

Santa Fe County Youth Development Program Task Force



**Student artwork from art program at YDP

SANTA FE COUNTY YOUTH DEVELOPMENT PROGRAM TASK FORCE REPORT

Santa Fe County (County) assumed oversight of the County Youth Development Program (YDP) in 2004 to provide detention services for incarcerated youth and Day Reporting Program services for youth who require supervision short of incarceration. YDP's population consists of youth from within the County, the First Judicial District encompassing Santa Fe, Los Alamos and Rio Arriba Counties, and other counties as well as youth within the custody of the U.S. Marshals Service.

The mission of YDP is to change the lives of detained residents and those participating in the Day Reporting Program by providing a safe, secure, structured, caring, and learning environment. YDP is currently housed in a facility located at 4250 Airport Road, Santa Fe, NM 87505, which was constructed in 1983. In recent years, the number of detained residents and Day Reporting Program participants has been far less than the current facility's accredited and physical capacity and much of the current facility is vacant.

The County has great concerns of the cost to maintain an underutilized facility that is over 30 years old with a fragmented floor plan, plumbing system, and electrical system. The County owns this valuable 7.80 acre property with the potential to create a consolidated campus for youth detention services, alternatives to detention programs and youth mental health services.

The County's responsibility is to consider the best use for this property in the interest of the public while prioritizing the needs of youth in Santa Fe County.

The Santa Fe County Board of County Commissioners (Board) desired to evaluate YDP's current programs and services and assess possible alternatives to the status quo. The Board decided that a broad based task force would assist the Board in evaluating YDP and on July 14, 2015 passed, approved, and adopted Resolution No. 2015-93 to establish the YDP Task Force.

The Santa Fe County Youth Development Program Task Force (Task Force) members and designees are as follows:

Tommy Rodriguez, Chair, Children Youth and Families Department Northern Region
Juvenile Justice Services
Erica Lucero, First Judicial District Attorney's Office
Geraldine Salazar, Santa Fe County Clerk
Pablo Sedillo III, Santa Fe County Public Safety Director
Steve Bing, (Designee for Judge Mary L. Marlowe Sommer) First Judicial District
Mark Dickson, Esq., First Judicial District Public Defender's Office
Ona Johnson, Director Dollars4Schools, Santa Fe Community Foundation
Michelle George, Retired Children Youth and Families Department

Assisted by the following County Staff:

Tony T. Flores, Deputy County Manager
Aaron Garcia, YDP Administrator
Tila Rendon-Varela, Public Safety Department Administrator
Thaddeus Chapman, Maintenance Supervisor, Corrections Department
Corky Ojinaga, Investigator

Amanda Archuleta, Investigator
Molly Archuleta, Program RN
Erika Lovato, Public Safety Department Finance Manager
Phillip (PJ) Montano, Property Control Section Supervisor
Terry Lease, Facility Operations and Maintenance Manager

The Task Force met for the first time on August 27, 2015 at the Santa Fe County Youth Development Facility.

Task Force Work and Deliverables

The Task Force studied and assessed the following:

- Current services and programs provided by YDP;
- Alternatives to the services and programs offered by YDP, including possible service providers for those alternatives;
- Current and future demand for YDP's current services and programs and alternatives identified by the Task Force;
- Advisability of using the current facility for YDP's current services and programs and alternatives identified by the Task Force, taking into account such factors as the physical layout of the current facility, the current and projected utilization of the current facility, and the current facility's operation and maintenance;
- Alternative uses for the current facility; and
- Alternative funding or intergovernmental organizational structures for YDP's programs and services and alternatives identified by the Task Force.

Current Services and Programs Offered by YDP

YDP currently offers 30 different programs within the facility (list of services provided on pages 3 & 4) to support residents. Program services are strategically aligned to provide essential educational, emotional, and behavioral support to residents, in a safe, collaborative and enriching atmosphere. Residents benefit from current programming that range from basic education curriculum as conducted by a Santa Fe Public Schools' Licensed Teacher, Life Skills Training, Team Building Exercises, Music and Arts Education, Health Education and lessons in History and Cultural Awareness.

Outside entities have a vested interest in the residents by subsidizing current programs. Most recently, YDP has received unprecedented support from Dollars4Schools, which is an initiative program of the Santa Fe Community Foundation. Their financial support has funded four year-long programs focused on art therapy and personal empowerment, and the partnership has resulted in heightened community awareness of the programming at YDP and the needs of the residents.



