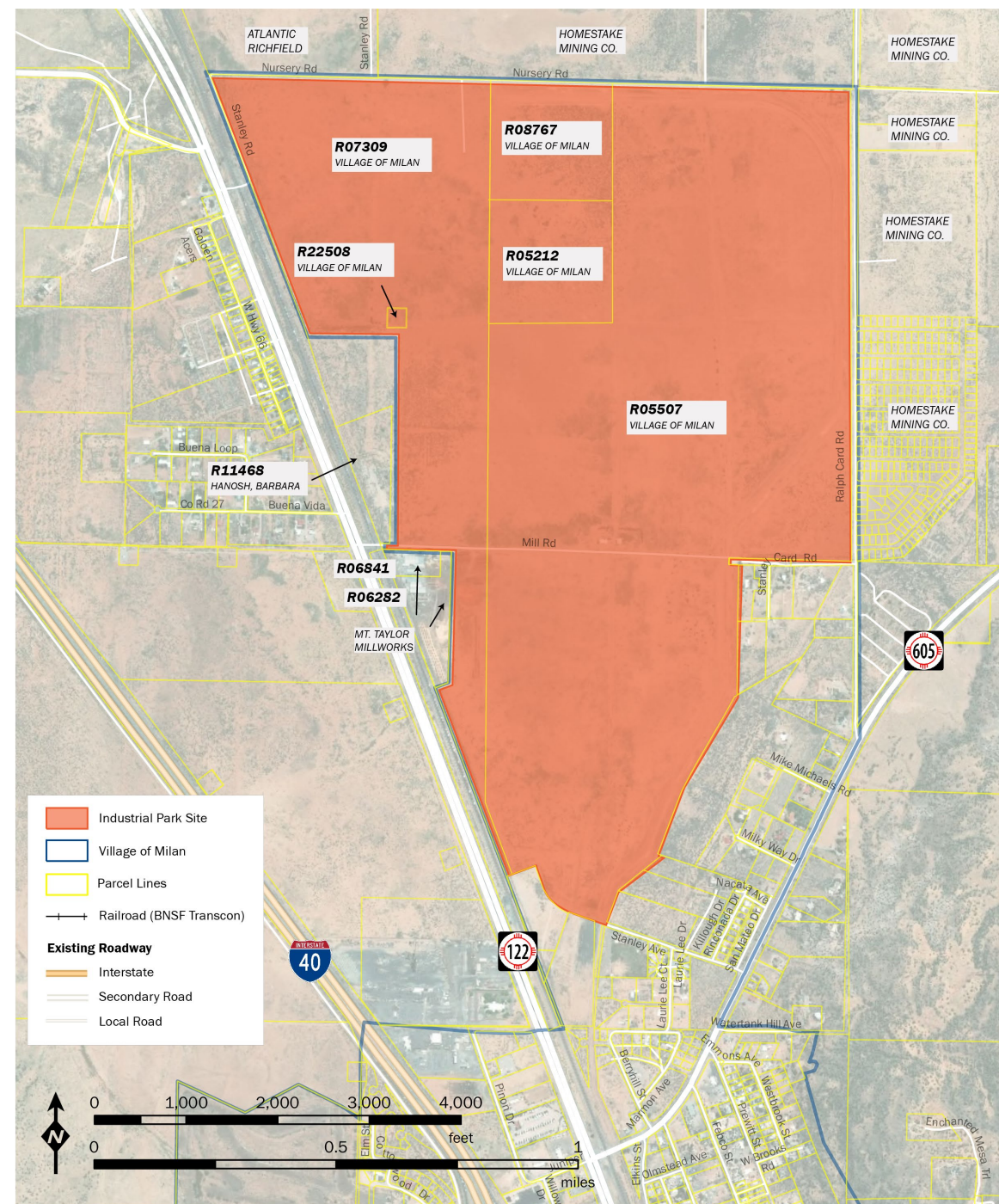


Figure 4: Parcel Ownership in Vicinity of Industrial Park Site

³ Daniel B. Stephens & Associates, Inc. 2012. Phase II Characterization, Milan Farm, Milan, New Mexico. Project Site Code 87021-001.

2.2.2 Roadway

The Industrial Park site benefits from proximity to two state highways and to I-40. The site is roughly bordered on two sides by the state highways, though they do not directly connect to the site: NM 122 originates in Grants and follows I-40 to the northwest towards Gallup; NM 605 begins at NM 122 in the south and runs about 20 miles to the northeast to the community of San Mateo. Currently, the nearest access to I-40 is located near the center of the Village, near Horizon Boulevard, accessed from the site via NM 122. See Figure 3 on page 3 for existing roadways.

Existing local roadways that directly serve the Industrial Park site include Nursery Road, which follows the northern boundary of the site, and Ralph Card Road, which runs along part of the eastern edge of the site and which connects with NM 605 farther south. Mill Road runs east-west through the site, roughly bisecting it, and intersects with NM 122. Stanley Card Road follows part of the edge of the Industrial Park site east of Mill Road and intersecting with Ralph Card Road farther east. Of these, Ralph Card Road and Nursery Road are paved roads, as shown in Figure 5. The other existing roads in the vicinity are unpaved. All of the roads serving the Industrial Park site have a two-lane typical cross section and have limited or no shoulder.



Figure 5: Ralph Card Road (left) and Nursery Road (right)

2.2.2.1 Traffic Volume

Traffic volume refers to the number of vehicles traveling on a road throughout the course of a day. Within the Village of Milan, traffic volumes are relatively light with fewer than 5,000 vehicles per day on NM 122 and NM 605. Local roads experience fewer than 2,500 vehicles per day. I-40 carries more than 20,000 vehicles per day. Depending on the type of uses that develop on the Industrial Park site, traffic could increase significantly, due to an increase in commuters and in freight traffic. The size of the site suggests that the traffic it generates could be in the hundreds of vehicles per day to even the thousands.

One challenge for site access from the I-40 corridor is the number of turns required to reach the site. Four alternating turns are required to reach the site from the I-40 interchange.

2.2.3 Rail

A double-track mainline of the BNSF Railway Company (BNSF) network runs through Milan for 2.6 miles, along and to the east of NM 122. The line runs along the west side of the Industrial Park site for about one mile. Several turnouts from the line onto the Industrial Park site exist, as discussed in the subsection 2.2.3.1 below. Figure 6 shows the alignment of the BNSF line and the location of the turnouts near the site.

About 90 trains pass through Milan and Grants daily on the track. The particular line through Milan runs generally east to west, from Belen, NM, to Needles, CA, south of Las Vegas, NV. It is one of 11 lines that make up BNSF's Southern Transcon rail corridor. Continuing on BNSF's network, a train could reach cities such as Albuquerque, Denver, El Paso, Houston or Chicago to the east or Phoenix, Los Angeles, Oakland, or Seattle to the west.

As a mainline, the line is designed for trains to move through quickly. The 2015 *New Mexico Freight Plan* notes that this may present a challenge for small shippers along a mainline – with a growing focus on economies of scale on the part of railroads, small shippers may face increased costs or logistical challenges when tying into a mainline.

The BNSF mainline is used daily for passenger service by Amtrak's Southwest Chief route. The train does not stop in Milan or Grants – the closest stops are in Gallup to the west and Albuquerque to the east.

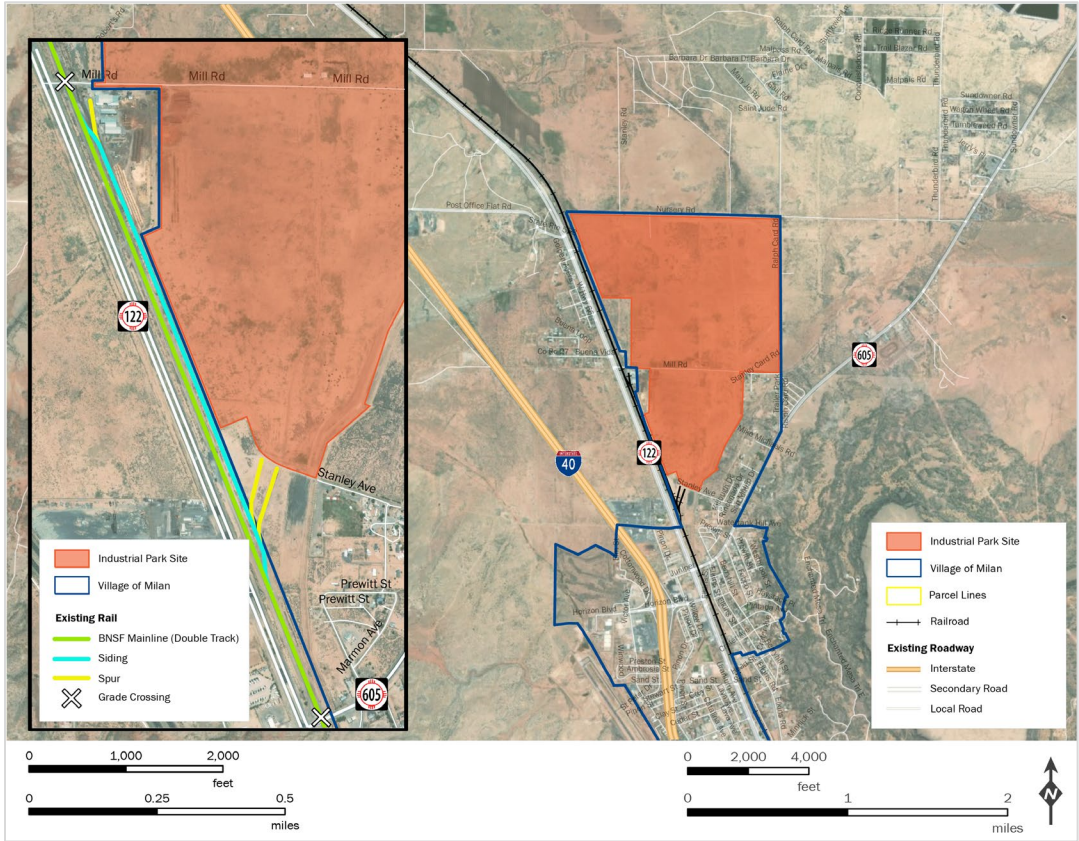


Figure 6: Existing Rail near Industrial Park Site

2.2.3.1 Rail Sidings

As depicted Figure 6, an existing runaround (siding) from the BNSF mainline begins near the intersection of NM 122 and Piñon Drive (BNSF Mile Post 99.671) and extends for just over a mile, where it rejoins the mainline just before Mill Road (Mile Post 100.704). This runaround is powered by an electric switch. Immediately after the initial runaround at Piñon Drive, two additional spurs split from the siding and extend roughly northward for about 800 feet, stopping at the edge of the Industrial Park site (see Figure 7). While intended for use, these spurs were built approximately 30 to 40 years ago and need updates to the existing ties as well as resurfacing. Current ownership of the land on which these spurs are located is also unclear, based on a preliminary review of parcel ownership records.



Figure 7: Existing Rail Spur Splitting from Siding

2.2.3.2 Rail Crossings

In order to access the Industrial Park site from NM 122, one must cross the BNSF mainline. There are currently three railroad crossings near the Industrial Park site:

- An improved crossing at NM 605 near NM 122. This crossing is currently marked with railroad crossing gates as shown in Figure 8.
- An unimproved crossing located at Mill Road
- An unimproved crossing at Stanley Road, towards the northern edge of the Industrial Park site, as shown in Figure 8.



Figure 8: Rail Crossings at NM 605 (left) and Stanley Road (right)

2.2.4 Airport

The Grants-Milan Municipal Airport is located along the southwest of edge of the Village (see Figure 3 on page 3 for airport location). The airport is classified as a general aviation airport, meaning it does not have regularly scheduled commercial flights. The airport is owned by the City of Grants and is mostly located within Grants city's limits; however, the facility must be accessed from Aspen Avenue in Milan. The airport is approximately 2.5 miles from the Industrial Park site via road.

The closest airport with commercial services is Albuquerque International Sunport airport, located 80 miles east via Interstate 40. The airport is an FAA "Primary – Medium" airport and is served by most major passenger and cargo airlines. Passenger service exists from the Sunport to 20 destinations across the United States. (Its last international service ended in 2007.)

The 2017 Grants Comprehensive Plan calls for upgrades to the Grants-Milan airport, including an expansion of the runways to support additional capacity and to support local economic development. One of the recommendations in the plan is for the facility to be developed into a reliever airport for the Sunport. Several recent improvements have been made, including resurfacing of the runway, installation of an upgraded fueling station allowing after hours self-service fueling, and preparation of a pad for a 10 by 100-foot spec building.

2.2.5 Water and Sanitary Sewer

The Village of Milan provides water and sanitary sewer (wastewater) service in the vicinity of the Industrial Park site. Currently, both water distribution and wastewater collection lines extend up to the industrial site but would need to be extended onto the site to serve new development. One of the Village's three lift stations would likely need to be upgraded for sanitary sewer service to be expanded to the site.

The Village's water system serves most of the area within the village limits, generally south of NM 605. There is an existing potable water main line along Ralph Card Road that serves the Homestake community, located north of the Industrial Park site. Future water services to the industrial park would be procured from this main line. Future water demands will need to be determined, as well as the type of fire suppression to properly size the new service line and pressure requirements.

Milan's sanitary sewer system consists of three lift stations and 89,000 feet of sanitary sewer line. (Wastewater is processed at the City of Grants wastewater plant.) Sewer lines extend generally between the village limits on the south, NM 605 on the north, I-40 on the west, and the village limits on the east. A high percentage of Milan's population is not currently connected to the wastewater system, and the residents in the vicinity of the industrial site are on septic tanks. The Village is planning to connect residents in the Berryhill subdivision (located just south of the Industrial Park site) to the sanitary sewer system. For the Village to expand service in Berryhill and to provide sanitary sewer service to future developments within the Industrial Park site, the Lift Station located at Kearns Field Lift Station would need to be overhauled or replaced.

2.2.6 Dry Utilities

Continental Divide Electric Cooperative (CDEC) provides electricity to the Village of Milan and to the cities of Grants and Gallup. CDEC currently has electrical transmission overhead power lines on the north, east and south perimeters of the Industrial Park site. Sacred Winds Communications, a New Mexico-based company,

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provides telephone and broadband communication in Milan. New Mexico Gas is the natural gas utility in the area.

2.2.7 Environmental

The Industrial Park site was evaluated for potential environmental constraints associated with the development of the site, archeological sites, threatened & endangered species, hazardous material, and other environmental items described by the New Mexico Environment Department (NMED), the State Historic Preservation Officer (SHPO) and New Mexico Statutes. This was accomplished by reviewing readily available online data and previous studies/reports.