PROGRAMS	DESCRIPTION	SCHEDULE
ALATEEN/AL-ANON	SUPPORT GROUP	WEEKLY
ARTSMART	ART CURRICULUM	MONTHLY
BIBLE STUDY	RELIGIOUS SERVICES	WEEKLY
DAY REPORTING	EDUCATION	5 DAYS WEEKLY
DRUM MAKING & BASKET WEAVING	ARTS	TWICE MONTHLY
GIRLS INC.	LIFE SKILLS / PERSONAL EMPOWERMENT	TWICE WEEKLY
GROUPS (BEHAVIORAL HEALTH)	LIFE SKILLS / EDUCATIONAL	WEEKLY
GUITAR CLASS	MUSIC LESSONS	WEEKLY
HAIRCUTS	HEALTH / PERSONAL HYGIENE	MONTHLY
IMPACT OF ONE – MENTORSHIP PROGRAM	LIFE SKILLS	WEEKLY
JUNIOR POLICE ACADEMY	SPECIAL ACTIVITY	ANNUALLY
LIBRARY SERVICES	LITERACY PROGRAM	WEEKLY
MAGIC SHOW	SPECIAL ACTIVITY	TWICE YEARLY
MARIACHI BUENAVENTURA	SPECIAL ACTIVITY	TWICE YEARLY
MEDITATION	LIFE SKILLS	WEEKLY
MONEY MANAGEMENT	LIFE SKILLS	WEEKLY
PARENTING SKILLS	LIFE SKILLS	TWICE MONTHLY
PHYSICAL EDUCATION	HEALTH / RECREATION	DAILY

POETRY WORKSHOPS	LITERACY / CREATIVITY / SELF EXPRESSION	TWICE MONTHLY
SANTA FE ARCHDIOCESE	CHURCH SERVICES	WEEKLY
SANTA FE BAPTIST CENTER	CHURCH SERVICES	WEEKLY
SANTA FE HOME BUILDERS ASSOCIATION	CAREER DEVELOPMENT	TWICE MONTHLY
SANTA FE MOUNTAIN CENTER	TEAM BUILDING	WEEKLY
SANTA FE PUBLIC SCHOOLS	EDUCATION	5 DAYS WEEKLY
SITE SANTA FE	ARTS	WEEKLY
SOCCER	TEAM BUILDING / HEALTH	WEEKLY
SPANISH COLONIAL ARTS SOCIETY	ARTS / HISTORY / CULTURAL AWARENESS	MONTHLY
VISITATION	PROGRAMS	WEEKLY
WILDLIFE CENTER	SPECIAL ACTIVITY	TWICE YEARLY
YOUNG FATHERS	LIFE SKILLS	TWICE MONTHLY



Current and Future Demand for YDP's Current Services and Programs and Alternatives Identified by The Task Force

Whereas the Task Force is in agreement that the current programming offered within the YDP greatly exceeds expectations, the future goals are to work on sustaining the current programs and expanding the areas of programming and services provided. Ideally, expansion of community programs and integration of focused educational services and mentorship opportunities are at the forefront of future goals with an emphasis on tutoring, career development, personal empowerment, and broader educational opportunities for residents within the facility.

Alternative Services and Programs Offered by YDP Including Possible Service Providers for Those Alternatives

It is the goal of the YDP to continue on the same path of programming that currently exists respecting and continuing the current relationships that exist with the community of service providers currently working within the facility. Ideally, the future will hold greater opportunities for residents within the facility and increased collaborative community partnerships fostering resident success.

The facility presently is not equipped with specific dedicated programming space, and although exhaustive efforts are made to accommodate the needs of outside organizations to conduct programming within the facility, the present facility structure is not conducive to best servicing residents. The youth and staff at YDP would greatly benefit from specific accommodations within a new facility intended for programming with dedicated classroom space and storage for instructional materials and resident work. Improved conveniences with specific workspace and storage would not only provide efficiencies to facility staff, but provide greater support to existing service providers, and also likely attract new service providers to YDP.

Task Force's Advisability of Using the Current Facility for YDP's Current Services and Programs and Alternatives

It is the consensus of the Task Force that the current facility no longer best meets the needs of YDP, and after due consideration, it is recommended that a new state-of-the-art facility be built to better serve the needs of residential youth in the most respectful, safe, efficient, and cost-effective manner, taking into consideration modern design elements, technology, and efficiencies to provide the most productive and effective environment for residents and staff.

Physical Layout of the Current Facility

The current facility, known as YDP, is 55,503 square feet and sits on 7.80 acres of county owned land that is surrounded by the City of Santa Fe. It also encompasses two outdoor recreation yards that bring the usable space to approximately 67,000 square feet. Within the 55,503 square feet of indoor space the building is comprised of several pods to detain and hold both male and female juvenile offenders, classrooms, a medical unit, a cafeteria, an all-purpose room, a day reporting center, a booking unit and various conference rooms and offices. Also a part of the 55,503 sq. ft. building is a section known as the Adolescent Residential Center (ARC). At present the ARC is not being utilized for any purpose.

Current and Projected Utilization of the Current Facility

YDP is currently being utilized as a short term detention center for youth from the First Judicial District. YDP also houses youth from other Judicial Districts as well as some federal clients. The majority of youth being housed at YDP come from the First Judicial District. The current facility

is in need of major renovation in order to maintain its current function as a short term facility to house juvenile offenders. Per the 2014 CIP list of projects it is estimated that it would cost \$9.2 million to repair and remodel the current facility, in order to maintain it as a short term detention center, (Exhibit I). It should be noted that for the current building to be razed an asbestos abatement study must be conducted with an estimated cost of \$30,000 according to the 2014 CIP list of projects.

Current Facility's Operation and Costs

In 2015, YDP serviced a monthly average of 15 residents. This number has decreased from an average of 24 residents in 2010. Overall, the monthly average from 2010 to May 2015, is 18, with the rated capacity as noted above being 63 residents. Operating expenses for the last five fiscal years have averaged \$1.9 million and revenue has averaged \$850,000. This equates to an average deficit of \$1.1 million.

Current Maintenance Costs of the Facility

The overall physical plant and facility structure pose challenges as a result of design and age. The facility is 33 years old and is very outdated in regard to current nationwide detention facility requirements, federal requirements, advancements, practices and mandates. The initial construction date was 1983, and the year of building completion was 1984. The facility was originally built to service the needs of adults. There have been two renovations at the facility; one in 1989 and the other in 2005. A comprehensive facility assessment (Exhibit II) was done in August of 2014 by an outside source for Santa Fe County. According to the assessment, the building is below satisfactory and is rated as "borderline". Maintenance expenses from 2010-2015, including capital improvements, have totaled \$921,461.

Alternative Uses for the Current Facility

Although the facility can house 63 residents the facility is greatly underutilized based on the current population and the population for the past several years. The costs of maintaining and repairing the facility whether it be to continue to house juveniles or allow outside entities to potentially use the site was estimated to be over \$9.2 million dollars according to the 2014 CIP List of Projects for Juvenile Development/Detention Facility (Exhibit I).

Major maintenance issues needing to be addressed include:

- HVAC System – The system is old and does not provide consistent temperatures especially inside living units
- Water is provided by the municipal system and the plumbing backs up regularly due to age and residents putting large objects into system
- Building Security System is antiquated and only one third of cameras work
- Roof Replacement - Roof is failing and leaks are a constant battle
- Drainage – East side of site has major drainage problems
- ADA Upgrades – Living Units, public and staff restrooms do not meet ADA requirements

Therefore, the Task Force only recommends keeping the current facility structure for an interim basis to house youth until a new facility is built adjacent to the current facility. Once the new facility is built, the current structure should be razed.

In addition, per an appraisal study conducted by Olcott Appraisal, Inc., (Exhibit III) if the County continues to use the site as a juvenile detention center/jail, the appraisal of property is \$5.2 million versus if it is used for alternative uses the value is \$1.8 million.

Alternative Funding

According to a June 2015 appraisal report by Olcott Appraisals: *"The key issue is scale of the facility, by far in excess of what has been necessary to house the juvenile inmate population for the last five or more years. And, consider that this jail serves a seven-county area, not just the local county population. Sources within the county indicate that the reasons for the decline in juvenile inmate population is alternative counseling and treatment programs that do not involve incarceration. As this trend continues, there is no compelling evidence to suggest that a juvenile jail facility of this magnitude will be necessary to serve the local — county — population in the foreseeable future. A large adult detention facility exists to serve the county's needs so conversion [of the YDP facility] to adult detention is not indicated."*

Based on the above and throughout the YDP Task Force's research, reviews, discussions, and county staff presentations, YDP's decline in the resident population is due to community based services and treatment programs that do not involve detention. Ultimately requiring the need to downsize the detention services component of YDP and increase the floor plan to accommodate the greater need for alternatives to detention programs, youth mental health services, and other services with a continuum of care model for youth in need of these services.

Santa Fe County Youth Development Program Task Force Information

There are currently 30 programs available at YDP with approximately 70 volunteers participating in the dissemination of alternatives to detention programming at a considerable cost savings to Santa Fe County. The programs target life skills, stress management, recreation, arts and crafts, religious services, support groups, team building, and special activities. All are conducted in-house. This type of programming should continue with an emphasis in transitioning these services beyond release by continuing to collaborate with our partners in the community.

The YDP detention portion of the facility is too large for the population being served with the majority of the costs being salaries and benefits. A smaller (36 bed), state-of-the-art detention facility would lower utility costs and would allow a resident to staff ratio (12 to 1) in increments of 12 to maximize efficiency and costs and a newer facility could take advantage of energy efficiency measures that were not in place when the original facility was built 33 years ago.

A new 25,000 square foot state-of-the-art facility is estimated to cost approximately \$10 million. It is important to note, it will cost \$9.2 million to renovate the current facility based on the 2014 CIP Report and this only brings the facility to "fair standards".

Financing is a key component in demolishing the current structure and building a new state of the art detention center. The YDP Task Force recommends the following funding options, or a combination thereof:

- Bonding
- Mill Levy
- Grants

- Capital Funds
 - Santa Fe County Capital Outlay funds
 - State of New Mexico Capital Outlay funds

An increase in per diem should be analyzed. Currently Santa Fe County's per diem charge to out of county occupants is \$185.00.