2.2.7.1 Geology and Soils

The major geologic units in the area include the Upper Triassic Chinle Formation, the Permian San Andres Limestone, and Glorieta Sandstone. The Chinle Formation, which primarily consists of shale, includes two sandstone aquifers in the area, interbedded with mudstone units. The Chinle Formation forms the base of the alluvial aquifer. It separates the alluvium and the San Andres aquifer and is approximately 800 feet thick. Soils in the area are Aparejo and Mespun. Aparejo contains materials classified as clay or clay loam, signifying high silt and clay content. Mespun contains materials classified as loamy sand, also signifying high silt and clay content.

The U.S. Geological Survey (USGS) 1995 7.5-minute Quadrangle for Milan, New Mexico indicates that topography of the site is generally gently sloped to the east and north with a surface elevation of approximately 6,540 feet above mean sea level.

Portions of the proposed site were formerly use for agricultural production. A Phase II Environmental Site Assessment (ESA) was conducted of the subject property in 2012 to determine whether past chemical use associated with agricultural production may have impacted soils and groundwater. Analytical results for agricultural application, including pesticides, herbicides, and nitrate, were found to be below NMED soil screening levels (SSLs) and widespread contamination was not identified in soils or groundwater of the subject property. The Phase II evaluation recommended additional characterization to be performed in the burn pit area prior to any development, where elevated readings of radium and dioxins/furans where documented. This area is located in the north-central portion of the site. In addition, the Phase II ESA may require updating to ensure that results are still within current SSL levels. ⁴

2.2.7.2 Water Resources

The Rio San Jose, a perennial stream, is located in the project area. The stream is a jurisdictional water of the United States, regulated by the U.S. Army Corps of Engineers (USACE) under the Clean Water Act. In 2016, the Village of Milan obtained a Clean Water Act Section 404 permit from the USACE to re-channelize the stream as part of the Milan Farm Tracts Flood Control Project (SPA-2014-00408-ABQ). The project redirected the stream into a new channel to eliminate flood inundation of the proposed industrial site location. No further impacts to the Rio San Jose are anticipated from the proposed site development.

Although no wetland areas are anticipated in the project area from previous flooding events, a biological survey may be required to verify the presence or absence of wetlands to comply with stipulations in the Clean Water Act and associated regulations for the protection of wetlands.

2.2.7.3 Floodplains

Prior to re-channelization of the Rio San Jose, the Federal Emergency Management Agency (FEMA) National Flood Hazard Map Service identified that a large portion of the site is located within a Zone A floodplain, or 100-year floodplain. As discussed above, a channel was constructed to capture and convey the Rio San Jose flood through the project site without floodplain inundation. This flood control project altered the 100-year floodplain and the project site is no longer in a flood risk area. A Letter of Map Revision (LOMR) for the 100-year floodplain is in process and awaiting FEMA approval. See Figure 9, showing the new area of inundation from the realigned Rio San Jose.

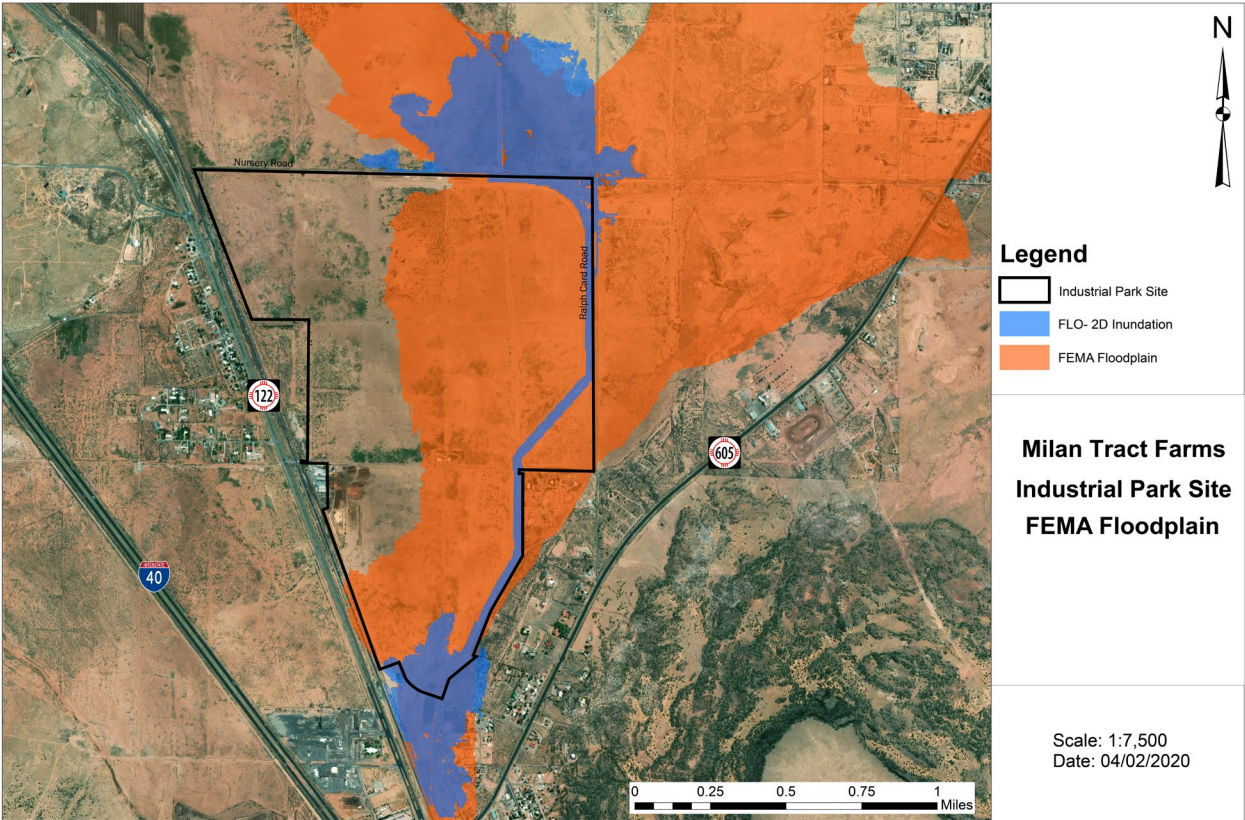


Figure 9: Existing FEMA Floodplain and Modeled Inundation Area from Realigned Rio San Jose (FLO-2D Inundation)

⁴ Daniel B. Stephens & Associates, Inc. 2012. Phase II Characterization, Milan Farm, Milan, New Mexico. Project Site Code 87021-001.

2.2.7.4 Protected Species

The USFWS enforces the Federal Endangered Species Act and Migratory Bird Treaty Act, protecting specific species of plants and animals and their habitat. A review of potential sensitive species occurrence in the vicinity of the site was performed using the USFWS Information for Planning and Consultation (IPaC) web tool. Six federally protected species were identified as having the potential to occur within the vicinity of the site (see Table 1). Four species are listed as federally threatened, and two species are listed as federally endangered. No critical habitat for these species was identified within the project area, but effects to critical habitat at this location would require analysis along with the endangered species themselves.

In addition to federally threatened and endangered species, the New Mexico Department of Game and Fish (NMDGF) maintains the Biota Information System of New Mexico (BISON-M); a list of state protected species by county. Species listed as part of the analysis for this site were those listed as threatened or endangered by the NMDGF for Cibola County. Six state protected species were identified as having the potential to occur within the vicinity of the site. Four species are listed as state threatened and two species are listed as state endangered (see Table 1).

Based on the location, habitat, and past architectural use of the project site, it is not anticipated to contain suitable habitat for listed species. However, migratory bird species may be present in the area, particularly due to the proximity to a perennial water source. Section 7 of the Endangered Species Act requires federal agencies to consult with USFWS before undertaking an action or making an approval that may affect a federally listed threatened or endangered species. A biological survey may be required depending on future project permitting and funding.

Table 1: Federal and State Protected Species in the Vicinity of Milan Industrial Park Site

Common Name	Scientific Name	Status ^a
Mammals		
Spotted bat	<i>Euderma maculatum</i>	ST
Birds		
Mexican spotted owl	<i>Strix occidentalis lucida</i>	FT
Bald eagle	<i>Haliaeetus leucocephalus</i>	ST
Peregrine falcon	<i>Falco peregrinus</i>	ST
Gray vireo	<i>Vireo vicinior</i>	
Southwestern willow flycatcher	<i>Empidonax traillii extimus</i>	FE; SE
Yellow-billed cuckoo	<i>Coccyzus americanus</i>	FT
Fish		
Zuni bluehead sucker	<i>Catostomus discobolus yarrowi</i>	FE; SE
Flowering Plants		
Pecos sunflower	<i>Helianthus paradoxus</i>	FT
Zuni fleabane	<i>Erigeron rhizomatus</i>	FT

^a FT = federally threatened; FE = federally endangered; ST = threatened; SE = state endangered

2.2.7.5 Cultural Resources

Depending on future project permitting and funding, Section 106 of the National Historic Preservation Act and New Mexico state laws and regulations for the management of cultural resources may apply in the development of the Industrial Park site.

A cultural resources investigation was conducted in 2015 for the San Jose River channelization project based on impacts to a jurisdictional waterway that required USACE permitting under the Clean Water Act. ⁵ This survey covered a portion of the project area, focused on the existing and proposed channels of the Rio San Jose, as shown in Figure 10. Two archaeological sites were identified and documented during the investigation, one of which was determined as eligible for listing on the National Register of Historic Places by the New Mexico State Historic Preservation Officer (SHPO). This site is located in the extreme northeastern corner of the project area and consists of an historic abode homestead and associated artifacts. This site would need to be reassessed and managed to avoid, minimize, or mitigate any adverse effects from future development in this area.

⁵ Copperstone, C. 2015. Cultural Resources Inventory for the Proposed Milan Farm tracts Drainage Channel Project in Cibola County, New Mexico. Tierra Right of Way Archeological Report No. 2105-089. NMCRI 134042.

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The majority of the proposed Industrial Park site has not been surveyed for the presence of potentially significant cultural resources. Based on the past use of the area for agricultural purposes and its partial location in an historic floodplain, the likelihood of encountering numerous intact cultural resources is low in this area. However, the proximity to a perennial stream and the high-density of known prehistoric sites in the general area suggest that cultural resources are likely present in the site. A cultural resources investigation would be required if any state or Federal agencies provide funding or permits for future development of the industrial site.

A Phase II Environmental Site Assessment (ESA) was conducted of the proposed site in 2012 due to the potential of soil and groundwater contamination resulting from (1) chemical use associated with past agricultural use of the property, and (2) the potential presence of contaminants related to documented uses of properties adjacent to the proposed site that included historical groundwater contamination. The adjacent properties include the Homestake Mining Company Superfund Site, the Former Dow Chemical Railroad Spur, the Mt. Taylor Millwork, and the former Chemical Marketing Service Railroad Spur. Field sampling was performed and documented in the report. Widespread contamination was not identified in the soils or groundwater of the subject property.

2.2.7.6 Air Quality

The New Mexico Environment Department (NMED) Air Quality Bureau is responsible for enforcing air quality standards of the federal Clean Air Act. The regulatory authority that NMED exercises to enforce air quality standards come from the state’s Environmental Improvement Act, Air Quality Control Act, and the State Implementation Plan approved by the U.S. Environmental Protection Agency (EPA). The NMED Air Quality Bureau retains jurisdiction to permit and monitor industries that wish to build or modify facilities that emit air pollutants (emissions) into the air. Coordination with this bureau would be required prior to any construction activities to develop this site.

2.2.7.7 Water Quality

The NMED Surface Water Quality Bureaus are responsible for enforcing New Mexico Water Quality Standards, defining water quality goals by designating uses for water resources, and setting criteria to protect and preserve water quality. The state water quality standards are adopted by the Water Quality Control Commission and approved by the EPA under the federal Clean Water Act. The Surface Water Quality Bureau would need to be consulted in order to obtain permits in relation to utility operation (water and wastewater), point source discharge, and dredge-and-fill permits (as applicable). The NMED Ground Water Quality Bureau would need to be consulted to ensure compliance with groundwater protection measures and, if applicable, obtain a ground water pollution prevention permit.

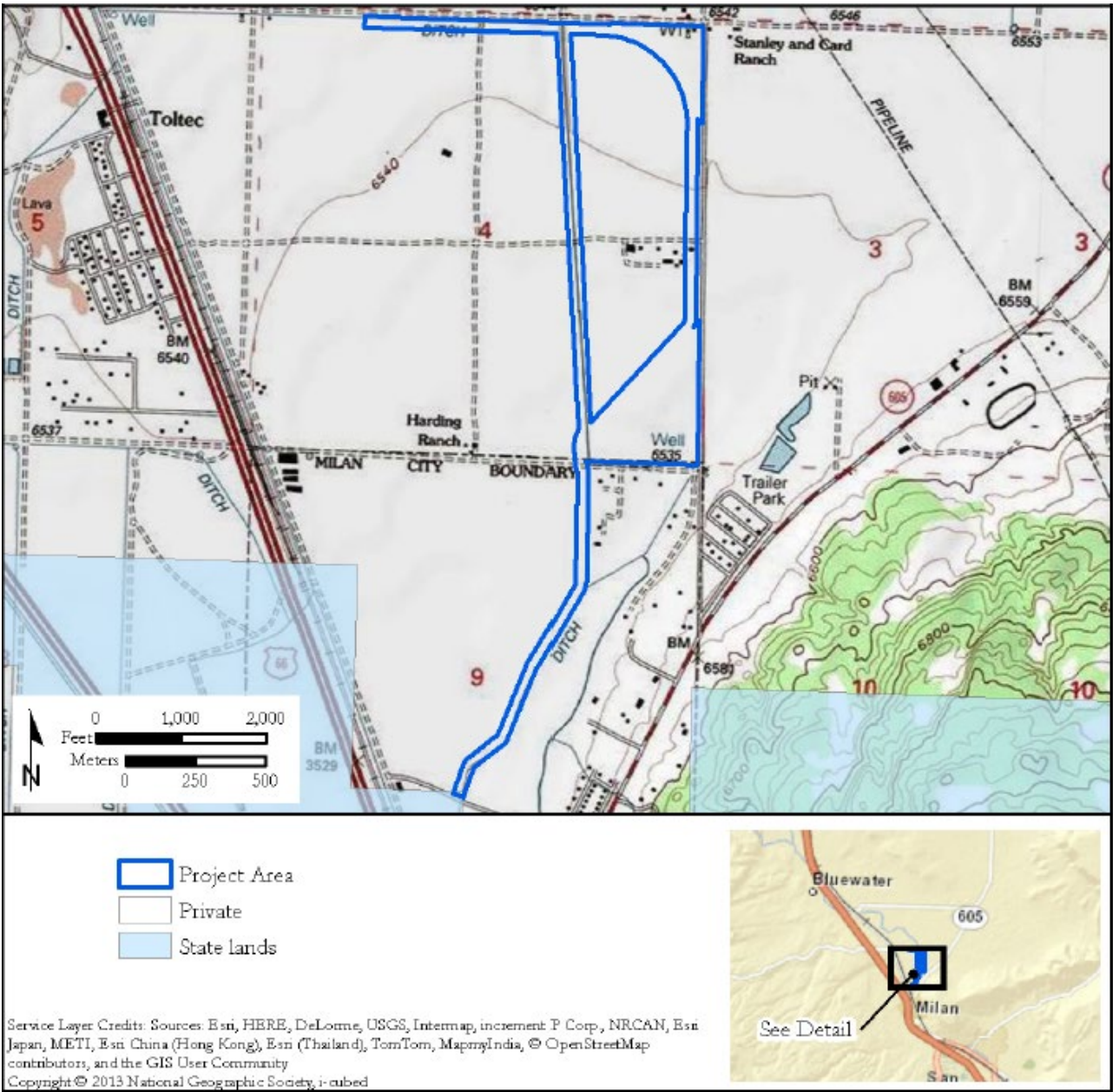


Figure 10: Area Previously Surveyed for Cultural Resources

2.2.7.8 Hazardous Materials

Phase I and II ESAs were conducted in 2011 and 2012 for the Industrial Park site. Based on the presence of recognized environmental conditions (RECs) in the vicinity, the Phase II investigation included soil and groundwater testing throughout the proposed site. ⁶ Contaminants of concern included potential contaminants

⁶ Daniel B. Stephens & Associates, Inc. 2012. Phase II Characterization, Milan Farm, Milan, New Mexico. Project Site Code 87021-001.

from a farm operation, burn pit/open dump, and off-site sources including pesticides, herbicides, nitrogen species, uranium, selenium, molybdenum, VOCs, PAHs, TAL metals, dioxins, and furans.

The general finding was that widespread contamination was not identified in soils or groundwater at the subject property. Analytical results for agricultural application, including pesticides, herbicides, and nitrate, were found to be below NMED SSLs. Two elevated readings were documented: radium and dioxins/furans. The only recommendation from the Phase II evaluation was for additional characterization to be performed in the burn pit area prior to any development. This area is located in the north-central portion of the site. In addition, the Phase II ESA may require updating to ensure that results are still within current SSL levels. Monitoring well locations are shown Figure 11.

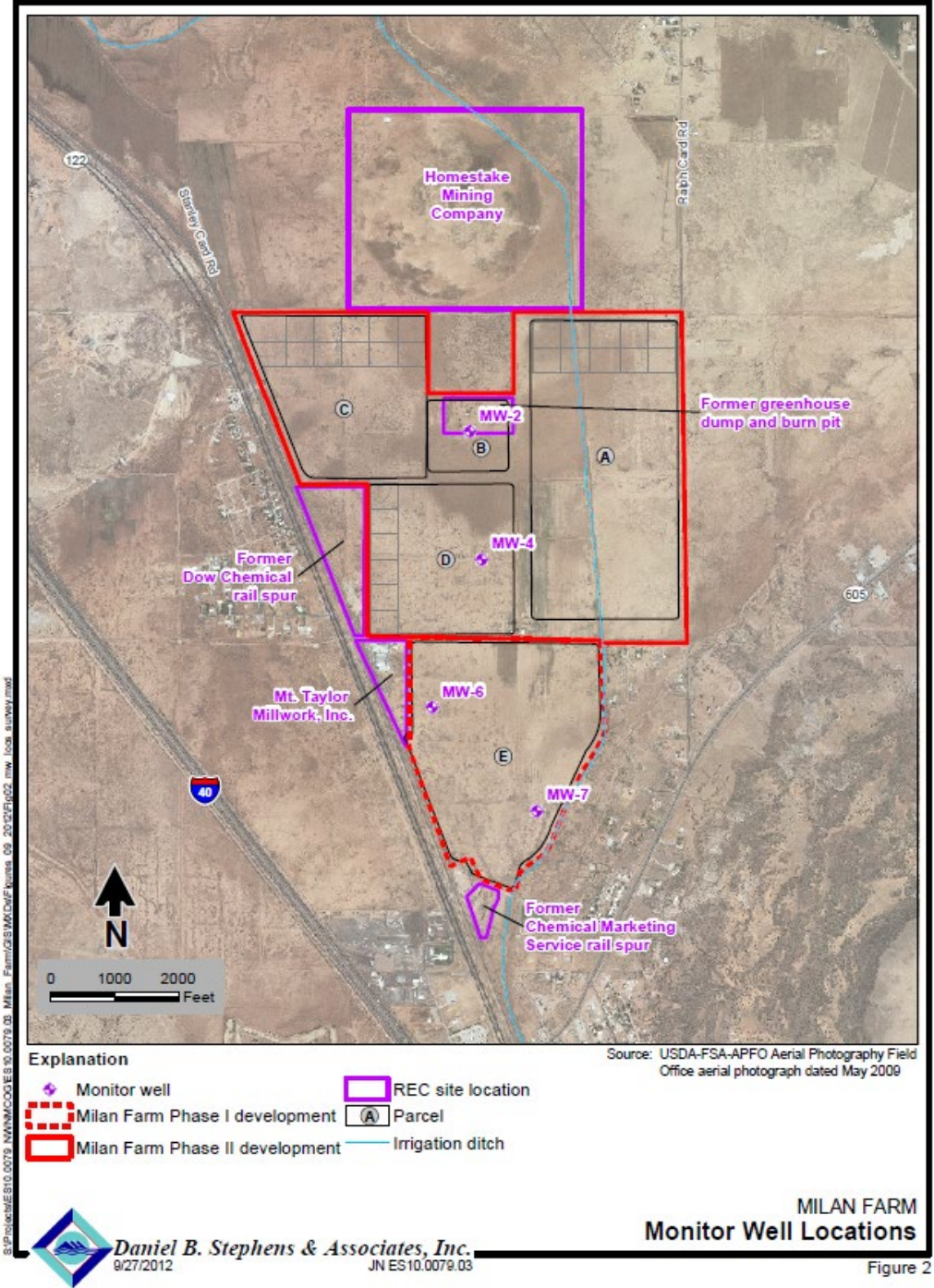


Figure 11: Monitor Well Locations from Previous ESA

3 Proposed Industrial Park

3.1 PRELIMINARY PROJECT DESIGN

This document provides a 30% conceptual design for the Industrial Park site. This design identifies the proposed layout of parcels, roadways, utilities, and related easements. These elements are summarized below and are shown in detailed drawings in Appendix A.

The project team prepared a proposed plat showing how the site should be subdivided to reflect the conceptual design. This plat is shown in Figure 12. More detailed drawings of the plat can be found in Appendix A.

This preliminary design does not detail the specific design of developments within the site. These will ultimately be determined by private developers. The one exception is the Phase I Spec Building, for which the project team has provided 90% designs. Those designs are detailed in Chapter 4.

A major channel relocation of the Rio San Jose was constructed in 2019 to remove the proposed industrial park for the floodplain and to provide a drainage outfall. All of the industrial park lots will require fill to provide drainage. The site will be rail served with an existing siding from the BNSF Transcon Railroad. The site also has good access from NM 122 (previously US 66) and from NM 605 via Ralph Road and Nursery Road. The site drains from north to south with the water/wastewater connections located on the south end of the project.

3.1.1 Proposed Plat

The layout of the proposed industrial park is detailed in the proposed plat. The plat is drawn to scale and records the proposed parcels’ sizes, boundary locations, nearby existing streets, proposed street rights-of-way, and any easements. These represent the lots the Village aims to subdivide and make available to developers.

The proposed short line rail alignments and overall industrial park site footprint dictate the proposed parcel layout. Nursery Road and Ralph Card Road are existing roads and will be upgraded with the development of the industrial park. The standards for new road and rail in the proposed industrial park are described in the following sections.

The lot layout was developed to include:

- 1. A large 200-acre tract to serve an anchor development that may require a unit train loop track for large scale shipment of oil-/gas-based materials or agricultural products.
- 2. Lots in the 14-to-24-acre range to serve warehousing, offices, and manufacturing. These smaller parcels are intended to accommodate spec buildings of 75,000 SF or smaller.
- 3. Lots between 32 and 46 acres that can be combined with a spur track in the center for a transload facility and equipment/laydown yard (tubular, frac sand, fertilizer, etc.). These mid-sized lots are designed to accommodate large spec buildings in the range of 200,000 to 300,000 SF.

Each lot was planned to have good access to roads and rail. The layout should meet any type of development requirement, with available areas for growth and expansion. Recording of the plat is a requirement of the BNSF Site Certification Process.

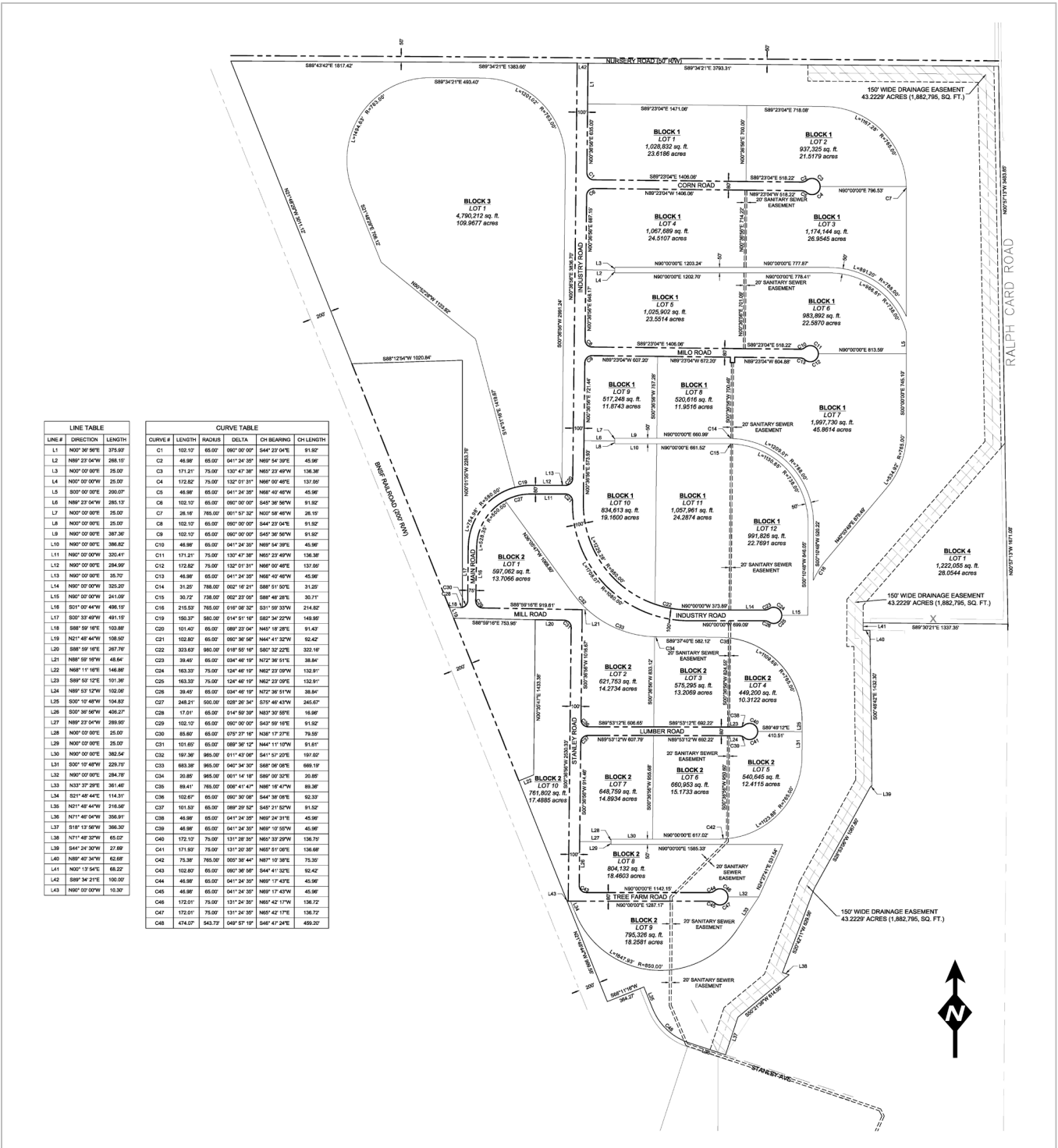


Figure 12: Proposed Plat for Industrial Park Site

The modest acreage of the lots makes the industrial park affordable and attractive. The Village Planning & Zoning Board supports economic development of the industrial park, and for this reason, understands that the developers’ needs may be such that replatting of individual parcels may be requested to accommodate larger-acre development parcels than presently provided for in the plat. The process for such a request is outlined below:

- Village of Milan, as Owner, determines whether the property is capable of being subdivided or recombined to form larger lot(s).
- Village of Milan makes application to the Planning & Zoning Board, which is made up of members Dorothy Vicky Rougemont, Mary Lundstrom, Jaelaurie King, Mary Miera, and Daren Simpson. The Village will serve as petitioner.
- Public hearing notices for platting applications are sent out by the Village to residents adjacent to the petitioner's property and to the community Board of Trustees where the property is located.
- Notice of the Platting Board's public hearing is published in the newspaper.
- Comments on plats from the public and Village On-call Engineer are returned to the Village Manager. Village Manager makes recommendations and sends the application to the Planning & Zoning Board.
- The Planning & Zoning Board holds a required public hearing and accepts the plat with conditions, rejects the plat, or returns the plat for redesign and modification to address specific concerns of the Board.
- Any adversely affected party may appeal the Board's decision within 15 days of the Board's action.
- A final plat is submitted and the Village’s On-call Engineer checks to ensure that conditions of approval have been met. The plat is routed to Public Works for checking, then returned to the Planning Department for further processing, including receipt of the tax certificate, current certificate to plat (land title report), and signatures of various officials. When completed it is ready for recording at the Assessor’s office in Cibola County.
- Once the property is subdivided (final plat recorded), lots are available for sale.

3.2 30% DESIGN ELEMENTS & CRITERIA

The following subsections describe the design elements evaluated as part of the 30% design and the design criteria identified for each element.