The rates at ten juvenile detention centers in New Mexico are the following:

County	Daily Rate/Per Diem Rate
Bernalillo County	\$165.00
Chaves County	\$150.00
Curry County	\$200.00
Dona Ana County	\$130.57
Luna County	\$125.00
Lea County	\$125.00
McKinley County	\$136.00
Santa Fe County	\$185.00
San Juan County	\$231.00
Taos County	\$165.00

Santa Fe County Youth Development Program Task Force's Recommendations

The Santa Fe County Youth Development Program (YDP) facility located at 4250 Airport Road sits on a valuable 7.80 acre property owned by Santa Fe County. The facility's structure, floor plan, plumbing systems, and electrical systems are inefficient for detention services for detained youth and alternatives to detention programs.

This underutilized facility that is over 30 years old with a fragmented floor plan, plumbing system, and electrical system would be too costly to simply maintain or retrofit. This building was retrofitted in the past with these areas now vacant or underutilized, costing the taxpayers while we attempt to make use of this facility.

The consolidation of youth services on this property, along with the benefits of a new facility structured to serve the current needs of residential youth, their families, Santa Fe County staff and the community, would benefit everyone. The proposed plan utilizes property that is already in Santa Fe County ownership, and provides a convenient location for youth and their families who reside within the First Judicial District.

It is the recommendation of the Task Force, that the present YDP facility be razed and replaced with a new, state-of-the-art facility, on the same property. After thorough thought and consideration, it has been proven that the present structure is no longer viable. The Task Force recognizes the value of the current YDP location, both in monetary value to Santa Fe County and in immeasurable value to the community of Santa Fe. The Task Force members feel strongly that the present geographical location of YDP is the best location for a new facility, as it provides ease and access to services and most importantly, to families of detained youth. The Task Force is committed to the youth of Santa Fe County and the First Judicial District, and feels strongly

that the location at 4250 Airport Road is undoubtedly the most ideal location for a new Santa Fe County YDP to be constructed. In addition to accessibility, the current location with its 7.80 acres of space, is primed for planning and erecting an accompanying consolidated campus for youth detention services, support programs and youth mental health services.

We highly recommend that the following initial steps take place:

1. The Board of County Commission place the development of a new facility, to include the razing of the existing structure, as a priority project on the County's 5 year Infrastructure Capital Improvement Plan.
 - a. The first step in the process should be the development of a site specific Master Plan which is in compliance with the New Mexico Statutes Children's Code (NMSA 1978 § 32A-2-4).
 - i. The Master Plan should include an analysis of the combination of non-profit organizations and ancillary wrap around services for youth to be co-located on the site.
 - b. Upon completion of the Master Plan, develop a funding strategy to include a realistic timeline for development in accordance with the Santa Fe County Manager's 5 year Capital Planning Process.
2. Inventory *all* youth services (YDP and non-YDP services) provided by Santa Fe County.
3. Create a list of *all* the locations of these youth services (located on county and non-county property).

The County's responsibility is to consider the best use for this property in the interest of the public. As stated before, the consolidation of youth services on this property would benefit everyone after the initial investment.

Conclusion

The Task Force understands their advisory committee work is not binding by the County or Board. With our diverse talents and career experiences we have diligently listened to county staff presentations, researched, reviewed, and discussed the best use of this unique centrally located property while prioritizing the needs of youth in Santa Fe County in the best interest of the public.

It is the consensus of the Task Force that the current facility no longer meets the needs of the Santa Fe County Youth Development Program. After due consideration, it is recommended that a new facility be built on the current 7.80 acre site, located at 4250 Airport Road to better serve the current needs of residential youth. This centralized location in the First Judicial District, with its accessibility to nearby public transportation makes it the ideal location for a new facility and campus dedicated to providing care, programs, and services for detained youth and for youth in need of prevention programs, support programs, substance abuse and mental health services. In doing this, you will be meeting the needs of the youth in the most respectful, safe, and cost-effective manner as well as considering the modern design elements, technology, and efficiencies to provide the most productive environment for residents and staff.

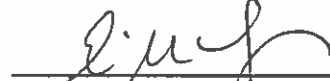
The Task Force wishes to express their gratitude for the opportunity to advise the Board in the matters outlined in Resolution 2015-93 and in the best interest of the youth and tax payers of Santa Fe County.

Respectfully Submitted on this 29th day of March, 2016.

THE SANTA FE COUNTY YOUTH DEVELOPMENT PROGRAM TASK FORCE:




**Tommy Rodriguez, Chair, Children Youth and Families Department Northern Region
Juvenile Justice Services**



Erica Lucero, First Judicial District Attorney's Office



Geraldine Salazar, Santa Fe County Clerk




Pablo Sedillo III, Santa Fe County Public Safety Director



Steve Bing (Designee for Judge Mary L. Marlowe Sommer) First Judicial District



Mark Dickson, Esq., First Judicial District Public Defender's Office



Ona Johnson, Director Dollars4Schools, Santa Fe Community Foundation



Michelle George, Retired Children Youth and Families Department

EXHIBIT I

2014 CIP List of Projects for Juvenile Development/Detention Facility

Project No.	Code	Project Name	MACC	Project Budget
021.1	4.06.E03.	Main Parking Lot Renewal	\$101,980	\$130,025
021.2	4.05.E03.	East Parking Lot Renewal	\$136,830	\$183,352
021.3	4.05.E03.	Resurface Maintenance Area Asphalt	\$46,857	\$62,789
021.4	4.06.E02.	Landscape Renewal	\$594,123	\$757,506
021.5	4.06.E05.	Drainage Study	\$14,474	\$18,454
021.6	4.06.E06.	Refurbish Exercise Yard	\$152,345	\$194,240
021.7	4.05.D02.	Resurface Exercise Yard Walls	\$12,443	\$16,673
021.8	4.08.A03.1.	HVAC Renewal	\$1,561,388	\$1,990,769
021.9	4.05.A03.2.	Replace Generator	\$19,200	\$25,728
021.10	4.08.D04.	Roof Replacement	\$1,599,514	\$2,039,380
021.11	4.05.A03.2.	Replace Master Control Center Systems	\$437,850	\$586,720
021.12	3.09.A03.2.	Lighting Upgrade	\$353,783	\$422,770
021.13	4.05.D02.	Exterior Upgrades	\$85,563	\$114,655
021.14	4.05.D05.	Window Replacement	\$312,238	\$418,398
021.15	4.05.A04.	Sewer Grinder	\$18,000	\$24,120
021.16	8.04.B03.	ADA Public Restroom Upgrades	\$89,295	\$119,655
021.17	8.05.B03.	ADA Drinking Fountains	\$18,737	\$25,107
021.18	8.04.B03.	ADA Cell Renovations	\$107,154	\$143,586
021.19	4.05.C05.1.	Administration Suite Renewal	\$142,679	\$191,190
021.20	8.04.C09.	ADA Renovate Staff Locker Rooms	\$267,885	\$358,966
021.21	4.05.C02.	Living Unit and Corridor Flooring Upgrades	\$182,000	\$243,880
021.22	4.05.C02.	Asbestos Study	\$22,482	\$30,125
021.23	4.08.C01.	Kitchen Upgrades	\$176,364	\$224,864
021.24	4.05.C05.1.	Refurbish Ancillary Spaces	\$520,300	\$697,202
021.25	4.05.A03.1.	Door Repairs	\$60,000	\$80,400
021.26	4.05.C07.	Furnishing Upgrade	\$100,000	\$134,000
021.27	4.00.F02.	Issue: Facility Replacement	\$0	\$0
Total of Project Budgets				\$9,234,555

EXHIBIT II

Juvenile Development/Detention Facility

4250 Airport Road
 Santa Fe, NM 87507
 Current Year: 2014
 Evaluation Date: 8/20/14
 Evaluator: AOB

Site Data

Ownership: Santa Fe County Site acres: 7.80
 Building Types on Site: 1 SHRP / NRHP: No
 No/Type of Parking Spaces: 3 marked ADA, 61 regular, 17 marked for county vehicles and staff
 Lat/Long: 35.638855 / -106.021149 [Map](#) Number of Structures: 1

Building Data

Permanent building area: 49411 GSF Modular building area: 0 GSF
 Employees on Site: 22 Modular buildings: 0.0% of GSF
 Number of Floors: 1 FCA Level: 1

Construction Dates

Year Built: 1984 Building age: 30
 Initial Construction Date: 1983 Renovation/Addition 1: 1989
 Renovation/Addition 2: 2005 Renovation/Addition 3:

Starred () entries are approximates.*

FCI Data

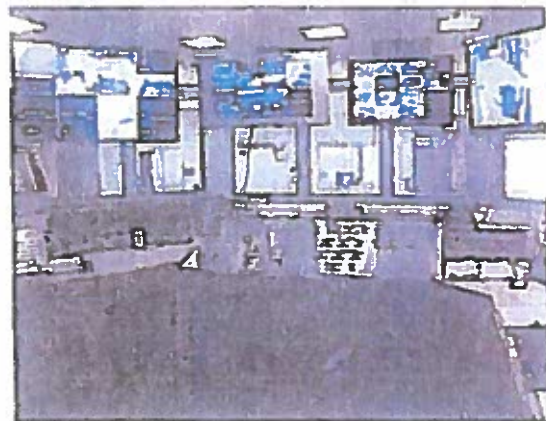
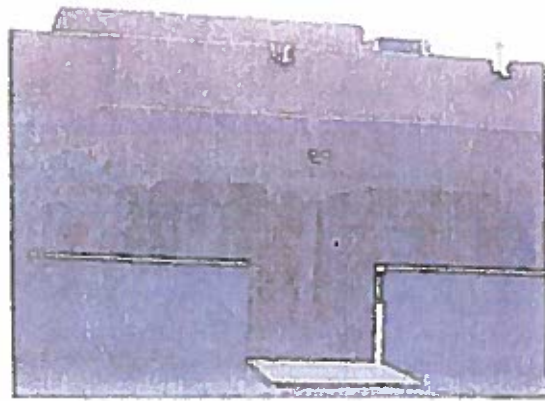
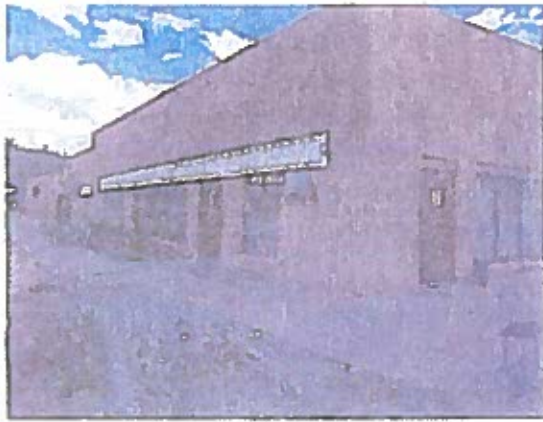
Building Type: Detention Facility Class: 2
 Building Height: Single Story CRV: \$15,013,532
 Cost per GSF: \$303.85 FCI Cost: \$8,561,512
 FCI Score: 0.570 FCI: Poor
 FCI Scoring: 0.00-0.050=Good 0.051-0.100=Fair Greater than 0.100=Poor