3.2.1 Standard Specifications for Public Works Construction

The dedicated right-of-way infrastructure (i.e. roads, curb & gutter, permanent signing and striping, drainage structures, sewer, water, etc.) is owned and maintained by the Village. Public infrastructure will adhere to the standard of care, which is the New Mexico American Public Works Association (APWA) Standards Specifications for Public Works Construction, 2006 Edition. The NM APWA Standard Specifications includes both material and installation specifications as well as standard drawings for roadway, drainage, wastewater, and water infrastructure. Unique infrastructure such as a water booster station, are specifically designed to provide the necessary flow and system pressure required to serve the Industrial Park site. City of Albuquerque standards are referenced as well. The Phase I Spec Building will follow American Institute of Architects (AIA) and New Mexico Construction Industries standards (spec building design criteria are discussed in Chapter 4).

3.2.2 Roadway

The roadway network is shown in Figure 14. The spine of the roadway network would be made up of Industry Road, Mill Road, and Stanley Road These are designed to serve as minor arterials, feeding traffic into and out of the site to and from the larger roadway network. The Minor Arterial Street cross section proposed for the site includes a 100-foot right-of-way, occupied by four (4) 12-foot travel lanes, 8-foot shoulders, 5-foot buffers with curb & gutter, and 5-foot sidewalk(s) (see Figure 13).

The remaining internal roadway network would be made up of collector streets, which would serve to connect traffic – especially freight traffic – to a limited number of lots. The Industrial Collector Street proposed for the site is geometrically defined by 80-foott right-of-way, two (2) 12-foot travel lanes and a 12-foot continuous center left turning lane, 8-foot shoulders, 5-foot buffer, and 5-foot sidewalk(s) (see Figure 13).

The roadway typical sections were developed based on FHWA Functional Classification Guidelines to meet proposed functional use. The roads in the network are designed for truck traffic with larger radii on the intersection returns and wide lanes.

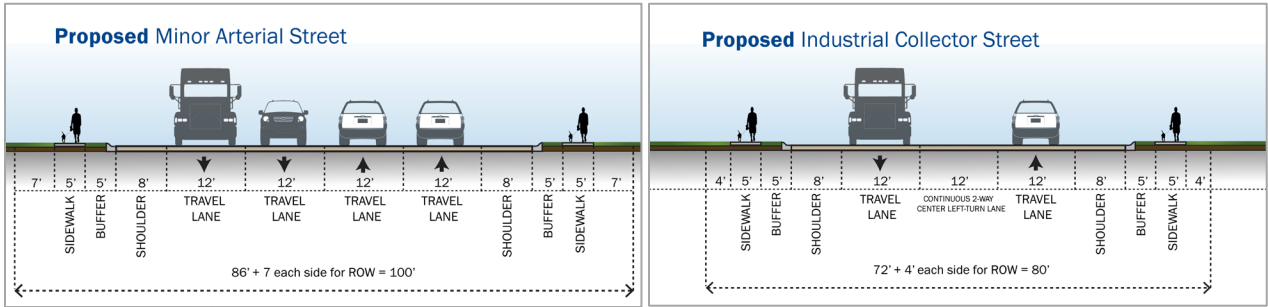


Figure 13: Proposed Typical Cross Sections for New Industrial Park Roads

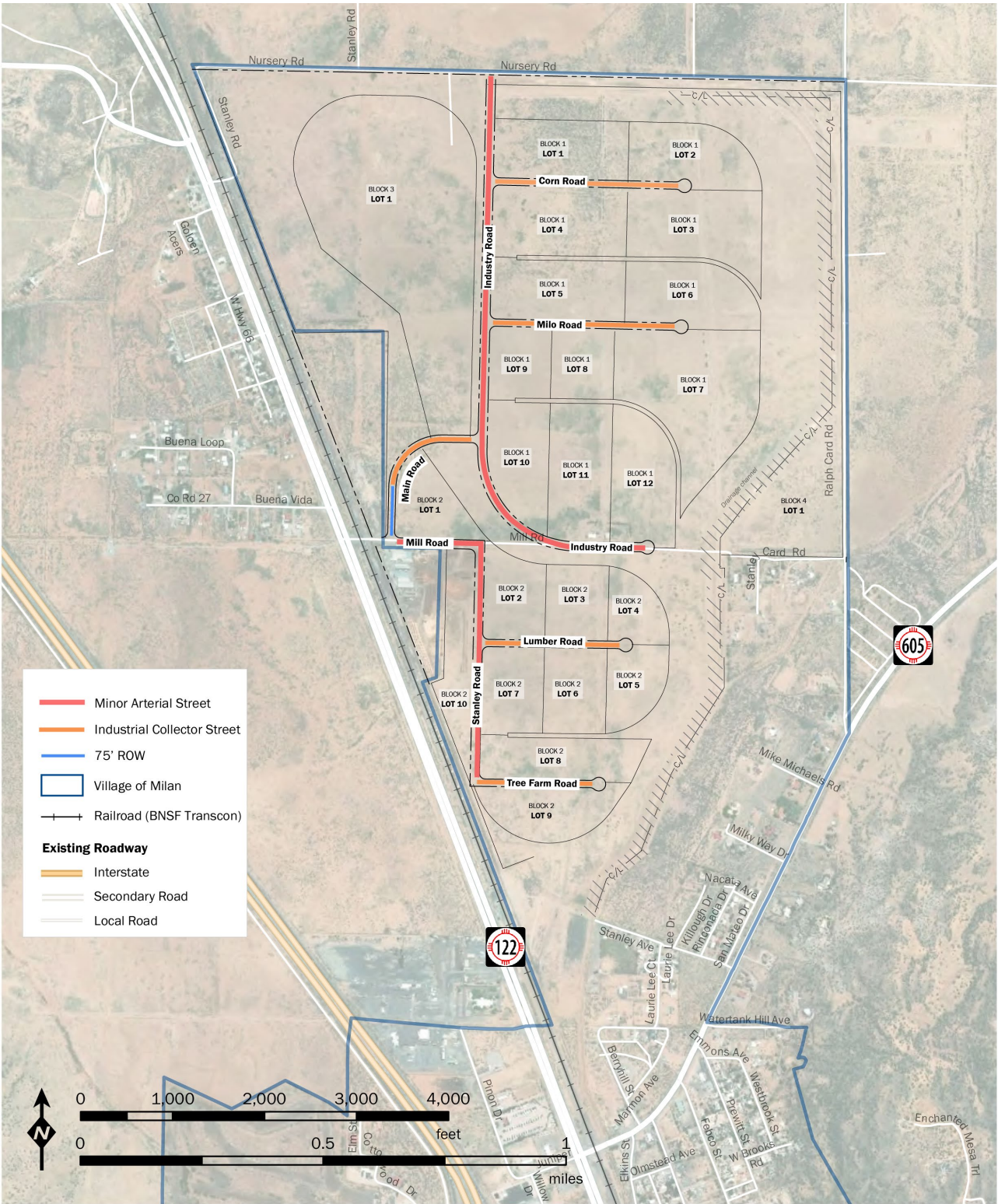


Figure 14: Proposed Industrial Park Road Network Layout

3.2.2.1 Pavement Design

A geotechnical investigation must be completed prior to final design of the proposed cross sections. In the past 15 years, geotechnical investigation of various projects throughout the Village have demonstrated that the near-surface soils are predominately comprised of moderate to high plasticity sandy clays and clayey sands. R-Values have been found as low as 4 to 6.

The R-Value, or resistance value, of a soil is measured in a stabilometer test, and is usually estimated for pavement design. The R-value is the ability of a soil medium to resist lateral spreading due to an applied vertical load, such as tire loads. A range of values are established from 0 to 100, where 0 is the resistance of water and 100 is the resistance of steel. Typical R-values are presented in Table 2 (from Lindeburg).

The preliminary pavement design is based on an R-Value of 5. The proposed flexible pavement sections include HMA over Class II Base Course, bridged by a geogrid tensor fabric, over sub-grade preparation.

Table 2: Typical R-Values for Pavement Design

Soil Type	R-Value
Clay	5-15
Sandy Clay	10-20
Clayey Silts	20-35
Sandy Silts	20-55
Silty Sands	25-70
Sand	40-75
Gravel	20-80
Good Crushed Rock	75-90

3.2.3 Proposed Rail

The proposed rail layout for the Industrial Park site is shown in Figure 15. The proposed layout would use loop track, manifest yard and spur tracks to service lots. The manifest yard on the east side of the site could develop in many ways including manifest, storage, classification or a combination of uses. Therefore, this report recommends only the initial construction of the rail backbone required to provide rail access to the lots. This logic applies to the loop track also since an anchor developer using this large lot may require different layouts to optimize their operations. The cost estimate for rail includes the rail construction needed to provide rail access along with the overall grading and drainage but not the loop track or manifest yard tracks (see chapter 5 for a summary of cost estimates and Appendix D for detailed cost estimates).

3.2.4 Drainage

Drainage flows from the platted site are generally from north to south. The Rio San Jose Channel was recently reconstructed on the eastern portion of the site to bypass offsite flows and serve as a collector for the flows from the platted site. The industrial park drainage system will outfall to the Rio San Jose Channel. Due to the flat grades and the perched condition of the Rio San Jose, the drainage system primarily consists of ditches and culverts. The overland flows from the platted area will be routed to the roadways and ditches within the plat to the Rio San Jose Channel. The drainage system has been designed for a 100-year design storm. The industrial park was subdivided into drainage basins and a drainage system developed that provided 100-year drainage within the roadways and ditches. The hydrology was based on the *NRCS TR55 Urban Hydrology for Small Watersheds* to determine storm runoff volume and peak rates of discharge. The peak rates of discharge used for this analysis were:

- 100-year = two (2) cubic feet per second (CFS)/acre for Industrial Development – building, parking, etc.
- 100-year = 1.5 CFS/acre for Light Industrial Development – laydown, storage, etc.

The storm drain system can be divided into four systems with each system conveying the 100-year storm runoff to the Rio San Jose Channel on the east side of the industrial park via 48” RCP culverts with flap gates under the proposed rail extensions. A summary of the approximate storm drain system is below:

- North System: Three sub-basins north of Mill Road (future phases):
 - 60 LF of 24” pipe
 - 400 LF of 30” pipe
 - 3,000 LF of 48” pipe with flap gates
 - 5,000 LF of concrete channel adjacent to roads
 - 9,000 LF of earthen ditches
- South System: One sub-basin south of Mill Road (initial phase):
 - 800 LF of 48” pipe with flap gates
 - 2,000 LF of concrete channel adjacent to roads
 - 3,000 LF of earthen ditches

The layout of the proposed storm drain system is found in Appendix A.

The platted lots can drain to the Rio San Jose with a programmable, cost-effective drainage plan that will allow the logical development of the industrial park.

3.2.5 Water and Sanitary Sewer

This information is intended to provide a high-level view of the water and sanitary sewer infrastructure needed to serve the industrial park at full buildout. Water and sanitary sewer sizing were developed based on assumed land usage type and net acreage by parcel. Land use assumptions for water and wastewater demand are detailed in Table 3 and Figure 16. Where areas were anticipated to have a dense concentration of buildings or high-intensity land use, these were considered Medium Industrial. Two parcels had dense areas of buildings but also large portions of open area. To better approximate usage of these areas, a Medium-Light Industrial definition was applied, where a percentage of the parcel was considered Medium Industrial and the remainder considered Light Industrial. For planning purposes water demands are assumed to be 33% more than the sanitary sewer flows.

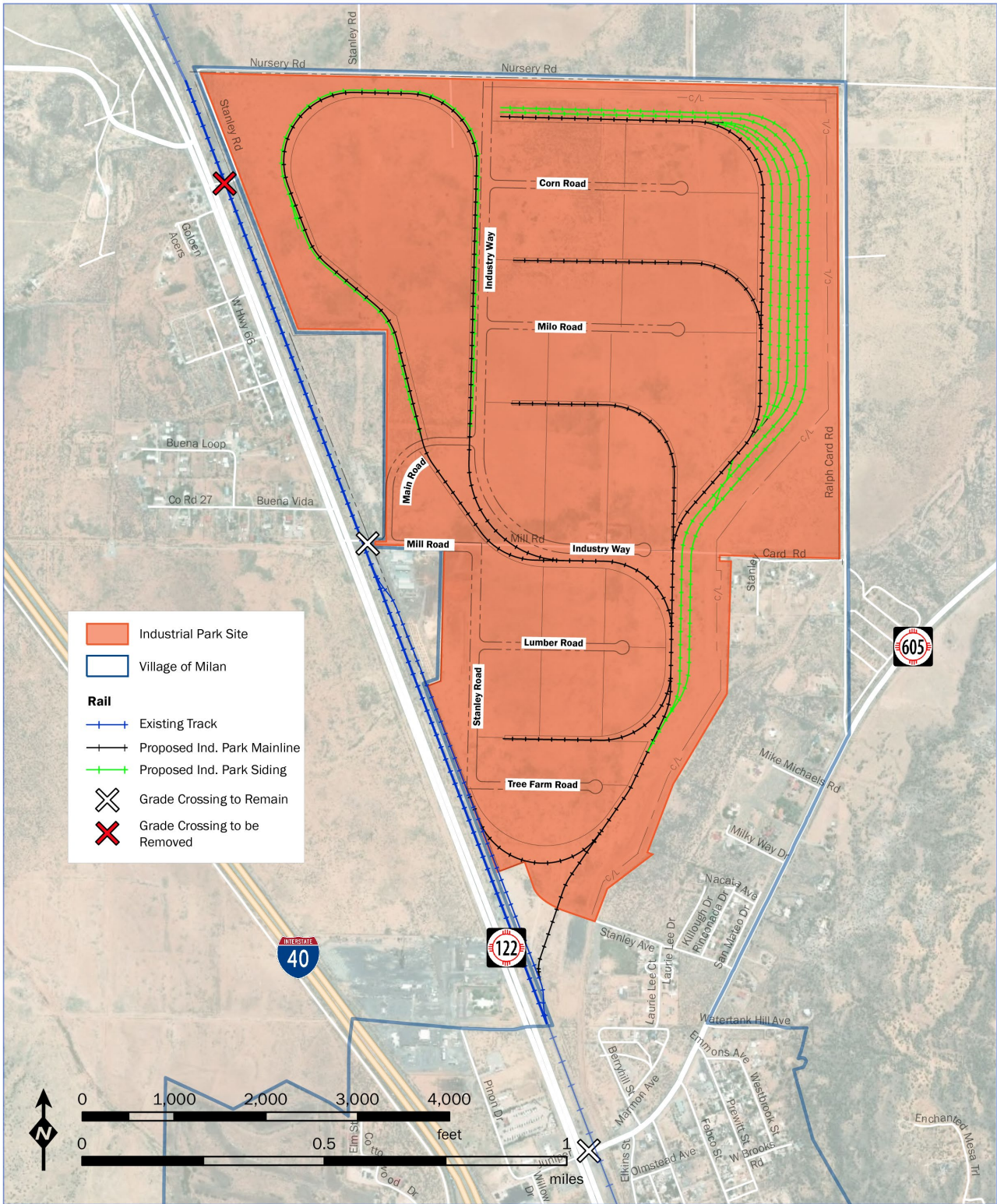


Figure 15: Proposed Industrial Park Rail Layout

3.2.5.1 Water

The water supply for the full buildout of the Milan Industrial Park is estimated to require approximately 450,000 GPD (1.4 acre-feet/day), which the Village of Milan’s existing water supply could safely supply. The Village of Milan existing water supply could supply a maximum of 760,000 GPD (2.3 acre-feet/day) to the industrial park, but this would limit the system from further growth and decrease the water supply surplus for emergencies. If additional water supply is required, it should be possible to drill a well on site to supplement the water supply to the site, as there are several wells within the site boundary according to the Office of the State Engineer. Determining the quantity of water available would require a hydrogeological study of the site.