Total Projects Budget

\$9,234,555

Scoring Category	Possible Points	Total Earned	%
Site	244	184.0	75.4
Physical Plant	367	263.0	71.7
Adequacy and Environment for Operations	389	249.0	64.0
Total	1000	696.0	69.6

Excellent=90-100% Satisfactory=70-89% Borderline=50-69% Poor=30-49% Very Inadequate <= 29%



Participants:

Aaron Garcia, Interim Youth Services Manager
Thaddeus Chapman, Maintenance Supervisor

Date: 08-20-2014

Notes from Facility Manager's Meeting and Questionnaire

This is a secure facility. Access is limited at all times and cameras monitor the parking area. This was formerly an adult detention facility and is now used for juvenile detention.

The parking lot and access roads are adequately sized for emergency vehicles and deliveries to enter the site and access the building as required. There is adequate parking for visitors and staff, but the parking lot surface is deteriorating and eroded in places.

Landscaping along the front of the building is neglected and in poor condition. Sidewalks are cracked and broken. There are drainage problems along the east side of the building and there has been recent damage to the building and furnishings from flooding. The storm drain clogs and has to be flushed regularly. A heavy rain will overwhelm the storm drain. The hillside by the storm drain is eroding and contributes to the build up of water along the southeast building walls.

The exercise yard has a basketball court and track that are deteriorating from age.

The HVAC system is old and does not provide consistent temperatures. This is especially problematic inside the living units. Providing cooling is more challenging than heating. Natural gas for the HVAC units is supplied via underground piping.

Primary electrical power is adequate, but secondary electrical power overloads and circuit breakers trip regularly. Interior lighting is good, but energy inefficient. Changing to LED lights would help the operational costs and provide softer lighting in the living units. There is a back up generator that is original to the building. It is very loud and getting parts for it is starting to be a problem.

Water is provided by the municipal system. The building is connected to the city sewer. The plumbing system backs up regularly, due to age and residents putting large objects into the system. Some of the fixtures have been recently replaced. The public restrooms are very dated and in need of an upgrade.

The building security system is antiquated. Only one third of the cameras work. The intercom system does not work at all, and the automated door system is constantly breaking down. Many of the sliding doors stick or they work sporadically. The electrical system supporting the doors is failing. The server rooms get too hot and affects the security system especially during the summer. There are lots of telephone lines and they are working well. The fire suppression system is difficult to maintain. Maintenance funds for support systems are difficult to obtain for such an old building.

The general appearance of the building and the roof are the issues that most concerned the staff. The roof is failing and leaks are a constant battle. The stucco on the CMU walls is failing. The EIFS in the exercise yard has been abused, and there are large chunks gouged out of it. More than 120 windows have broken seals or broken glass.

The administrative offices are worn. Some of the offices are currently getting new carpet, but the VCT tile and ceramic tile are broken and worn. The VCT tile is delaminating from the concrete floor, and there is possible asbestos in the mastic and possibly other areas of the facility. The lighting in the offices is dim and needs updating. The staff lounge is neglected and has no refrigerator and the staff patio is overgrown with weeds.

There is a possibility of the program expanding and trying to utilize the east section which is currently being repaired for water damage and is not occupied. The building is currently underutilized, so there is plenty of room for growth.

Summary Notes and Comments

Site:

1) Parking and Traffic Areas: The parking lot is adequately sized for the current use. There are enough parking spaces for visitors, employees, and county vehicles. The lot surface is in poor condition. The asphalt is cracking, the lines are fading, and numerous asphalt patches are evident throughout the lot. The traffic flow is striped to be one way, but it is difficult to see the pavement arrows and there is no signage to indicate a one-way flow. The parking spots on the east side are not well defined and the parking bumpers are scattered into the dirt. The drive to the south is in good condition, but there are no gutters or curbs to define it, so vehicles drive off the pavement and contribute to the erosion along side the road. Once inside the south security fence, there is a combination of old asphalt and newer asphalt. The road asphalt is newer and in good condition but has no curb and gutter. The older asphalt is the driveway to the sally port, the maintenance area, and the kitchen dock. This back area has concrete curb and gutters, but the asphalt is in very poor condition. It is alligatoring, has patches, pot holes, and weeds growing in the cracks at the curb.