The peak daily flow need in the industrial park is approximately 780 gallons per minute (GPM) at full buildout. Based upon the latest Uniform Fire Code, if all hazardous materials or combustible storage building areas are supplied with sprinkler systems and other fire code requirements, and all other normal (Type 1) building areas are less than 22,700 SF in size, then fire flows may be sized at a rate of 1,500 GPM, with a required duration of two (2) hours. The total flow required for the site is approximately 1500 GPM + 780 GPM, or 2280 GPM.

On-site storage is required to fight fires and supply the fire pump, since the existing Village of Milan does not currently have that capacity. The sizing of fire storage at this stage is not easily determined, as there are neither any site tenants, nor have the materials of storage been selected. Also, the presence of any assembly processes within the site have not been ruled out. Therefore, at this stage, on-site storage shall be increased by a factor of 1.50. The storage calculations are thus: (2280 GPM – 528 GPM) x 2 x 60 x 1.5 = 315,360 gallons of storage required. To summarize, infrastructure for the water supply system will include a dedicated fire pump @ 2500 GPM, a booster system for peak daily supply with 2 or 3-pump matrix @ 1000 GPM with bladder-type pressure tanks provided to hold pressures in the system, and a 350,000-gallon on-site above-ground storage tank. This is in addition to the on-site distribution system to all the industrial tracts within the site, which will be located along roadway rights-of-ways to minimize the number of easements needed and provide access for future water system maintenance.

3.2.5.2 Wastewater

The wastewater requirement for the full buildout of the industrial park is estimated to be approximately 340,000 GPD. The sanitary sewer generation rates were developed by applying the peak sanitary sewer flow (peak flow in Table 3 below) times the net area of each parcel. Wastewater generation definitions are from the *City of Albuquerque Development Process Manual*, “Chapter 25: Sanitary Sewer Design Criteria.” Wastewater demand classes are described in Table 3 and are shown applied to individual parcels in Figure 16.

The flows were then routed into downstream sewer branches to determine pipe sizing. As sanitary sewer flows matriculate through the system, pipe sizes are increased to maintain system capacity. As with standard sanitary sewer design practices, pipe segments were sized so none of the segments were more than 60% full under peak flow conditions. Sanitary sewer alignments were placed along roadway rights-of-ways to minimize the number of easements needed and provide access for future sewer maintenance. The sanitary sewer system was routed to minimize rail crossings.

The natural slope is north to south. Due to the topography of the site, two new lift stations are required. One in the east-central part of the site that will feed into the second one on the southern end of the site and pumped to the existing system. There is an existing lift station located near the southern end of the site at Kearns Field,

which would need to be overhauled or replaced in order for the Village to expand service in Berryhill and to provide sanitary sewer service to future developments within the industrial site.

All the Village of Milan’s wastewater is currently conveyed through a metering vault to the City of Grants wastewater treatment plant (WWTP). The Village is exploring the possibility of constructing their own WWTP, with enough capacity for the industrial park.

Table 3: Water and Wastewater Generation Definitions

DEMAND CLASS	Zone Usage	Lt Ind	Med Ind	Hvy Ind	Avg Flow	PK Flow
		%	%	%	GPD/AC	GPD/AC
IND-LT	Rail Driven Industrial, Sparse Buildings, Warehouses	100%	0%	0%	447	745
IND-MD	Rail Driven Industrial, Medium Building Density	0%	100%	0%	1680	1982
IND-ML1	Rail Driven Industrial with Mostly Medium Density Buildings, But Otherwise Sparse Building Density	25%	75%	75%	5476.5	6278.5
IND-ML2	Rail Driven Industrial With some Medium Density Buildings, But Otherwise Light Building Density or Warehouse	75%	25%	0%	755.25	1054.25

3.2.6 Dry Utilities

No major obstacles to expanding electric power, natural gas, and telecommunications are foreseen. The project team has confirmed with the relevant utility providers that the warehouse and light-to-medium manufacturing operations envisioned for the site can be served.

Appendix I includes information on expansion of dry utilities to Industrial Park site and the Phase I Spec Building.

3.3 POTENTIAL CONSTRUCTION PROBLEMS

The site is very flat and drainage for the facility will require considerable earthwork material. Excess properties are being identified as potential borrow locations to be used in conjunction with drainage and park usage. power/communications/fiber are available near the site but gas will need to be delivered to the site from a distance away. Rail construction will require close coordination with the BNSF to meet their standards.

3.4 LAND REQUIREMENTS

The 2018 Industrial Park Master Plan identified a conceptual layout and land use which considered an additional 12 acres identified as Parcel Number R11486. Parcel Number R11486 is situated on the west side of the Industrial Park site and fronts the BNSF mainline (see Figure 17). Acquisition of the parcel is recommended as it will provide the Village greater flexibility in the future development of a unit train. Unit train options are important to attract larger tenants to the industrial park. As future tenants are attracted and needs develop, a unit train loop provides greater service opportunities and destination options. Meanwhile, a 19.42-acre portion of parcel R07309 is not currently included in the industrial park site or proposed plat, though it is part of the larger parcel owned by the Village of Milan. This land could serve as a borrow location.

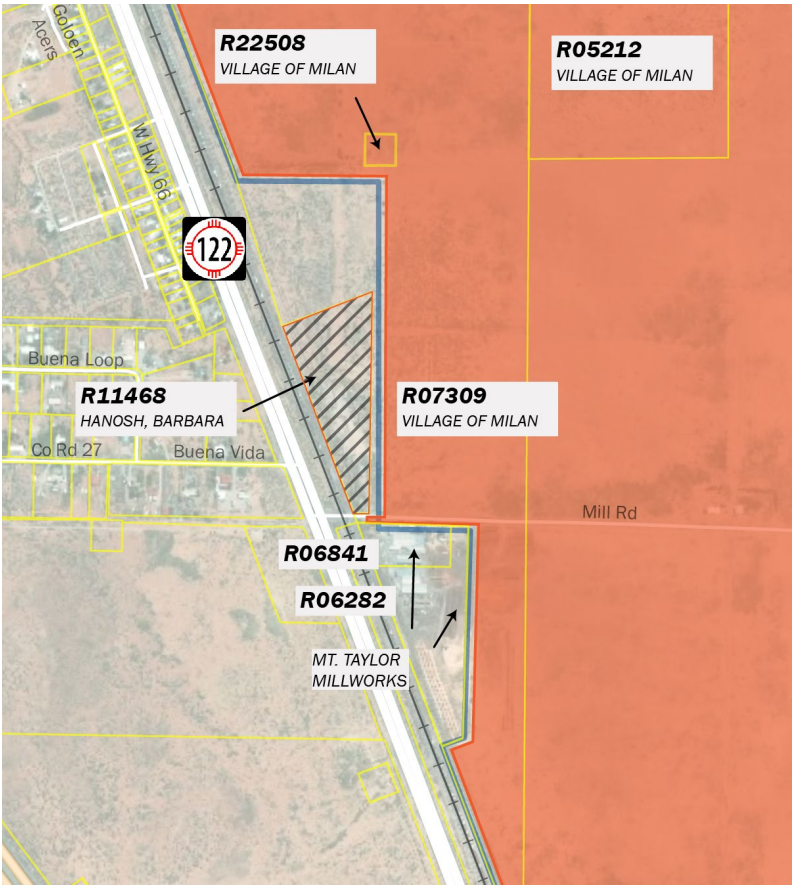


Figure 17: Additional Parcel for Future Acquisition

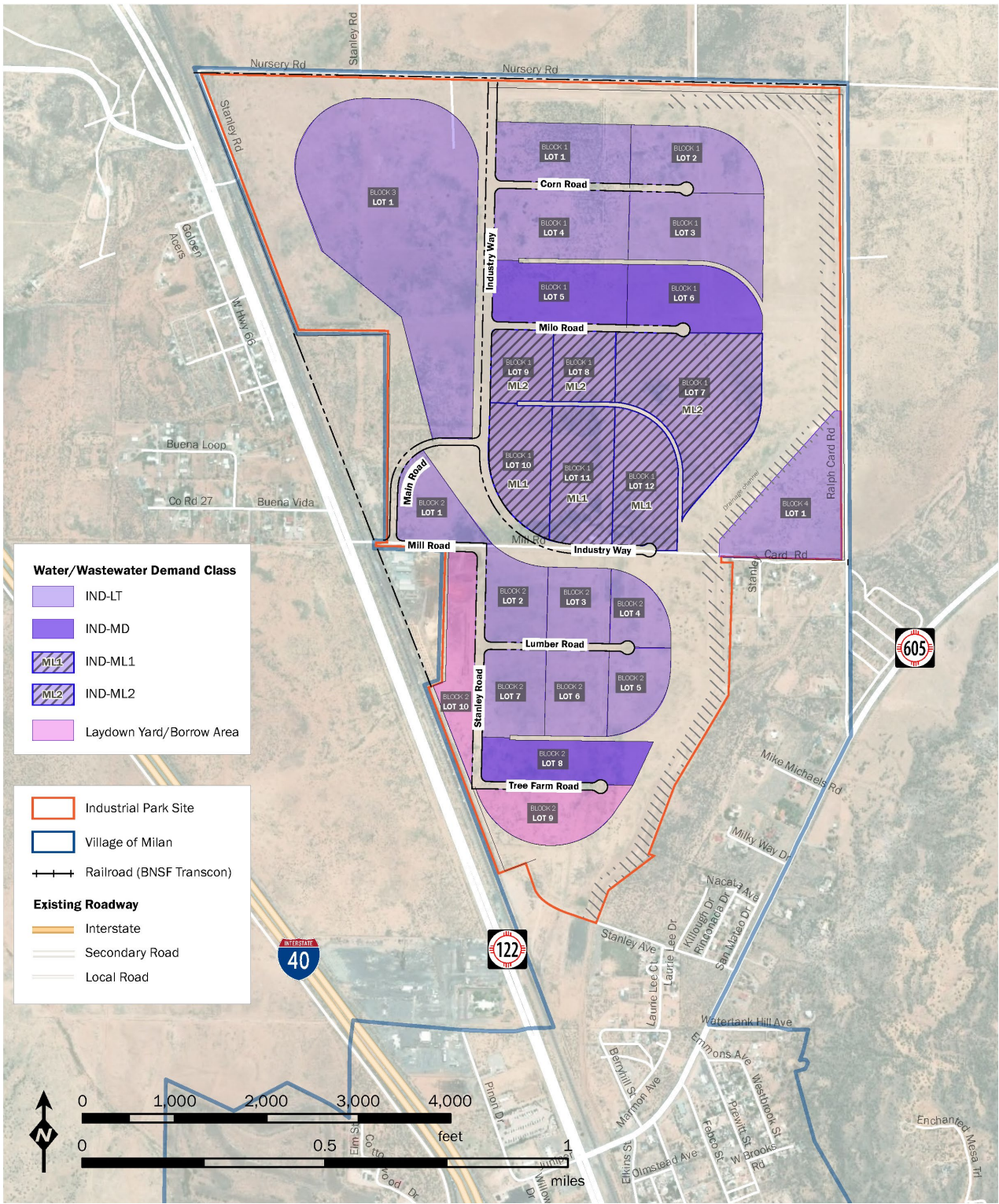


Figure 16: Anticipated Water & Wastewater Demand Classes for Proposed Industrial Park Parcels

3.5 SUSTAINABILITY CONSIDERATIONS

Water source development and harvesting, including rainwater, treatment and recycling infrastructure are a few of the strategies that may be employed in developing the overall industrial park one tenant at a time. Green infrastructure captures the rain where it falls. It mimics natural hydrological processes and uses natural elements such as soil and plants to turn rainfall into a resource instead of a waste. It also increases the quality and quantity of local water supplies and provides a myriad of other environmental, economic, and health benefits. Other recommended strategies for industrial park development include:

- Downspout disconnection
- Rainwater harvesting
- Rain gardens
- Planter boxes
- Bioswales
- Permeable pavements
- Green streets and alleys
- Green parking
- Green roofs
- Urban tree canopy
- Land conservation

In the Phase I Spec Building design, the post-development peak discharge equals that of pre-development to ensure that run-off of the site is not increased. Depressed areas are graded to attenuate flow, reduce soil erosion, and encourage ground infiltration. The roof spouts are disconnected and reroute rooftop drainage rainwater from the storm sewer to rain-permeable and depressed landscaped areas. The depressed landscaped area will store stormwater and allow it to infiltrate into the soil.

A bioswale is graded along Stanley Road, safely conveying stormwater north to south. Bioswales can be vegetated, mulched, or xeriscaped channels that provide treatment and retention as they move stormwater from one place to another. In the Phase I Spec Building design, the xeriscaped swale slows, infiltrates, and filters stormwater flows. Parking lot hydrocarbons are removed via the soil media protecting the groundwater source. As linear features, they are particularly well suited to being placed along streets and parking lots.

4 Phase I Spec Building

This project identified the recommended site on which an initial spec building would be constructed and provides 90% design review drawings. This spec building is considered Phase I of the industrial park development. See Appendix B for 90% design review drawings.

4.1 SITE ALTERNATIVES CONSIDERED

Several proposed lots within the Industrial Park site were evaluated possible sites for development of the Phase I Spec Building and associated infrastructure. These are shown in Figure 18.