2) Fencing, Gates, Security: This facility has the appropriate fencing needed for a secure detention facility. It has high chain link fencing with razor wire along the top and screening fabric at the perimeter as required for a detention facility. There are shorter chain link fences marking boundaries in the exercise yard. The fences are in good condition overall but there are a few places that need repair in both the low and the high fences.

3) Walks and Courts: The north and east concrete walkways have settled and are breaking apart and have ice damage. The concrete pad in the exercise yard is in fair condition, but has grass growing between the cracks. The asphalt basket ball court is cracked and the lines faded. The basketball standards and protective covers are damaged. The employee patio is in poor condition. It is made of 8x16 pavers that have settled, are broken and have weeds growing in the cracks and in the gravel mulch surrounding it. There is a metal shade structure with a picnic table on a concrete pad near the east entrance. It is in good condition.

4) Landscaping: The landscaping is neglected. The front entrance is a wasteland of unpruned trees, weed filled gravel mulch, and rock piles surrounding a sign and flag pole area. The east entrance is hidden behind a retaining wall that masks more weeds, unattended bushes and gravel mulch that no longer covers the weed barrier. The south service areas are asphalt surrounded by eroding dirt and weeds. The exercise yard is also neglected and what little grass is left is dying. The weeds have taken over the west section and are breaking apart the timber retaining wall. The rip rap used to control runoff from the roof drains is also weed infested. There are prairie dog colonies in all landscaped areas.

5) Drainage and Runoff Control: The east side of the site has major drainage problems. The storm drains clog regularly and any good rain will cause a back up that floods the east entrance. Sandbags are pre-positioned to help keep the water out of the building, but water damage is evident all along the exterior walls. The interior is currently undergoing work to repair and replace finishes damaged during the last flood. There is ponding in the exercise yard. The rip rap catch basins for the roof drains are clogged with weeds. The remainder of the site drains well.

6) Signage/Way Finding: The facility's main sign is along the street and visible, but it does not match the signage on the building. The parking lot is not marked well for one way traffic, and both visitors and staff ignore the pavement directional markings. The main entrance is well defined and signage for visitor restrictions is well placed.

7) ADA: This is a single story building (except in two cell blocks) with accessible sidewalks from the main parking lot to the main entrance doors on the north and the east. The condition of the sidewalks is poor and there are gaps and settling that have caused pavement displacement of greater than 1/2".

8) Utilities: The facility is on city sewer and city water and has natural gas. Primary electrical service is good, but secondary service is only fair.

9) Fire Protection: There is a fire hydrant on the property. Access for fire trucks and emergency vehicles is very good.

10) Other: Access from the street is limited. There are cameras monitoring the entrances to the site and within the site. Surveillance cameras do not have record capabilities and not all are operable.

Dumpsters are located in the fenced service yard. There is also a storage pod and two additional storage buildings in the service yard. They are in fair condition.

Physical Plant:

1) Structure: This is a high security detention structure. The foundations appear sound. The facility is constructed of reinforced CMU walls with exterior insulation. Windows and doors are correctional grade and in poor condition.

2) Entrances and Exits: The main entrance is easy to distinguish. The main entry doors are worn and damaged for constant use. The lobby tile floor has a large crack going through the center of the room. All doors are alarmed and access controlled. The east wing and entrance is not currently being used. It has an exposed CMU retaining wall. The east side is exposed CMU while the west side has painted murals.

3) Halls, Corridors, Common Areas: The corridors are a mix of painted CMU and frame walls, depending on their location within the building. The paint is good and the corridors are kept clean and free from obstructions. The corridor floors are VCT tile with vinyl base, but the tiles are starting to delaminate from the floor and appear dirty and heavily waxed. The booking area is very large and only part is needed, so the showers and unused cells are used for storage.

4) Doors: The doors in the employee areas are a combination of solid and hollow core wood doors. They have had heavy use and are scratched, worn and some have holes in them. The doors in the detention part of the building are heavy steel sliding doors with remotely accessed locking mechanisms and glass security lites. These doors are painted with many coats of paint. The doors stick and the electrical connections to the doors are failing. Some doors will only open if other doors are open and other won't close unless certain other doors are also closed. Because of this, many doors are not used or entire banks of doors are shut down. The door lites are loose and rattle.

5) Built-In Casework: The casework in the employee lounge and health clinic is worn and dated. Restroom casework is stained and pieces of the laminate are broken. Kitchen casework is stainless steel and in good condition.