The lots evaluated include:

- Site A – Lot 1, Block 1
- Site B – Lot 10, Block 1
- Site C – Lot 7, Block 2

4.1.1.1 Site A

This lot is located on the northern end of the industrial park with good access to proposed Industry Way. The water and wastewater to serve this lot would require an extension of these utilities the full length of the Industrial Park site. A lift station would be required to move the wastewater to the sewage outfall on the south end of the industrial park. The rail infrastructure to serve this lot would also require the longest extensions. This lot is relatively flat and would require fill to provide drainage. Power would be extended from Nursery Road.

4.1.1.2 Site B

This lot is located near the center of the Industrial Park site with access off NM 122 via Mill Road and Main Road. Water would be pumped from the south end of the Industrial Park site and a lift station would be required to provide wastewater discharge to the south end of the industrial park. Power is available in Mill Road.

4.1.1.3 Site C

This lot is located near the southern portion of the industrial park near the infrastructure connections for water and wastewater. The lot would have access from NM 122 via Mill Road and Stanley Road. Power is available from Mill Road. Rail access would require the least infrastructure of all the alternative sites due to the close proximity to the existing rail line.

4.1.1.4 Scoring Matrix

The matrix in Table 4 scores the site alternatives based on several evaluation criteria that consider the need for new infrastructure to the site in question. A score of 3 is the best and means the site would require relatively little expenditure on new infrastructure to serve the site. Site C is the recommended site alternative primarily due to the lot's close proximity to existing infrastructure.

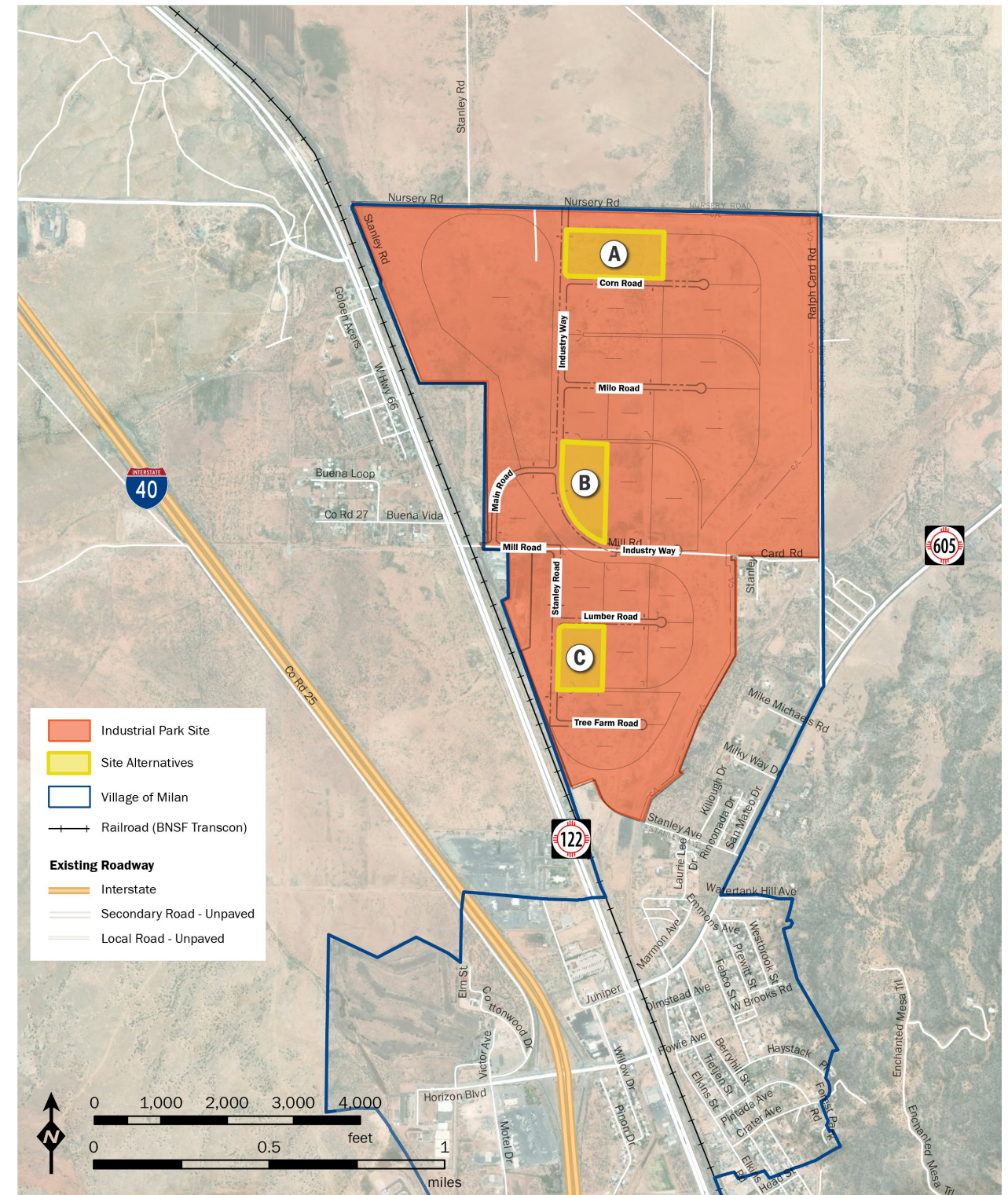


Figure 18: Site Alternatives Evaluated for Phase I Spec Building

Table 4: Site Alternative Matrix

Evaluation Criteria	Site A	Site B	Site C
Road Access	1	3	3
Rail Access	1	2	3
Drainage	2	3	2
Water	1	2	3
Wastewater	1	1	3
Utilities – power, etc	2	3	2
TOTAL	8	14	16

4.2 SPEC BUILDING DESIGN CRITERIA

A steering committee meeting was held Tuesday, May 26, 2020 to review a high-level programming criteria list for use in the design of the Phase I Spec Building. The information listed below was derived from this meeting and makes up the design criteria for the Phase I Spec Building.

4.2.1 Building Dimensions

Approximate Building Size: 500'-0" x 240'-0" (120,000-SF)

Approximate Building Height: 25'-0" to 40'-0" The height varies in different locations depending on the height of the roof structure in any given area. It varies based on the roof slope that allows moisture to sheet flow off at any given location. A height 10'-0" to 12'-0" in office and support area will be assumed. The future tenant will determine the final office height and location of office space at a later time. The Spec Building will be designed to allow as much flexibility as possible.

4.2.2 Main Building Elements:

Criteria for main building elements include the following:

- Main Warehouse Area: 100,000-SF
- General Use / Office Area: 20,000-SF (assumed). A future tenant will determine the amount of office space required for their needs.

4.2.2.1 Foundation:

- Continuous Spread Footing: Located at exterior walls. (Refer to Drawings for anticipated size)
- Spread Footings: Located at column locations. (Refer to Drawings for anticipated size)
- No perimeter foundation insulation requirement.

4.2.2.2 Exterior Walls:

- The exterior walls are anticipated to be 18'-0" wide x 40'-0" high load bearing concrete tilt-up panels (9" thick to accommodate the 40'-0" height requirement which creates panel lifting limitations) with finishes and patterns as shown on drawings.
- The tilt-up panel will include an interior fur-out with 1.5" rigid on the interior, 3-5/8" metal studs with R-13 finished with 5/8" impact gypsum board, taped, textured and painted continuous from floor to deck at all perimeter walls.

4.2.2.3 Roof:

The roof would have a ridge running east west to create a roof slope running north and south. Roof drains are to be used to collect water and drain back to the east at a minimum of 1/4" per foot positive slope west. The anticipated roof assembly is as follows:

- 80 Mil white Thermoplastic Membrane roofing (TPO) – Firestone Ultraply TPO Platinum or Equal with 20-year No Dollar Limit (NDL) manufacturer's warranty, fully adhered.
- ½" dense deck Prime or equal cover board.
- 1-1/2" structural metal deck.
- R-38 Vinyl Faced Batt Insulation (Flame Spread to meet code requirements) Provide strapping between purlins at spacing per manufacturer's recommendations.

4.2.2.4 Structure:

Approximate Bay Sizes and Structural Spacing:

- The building layout will include a total of eight (8) column free spaces which are approximately 62'-6" x 200'-0" (12,500-SF)
- It can be partitioned in a number of different combinations based on the needs of any particular tenant. For example, the structure can be partitioned in two (2) sections at 250'-0" x 240'-0" (60,000-SF) each or four (4) sections at 125'-0" x 240'-0" (30,000-SF) each.
- Roof Joists: 32LH06
- Roof Joist Girders: 48" Deep
- Columns: HSS 10x10
- Wall Panels: 9" Thick

NOTE: Refer to drawings for anticipated structural layout and approximate sizes.

4.2.2.5 Floor Slab / Finish:

- Construction: Laser – Leveled, cast-in-place concrete floor slab isolated from exterior walls via ½" expansion joint. It is anticipated that the floor slab will be 8" reinforced cast-in-place concrete. The exterior walls will bear on a continuous spread footing designed to meet code required frost depth, structural loads, and soil bearing capacity.
- Strength: 4,000 PSI minimum at 28 Days.
- Vapor Barrier: Assume 6 mil vapor barrier continuous under slab.
- Finish: Sealed concrete with steel trowel finish.

4.2.2.6 Ceiling:

- Open structure exposed within warehouse and manufacturing areas.

4.2.2.7 Doors:

- Pedestrian Doors: Hollow metal solid core, painted.
- Overhead Coiling Doors: Metal, painted.

4.2.2.8 Signage:

Provide text in 24-inch high cast aluminum letters on exterior of the building.

4.2.3 Code Analysis

A. Project Address: Milan, New Mexico

B. Applicable Regulatory Information:

- a. 2017 New Mexico Electrical Code
- b. 2015 New Mexico Building Code
- c. 2015 New Mexico Mechanical Code
- d. 2015 New Mexico Plumbing Code
- e. 2015 New Mexico Fire Code (as Amended)
- f. 2009 International Energy Conservation Code
- g. ICC/ANSI A117.1-2009

C. Occupancy Group: Group B, F-1, F-2, S-1, and/or S-2 (Section 306.3, IBC)

D. Construction Type: II-B (Table 601, IBC)

E. Automatic Sprinkler System: Provided throughout in accordance with Section 903.3, IBC.

F. Fire Suppression System Type: Wet Pipe System.

G. Building Area:

- a. Allowable Area: Unlimited (Per Table 507.4, IBC)
- b. Proposed Area: 117,798 GSF (gross square feet is as measured to exterior face of walls)

H. Allowable Height:

- a. Allowable Height: 55 feet (Per Table 504.3, IBC)
- b. Proposed Height: 40 feet

I. Allowable Stories:

- a. Allowable Stories: Three (3) stories (Per Table 504.4, IBC)
- b. Proposed Stories: One (1) story

J. Fire-Resistance Rating Requirements for Exterior Walls: Not Required (Fire Separation Distance = Greater than or equal to 30 feet Per Table 602, IBC)

K. Corridor Resistance Rating: Not Required (Corridors Not Used. Table 1018.1, IBC)

L. Interior Wall and Ceiling Finish Requirements by Occupancy (Table 803.9):

- a. Occupancy F-2:
 - i. Exit Enclosures and Exit Passageways Flame Spread Index: B
 - ii. Corridors Flame Spread Index: C
 - iii. Rooms and Enclosed Spaces Flame Spread Index: C

M. Minimum Roof Covering Classification:

- a. Class B (Table 1505.1, IBC)

N. Occupancy Separation:

- a. None Required (Per Section 508.3.2)

O. Maximum Travel Distance: (Section 1017.2, IBC)

- a. Maximum Allowable Travel Distance: 400 feet
- b. Proposed Maximum Travel Distance: 120 feet

P. Maximum Occupant Load for Spaces with One Exit or Exit Access Doorway (Table 1015.1): 1:500

4.2.4 Parking Space Requirements

The parking standards are based on “Part 3: General Regulations Section 14-16-3-1 Off-street Parking Regulations” from the City of Albuquerque’s (COA) *Comprehensive City Zoning Code*, which preceded the City’s current *Integrated Development Ordinance*. The earlier standards provide more generic standards for industrial development – this standard was considered more applicable to the Industrial Park site, as the specific land use category of each future development on the site is not known. See Table 4 for parking requirements for the Phase I Spec Building.

Table 5: Parking Requirements for Phase I Spec Building

Parking or Land Use Category	Parking Standard	Required Number of Spaces
Main Warehouse Area (Manufacturing and Wholesaling per COA Zoning) 100,000 SF	COA Zoning Requirements: Manufacturing and wholesaling: one space for each three (3) employees on the largest shift or one space per 1,000-SF of net leasable area, whichever requirement is greater.	$100,000\text{-SF} / 1000 =$ 100 Required Parking Spaces
General Use / Office Area 20,000 SF (Assumed)*	COA Zoning Requirements: Offices: one space per 200-SF of net leasable area on the ground floor and one space per 300-SF of net leasable area in the basement areas and on all floors above the ground floor.	$20,000\text{-SF} / 200 =$ 100 Required Parking Spaces
Motorcycle Spaces	COA Zoning Requirements: Offices: Based on a required parking count of 200, a total of five (5) motorcycle spaces would be required. See graphic listed below from the City of Albuquerque Comprehensive City Zoning Code.	Five (5) spaces

4.3 POTENTIAL CONSTRUCTION PROBLEMS

The truss and bar joist system proposed in this structure will have long lead times for fabrication. The proximity to a local concrete plant will determine if the use of a temporary concrete batch plant will be needed.

4.4 3-D RENDERINGS

Figures 19 and 20 are renderings of the Phase I Spec Building Site. More renderings in larger format are available in Appendix C.



Figure 19: Rendering (Ground-Level View) of Phase I Spec Building



Figure 20: Rendering (Axonometric/Birdseye View) of Phase I Spec Building

4.5 SUSTAINABILITY CONSIDERATIONS

4.5.1 HVAC

The heating, ventilation and air conditioning (HVAC) systems will be designed to provide flexibility for multiple tenants and to accommodate different tenant user space sizes. The proposed approach is to utilize high-efficiency rooftop units (RTUs) and a combination of make-up air units (“MAUs”), exhaust and unit heaters for the warehouse areas. This will provide flexibility for control and energy usage considerations when heating or cooling these large spaces. All supply and return ductwork will be provided with insulation in accordance with the International Energy Conservation Code.

4.5.2 Lighting

LED lighting will be designed throughout the facility with high-output, high-bay LED fixtures for the warehouse areas. Lighting controls will be provided according to tenant needs.

4.5.3 Plumbing

Water heating systems for domestic hot water will be high-efficiency, condensing-type, gas-fired water heaters to ensure the lowest energy usage for the domestic hot water systems. All hot water piping will be provided with insulation in accordance with the International Energy Conservation Code.

5 Project Cost and Schedule

5.1 TOTAL PROJECT COST ESTIMATE (ENGINEER’S OPINION OF PROBABLE COST)

Milan Industrial Park offers a transformational economic opportunity for the northwestern region of the state and the local area around Milan. To assist the partnership (i.e. Northwest New Mexico Council of Governments, Village of Milan, Cibola Communities Economic Development Foundation, and other key stakeholders), proper capital investment planning is needed to best understand short-term and long-term capital investments, as well as maintenance and operations cost. Appendix D provides a summary of the Phase I and Full Buildout project cost. Raw supporting data is also provided, following the summary cost.

5.1.1 Planning Budget

Once the initial capital investment is made, the region will leverage a new spec building, land, access to multi-modal transportation logistic options, and its natural resources as incentives for industry attraction. In the long term, maintaining high-quality infrastructure is essential to economic vitality and quality of life in Milan and neighboring communities. A good capital planning and budgeting process will ensure that the Village makes smart investments in infrastructure in the future. A capital planning and budgeting process has several basic steps, summarize below and in Figure 21:

- Define scope of the Industrial Park Capital Improvement Plan (IPCIP). This planning document outlines the original purpose and need and defines a “capital project,” and how far into the future it will plan.
- Determine participants and select projects: The NWNMCOG, fiscal agent, is leading the process of planning procurement. The organization is providing guidance as to which stakeholders are crucial to the creation of the IPCIP. NWNMCOG and stakeholders select projects to include in the IPCIP.
- Balance the IPCIP and connect to the Village budget. The capital investment choices must be financially sustainable, both in terms of the initial capital outlay and long-term operating and maintenance. Replacement costs and ongoing debt service should be part of a long-term financial plan.
- Manage the project. Capital projects must be carefully managed in order to come in on time, on budget, and within specifications.

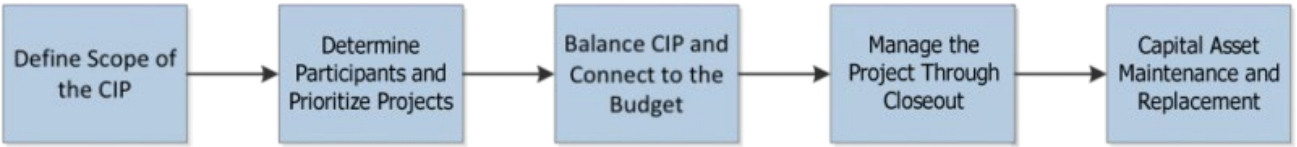


Figure 21: Capital Planning and Budgeting Process Key Steps

5.1.2 Construction Estimate

Construction estimates were developed based on several assumptions and knowledge of the area, geologic setting, climatic conditions, and market cost history. For example, Milan is characterized by shallow ground water, poor soil conditions, and unique drainage conditions. These factors drove construction cost development

and were compared to historical bid data to establish base Phase I Spec Building and Full Buildout estimates. Each discipline (i.e. water, wastewater, drainage, roadway, rail, etc.) created a detailed estimate. Detailed estimates were converted into linear feet of road to simplify the construction cost estimates. Cost estimates are summarized in Table 6 and described in greater detail in Appendix D.

Table 6: Cost Estimates, Phase I and Full Buildout

Phase	Estimated Cost
Full-Build Cost (excl. Spec Building)	\$ 56,702,669.09
Phase I Spec Building Development Cost	\$ 26,893,754.18
Full On-Site Buildout Development Cost with Phase 1 Spec Building	\$ 74,333,262.84

5.1.3 Summary of Project Budget

Table 6 provides a summary of the base year (2020) Phase I Spec Building and full buildout construction estimates. A Consumer Price Index (CPI) of 1.70 is recommended for future out-year planning. The CPI is based on the past 10-year average for the south region. CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services (see <https://data.bls.gov/pdq/SurveyOutputServlet>).

5.2 PROJECT SCHEDULE

The timeline for full implementation of the proposed industrial park will depend on market forces and developer initiative and cannot be fully projected. It is anticipated that the Phase I Spec Building could be implemented relatively quickly by the standards of industrial development. The 90% construction documents provided in Appendix B allow a developer to quickly and efficiently developed the design into 100% signed and sealed drawings, submit for building permit, and proceed with a six-month tilt-up construction schedule. This process could be accomplished in as little as eight months. Figure 22 illustrates the major work breakdown structure items and associated durations.

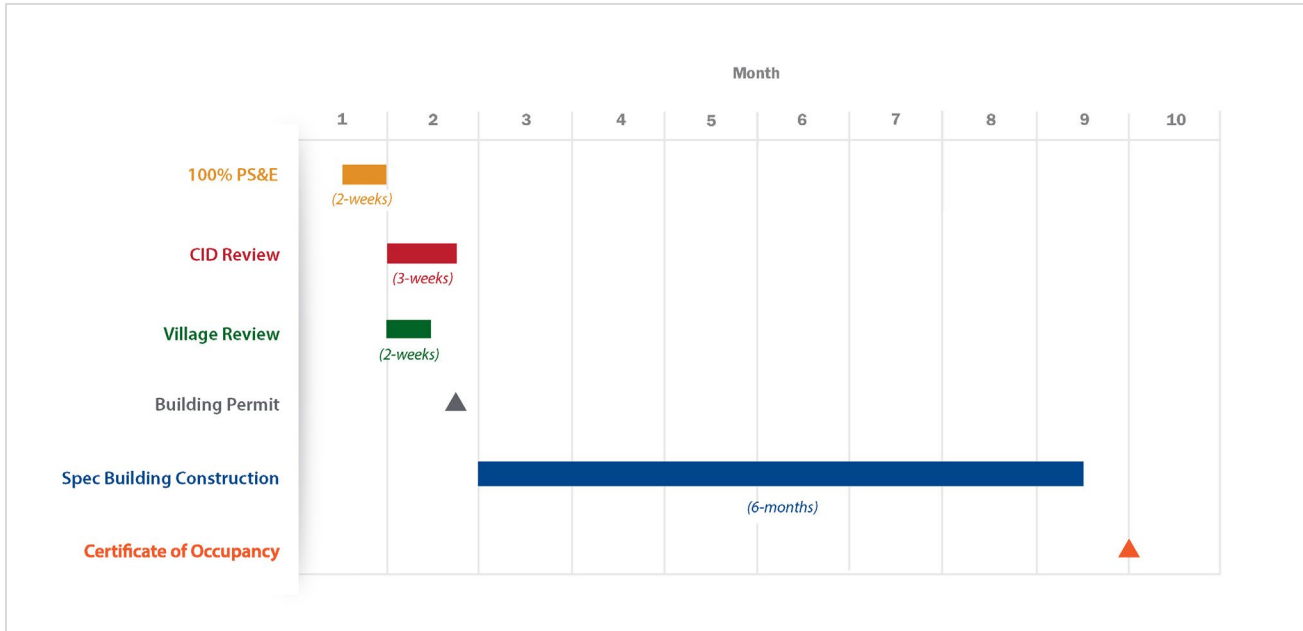


Figure 22: Schedule for Review and Construction of Spec Building

5.2.1 Permitting Requirements

Building permitting for industrial park development in Milan is under the jurisdiction of the New Mexico Construction Industries Division (CID) and the Village of Milan. The CID is responsible for:

- Ensuring that construction is performed in a safe, competent, and professional manner
- Licensing contractors and enforcing licensing laws
- Requiring licensure for any person practicing or offering to practice construction contracting
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner

Although CID is the vertical building permitting jurisdiction, the Village has jurisdiction with respect to the internal industrial park transportation, drainage, water and wastewater services. A building permit would also be required from the Village of Milan. A developer is encouraged to contact the Village of Milan and schedule a pre-design meeting with their on-call engineer to review (1) permitting application, (2) valuation and fees, and (3) plan submittal for building permit. The Village is committed to facilitate the design and building permitting process as needed to ensure that the information summarized below, is clear, efficient, and business friendly.

Building permit applications and a CID checklist for developers can be found in Appendix F.

5.2.2 Permit Application Data

To obtain a CID permit, the applicant shall fill out an Application for State Building Permit supplied by the Construction Industries Division office. (The application is available on their website.) Applicant must supply description of work, building address, construction material, total square footage, specific use of building,

project owner's name and address, contractor's business name, address and license number, architect's name, address and license number. The licensed contractor requesting the permit must sign the application.

5.2.3 Valuation and Fees

Valuation of a project is based on CID Rules New Mexico Administrative Code 14.5.5.10. A project does need the signed contract between the project owner and contractor. The fee, which covers plan review, the permit notice and required inspections, is based on the valuation amount. The CID office will calculate the valuation and fee.

5.2.4 Plan Submittal

Two complete sets of plans and specifications must be submitted to CID for permit and must be sufficiently clear to show the project in its entirety. Figure 23 shows the minimum required drawings for review by CID for new commercial construction, additions, and remodels.

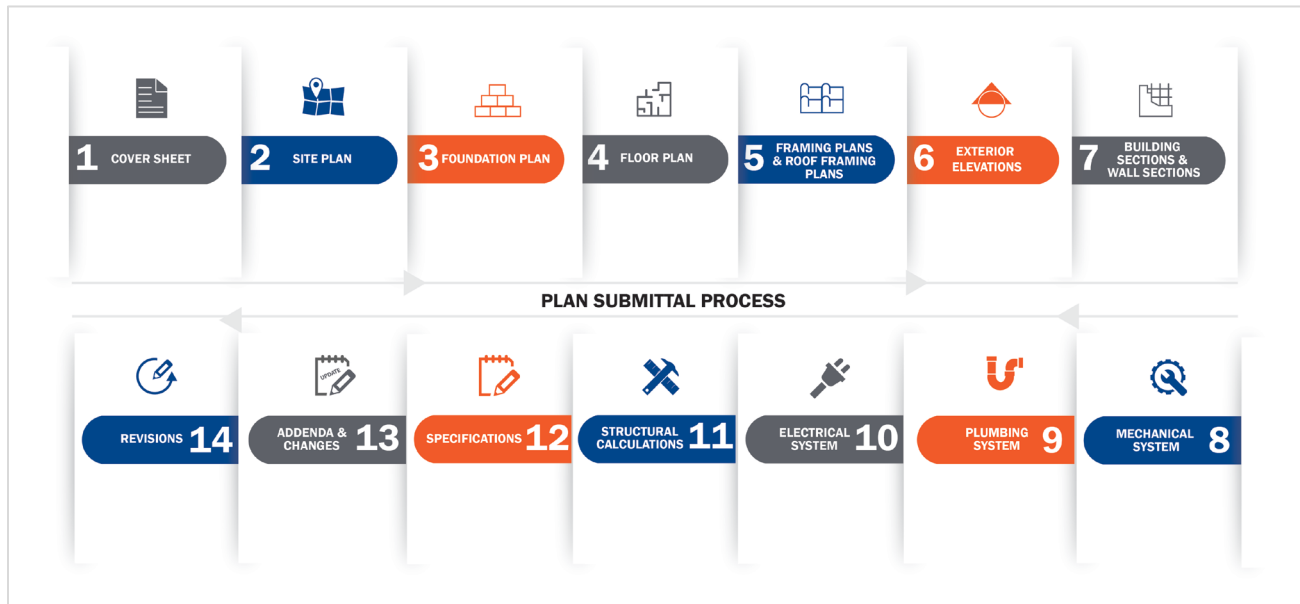


Figure 23: New Mexico Construction Industries Division Submittal and Review Process

5.2.5 Anticipated Environmental Permitting Needs

In addition to building permits, permitting may be required to ensure that a development does not substantially impact environmental resources. Full environmental evaluations of the site have not been completed – a review of possible environmental resources is found in section 2.2.7 of this document. The required permits will depend on the type of resource and the development that is being constructed. BNSF Railway requires standard environmental reviews of locations where site certification is being sought.

5.3 BNSF CERTIFICATION

The NWNMCOG, Village of Milan, and Cibola CEDF all understand and agree on the benefit of securing site certification of the Milan Tracts Farms from BNSF. BNSF Certified Sites are rail-served industrial parks that have gone through a vigorous review process to guarantee the site is ready for development and for rail service. The Milan Industrial Park site offers direct rail service for customers looking to locate along BNSF Transcon. Appendix G provides a copy of the application with support documentation, including conceptual track plan. BNSF has indicated that the Site Certification Process does not have a defined timeline and is often driven by the number of applicants and may take up to a year before any decision is made. The review process and site certification are divided into three phases, which are summarized in Figure 24.

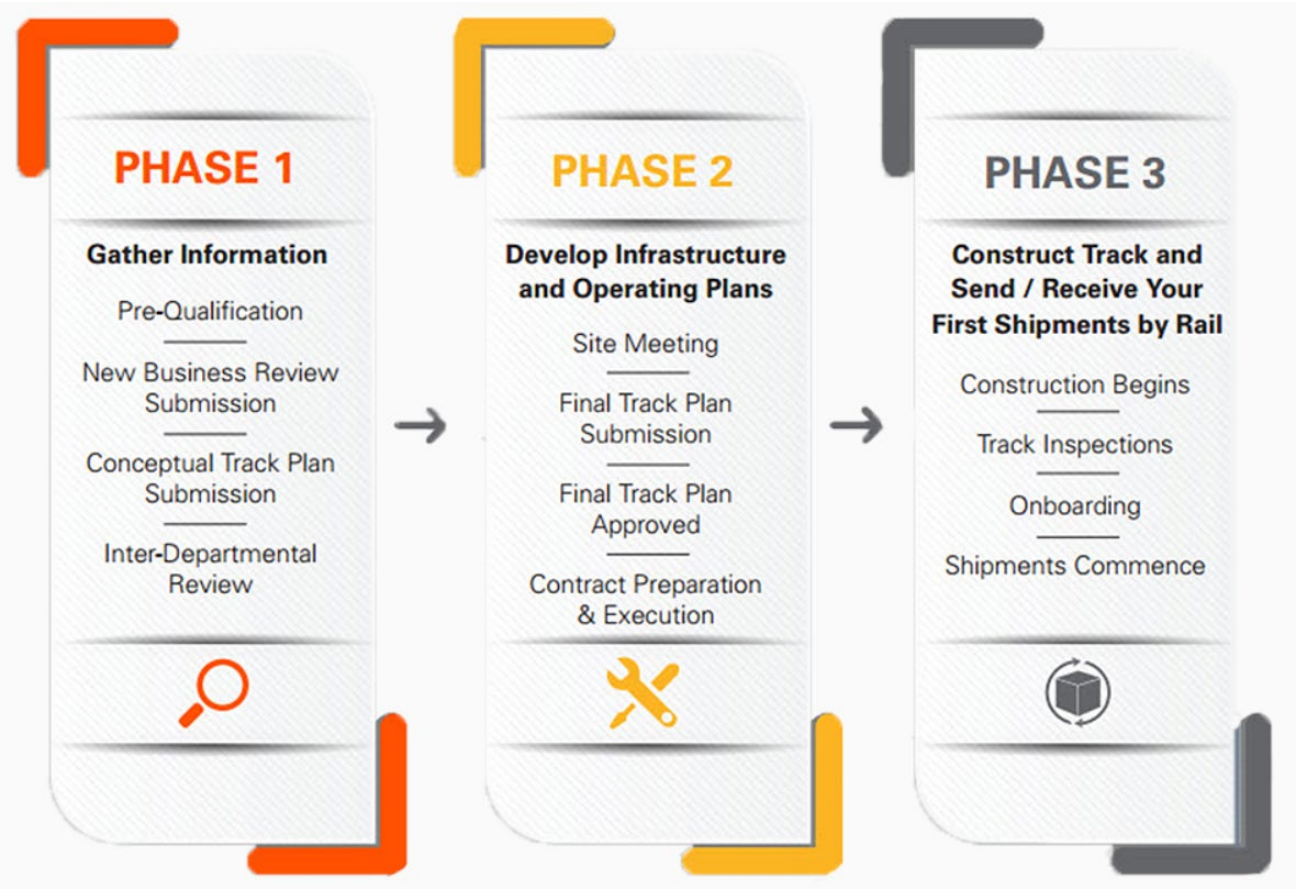


Figure 24: BNSF Site Certification Steps

6 Recommendations

Recommendations were developed by the project team in consultation with the steering committee and other stakeholders and will be detailed here in the final draft. Recommendations will lay out specific next steps for project partners to begin facilitating development and to implement the Milan Industrial Park. The matrix below lays out short-term recommendations towards the implementation of the industrial park.

6.1 IMPLEMENTATION MATRIX

Short Term Actions (now to 6 months)	Explanation	Responsibility
Program industrial park improvements into Village of Milan and Cibola County Infrastructure Capital Improvements Plans (ICIP)	Programming the industrial park into local ICIPs allows the Village and County to allocate funding and to begin identifying state and federal funding sources for improvements. The Mill Road grade crossing improvements and infrastructure needed to support Phase I Spec Building should be prioritized within the ICIP.	Village of Milan
Request incentives review by NM Economic Development Department (NM EDD)	EDD will perform an incentives review on a potential project, identifying possible incentives that could be secured. This provides a starting point for organizing efforts to pursue incentives.	Cibola CEDF
Complete and submit BNSF Site Certification application	Completing the Site Certification process will help ensure that the Milan Industrial Park is shovel-ready for rail-served development and that the site will be promoted by BNSF to site selectors.	NWNMCOG
Work with New Mexico Partnership to market Milan Industrial Park to site selectors	NM Partnership is a state-designated organization dedicated to providing business assistance to prospective businesses interested in locating in the state. The organization promotes development site through site visits, trade show marketing, and other efforts.	NWNMCOG, Cibola CEDF
Complete Prewitt Transportation Study	NWNMCOG is securing funding to complete a study to identify transportation needs in the vicinity of Prewitt, including an area from Thoreau to Grants. This study will examine the needs anticipated from industrial park developments in Prewitt and Milan.	NWNMCOG

⁷ “Job Training Incentive Program”. NM Economic Development Department <https://gonm.biz/business-development/edd-programs-for-business/job-training-incentive-program>. Accessed June 2020.

6.2 KEY INCENTIVES PROGRAMS

The project partners are encouraged to request an incentives review of the Milan Industrial Park and of potential developments within the park from the New Mexico Economic Development Department (EDD). This will help identify the possible incentives packages that can be offered to developers.

The following is a list of incentives programs and funding sources that are likely applicable to developments within the Milan Industrial Park. A more complete list of programs can be found on the Cibola CEDF website.

6.2.1 Job Training Incentive Program (JTIP)

This state program funds a portion of wages for individuals being trained for newly created jobs. JTIP reimburses 50-75% of worker wages for up to six months, for both classroom training and on-the-job training. Companies that receive JTIP funds must produce a product in New Mexico or provide services and export at least half of their services (based on revenue or customer base) outside of the state. Businesses in certain green industries also qualify. Since the program’s establishment in 1972, it has helped create 47,000 jobs across the state. ⁷

6.2.2 Industrial Revenue Bonds

An Industrial Revenue Bond (IRB) is a form of financing for industrial projects that also secures certain tax exemptions for the private company involved. To obtain an IRB, the private company in question signs over property related to the project to a local government, which issues bonds to finance the project. The transferred property is leased back to the company, and the lease payment forming the bond payment. IRBs can be issued for real or other property.

Because the property is owned by a local government, the bonds are exempt from certain taxes, including property tax. In effect, the private company avoids paying those taxes until bond maturity, when the company purchases the property back from the local government. IRBs typically mature in 20 years.

Projects that can receive IRB financing include manufacturing facilities, warehouse/distribution facilities, and non-profit organizations. Municipal IRB projects cannot include retail establishments.

The private company involved is responsible for finding bond buyers. The local government does not assume liability for the project. ⁸

6.2.3 Local Economic Development Act (LEDA)

The Local Economic Development Act is a state law that enables the EDD and local governments to financially support and provide technical assistance to certain economic development projects created through public-private partnerships. Under the law’s framework, local governments can pass their own LEDA ordinance, which establishes a local economic development corporation and allows the local government to create LEDA projects. The Act permits local authorities to establish public-private partnerships with a private developer in order to create a project, and then makes state funding available to the project. Both the Village of Milan and Cibola County have passed LEDA ordinances.

⁸ “Industrial Revenue Bonds Offer Novel Approach to Economic Development” Finance New Mexico. https://financenewmexico.org/wp-content/uploads/2015/06/402_Industrial-Revenue-Bonds-Offer-Novel-Approach-to-Economic-Development.pdf. Accessed June 2020.

The act also established a Job Creation Fund that the state can use to provide grants to local governments to help implement their projects. In order for a local government to receive LEDA funds, the business in question must meet one of several criteria, such as that the business provides economic base jobs.

Adoption of SB 118 in 2020 amended the Local Economic Development Act to allow the state Economic Development Department to support land or construction projects that are not yet associated with a business. An estimated \$9 million in combined LEDA funding is available for Cibola and McKinley counties. Municipalities and counties can pass 1/8th-cent gross receipts tax to provide funding for LEDA projects, though no local match to state grants is required.

6.2.4 Tax Increment Development District (TIDD)

Formation of a Tax Increment Development District allows a portion of gross receipts tax and property tax from private development in the district to be redirected into construction of the public infrastructure associated with the development. The difference between the existing tax generated at a site and the new, higher tax generated by new development on the site is referred as the increment. New Mexico state law says that up to 75% of that increment can be diverted for 25 years to be used to finance bonds for infrastructure improvements on the site. This effectively relieves the developer of the responsibility of financing that infrastructure, thereby creating an incentive. TIDDs are established by local governments, though the percentage of the increment that can be diverted is approved by the state.

6.2.5 New Markets Tax Credit

The Milan Industrial Park is located within a New Markets Tax Credit-eligible census tract. The US Department of Treasury’s New Market Tax Credit program is designed to attract private investment to low-income communities throughout the country. The program attracts investment through tax credits that are allocated annually to designated community development entities (CDEs) across the nation. Investors can earn the tax credits by taking an equity stake in a CDE. The CDE then uses the capital from the equity purchase to offer loans to qualifying businesses operating in NMTC census tracts at favorable terms. NMTC loans can be business loans, can support commercial, industrial, or community facility development projects, or can finance for-sale housing development.

NMTCs are administered in New Mexico primarily by the New Mexico Finance Authority (NMFA), on behalf of Finance New Mexico. ⁹ Milan is located in an NMTC Eligible census tract – one that is designated at “Severely Distressed” because the poverty rate is over 30% (see Figure 25). This designation can help an application for an NMTC loan score higher. ¹⁰ Businesses interested in NMTC financing should contact NMFA.

⁹ “New Markets Tax Credits”. New Mexico Finance Authority. <https://www.nmfa.net/financing/new-markets-tax-credits/>. Accessed June 2020.

¹⁰ “New Markets Tax Credit (NMTC) Program Eligibility, Severe Distressed Status, and Non-Metropolitan Status, for CY 2019, using 2011-2015 eligibility data.” Policy Map. <https://www.policymap.com/widget?sid=117&wkey=4D2AFE10710D41918F180775F0A353F2>. Accessed June 2020.

¹¹ “Qualified Opportunity Fund” *Investopedia*. May 28, 2019. <https://www.investopedia.com/opportunity-fund-4688682>. Accessed June 2020.

6.2.6 Opportunity Zones

The Village of Milan is located in an Opportunity Zone census tract (see Figure 25). Opportunity Zones are designated low-income census tracts across the United States that have been designated as target areas for private investment via Qualified Opportunity Funds. These funds are created by corporations or partnerships, and 90% of the fund’s assets must be invested in Opportunity Zones. The investors receive tax breaks on capital gains realized from their opportunity zone investments, with their tax burden decreasing the longer the investment is held. ¹¹

New Mexico is offering an additional \$1 million in LEDA funding to projects located in Opportunity Zones, provided they meet certain criteria.

6.2.7 US Economic Development Administration Programs

The Economic Development Administration (EDA) has several programs that provide funding to projects. The agency’s Public Works program provides funding to projects in economically distressed communities. The Revolving Loan Fund Program provides gap financing to small business that are starting up or expanding. The EDA is also administering economic development funds available through the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act. ¹²

6.2.8 Locomotive Gas Tax Credit

A 2011 state law allows common carrier railroads operating in the state to purchase locomotive fuel effectively free of gross receipts tax if they commit to \$50 million in capital improvements to rail infrastructure, including their “track, signals, or supporting network” in the state. BNSF might be interested in making additional investments to meet the investment total required by the law. ^{13 14}

¹² “EDA Programs.” US Economic Development Administration. <https://www.eda.gov/programs/eda-programs/>. Accessed June 2020.

¹³ *Progressive Railroading*. “New Mexico enacts locomotive fuel tax bill” <https://www.progressiverailroading.com/mechanical/article/New-Mexico-enacts-locomotive-fuel-tax-bill-35717>. Accessed June 2020.

¹⁴ *Progressive Railroading*. “New Mexico enacts locomotive fuel tax bill” <https://www.progressiverailroading.com/mechanical/article/New-Mexico-enacts-locomotive-fuel-tax-bill-35717>. Accessed June 2020.

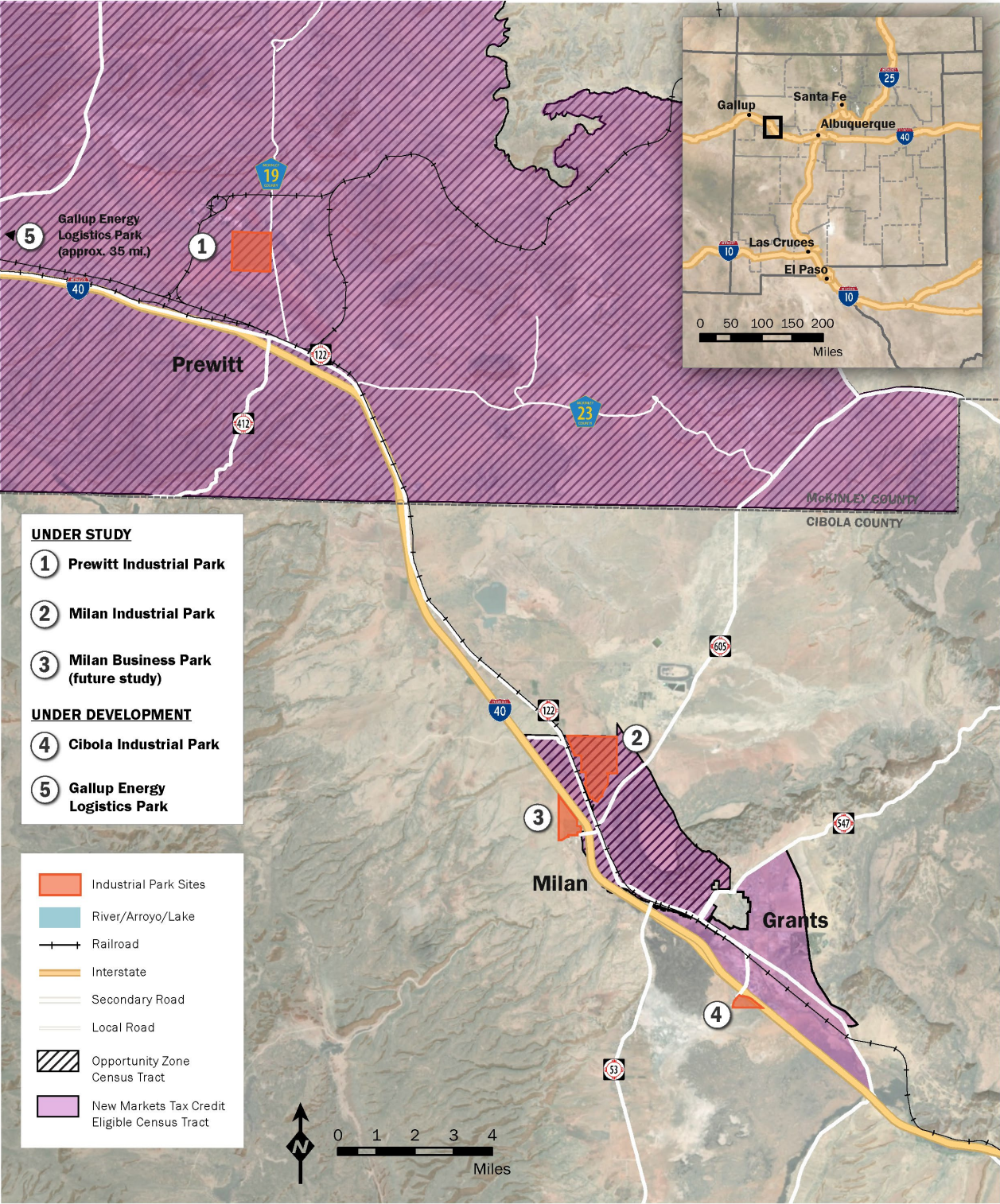


Figure 25: Federal Tax Credit Eligible Census Tracts



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