6) Flooring: The floors are mix of ceramic tiles in employee and public restrooms and the lobby. VCT and carpet in employee areas, common hallways, and educational areas. The inmate living units have VCT floors and concrete floors at shower facilities. The guard observation rooms are carpet on raised access floors. The access floors are plywood and the plywood is rotting underneath the carpeting. The main kitchen has quarry tile floors, and the old cafeteria and serving line have VCT. The VCT is in poor condition. It has been waxed numerous times and appears dirty from the wax build up. The tiles are chipped and delaminating from the concrete subfloors. The quarry tile is in poor condition. Tiles are coming up, stained and grout is missing. Part of the carpet in the administration area is new. The remaining carpeted areas are stained and unraveling but are in lesser used areas.

7) Wall Systems: The walls, doors and trim have been painted numerous times and there is a substantial build up of paint.

8) Ceilings: The lobby and administrative office area have 2x4 lay-in acoustic ceiling tiles. The majority of the building, including restrooms and the sally port, have painted, gypsum board ceilings. The acoustic ceilings are in good condition. The hard ceilings show evidence of roof leaks

with peeling paint and damaged gypsum board.

9) Windows, Interior Glazing: The interior windows are in good condition. The exterior windows are failing. These windows are high security, multi-paned tempered glass in steel reinforced frames. The seals have failed causing the glass to be murky and yellowed. Many windows have broken or are missing layers of glass.

10) Signage/Way Finding: Signs in the inmate living areas are limited due to the nature of this facility. However, signage in the administrative area is not up to current ADA requirements. They are lacking some signage and the signs in this area should be replaced and located as prescribed by ADA requirements. There are no signs indicating the ADA public entrances.

11) Roofing, Parapets, Roof Drainage: The roofs are flat roofs with minimal slope and have parapets on all sides of the building and separating building areas. The roofs are in very poor condition and there is evidence of ponding in many areas. The roofs are a combination of built up roofing, built up roofing with gravel ballast and a small area of TPO roofing. The built up roofs leak throughout the facility and are causing ceiling damage. There are soft areas on the roof indicating decking damage below. Because most of the ceilings are gypsum board, the roofs must be permanently repaired before the ceilings can be repaired. Many of the roof drains are missing debris cages. There are no parapet caps on the parapets, therefore the tops of the parapets are cracked and water is infiltrating along the walls. Razor wire tops some of the parapets and any area that could be scaled by inmates to gain access to the roofs.

12) Exterior Surfacing: This is a pueblo style building with EIFS exterior cladding. The stucco coat is cracking extensively. In the exercise area the EIFS walls have been abused and gouged. Attempts at repairs are poor and the gray patches just emphasize the damage.

13) Restrooms:

a) ADA Issues: All the cells are set up with two bunk sleeping shelves, a toilet and sink. However, no cell is designated as an ADA cell, and no cell is set up with grab bars or has the turn around clearance for a wheel chair. There is no designated ADA shower. Neither the public nor the staff restroom facilities meet current ADA requirements. The accessories are mounted too high. There are no vertical grab bars and the sink pipes are not wrapped or shielded. The staff showers do not have transfer seats and are not large enough to be roll in showers. The fixture controls are too high; there is not a hand held sprayer available, and there are no grab bars. The locker rooms do have ADA benches or lockers.

b) Potty Parity: Every cell has its own toilet and sink. There is a visitor restroom in the lobby, and staff restrooms in the administration areas.

14) HVAC Systems/Comfort: The HVAC systems work but need constant, almost daily repairs. It is possible that many of the units are original to the building and the addition. The health clinic has poor ventilation and utilizes a box window air conditioning unit to supplement the air conditioning system.

15) Electrical Systems: The electrical system is adequate for the load, but is aging and shorts out often. The generator is original to the building and finding parts for it is difficult.

16) Energy Conservation: The roof insulation is minimal and does not meet current NM energy code. The exterior walls are grout filled CMU and have an three inch EIFS finish. Appliances and

lights are original and not energy efficient.

17) Security: The intercom system is inoperable and all employees utilize hand held radios for communication. One third of the cameras are inoperable and the door control system has electrical problems, so it does not work appropriately. The Master control board, access control systems and alarms short out and break down regularly, and they do not work consistently in all areas of the facility. 12 of the working cameras do not record, and 17 do not work at all. Some of the exterior lights are broken or have yellowed light covers. The area is well lit overall, but there are poorly lit spaces.

18) Fire Protection: This facility is extensively alarmed for fire and has measures in place for the control of inmates in the event of a fire. The building is fully fire sprinkled. Rooms with fire panels and electrical boxes overheat. The fire system constantly requires repair.

19) Other: This is a single story building, except for two of the detention units which have a second floor mezzanine bank of cells, ADA access is possible throughout the facility. There are enough cells on the ground floor to meet the ADA requirements for the availability of cells, but no cell is set up to meet current accessibility requirements.

Adequacy and Environment for Operations:

1) ADA: This facility does not meet current ADA requirements for correctional facilities for inmates nor employees.

2) Space Use Appropriate: There are several educational and recreational facilities. They are in fair condition, but very large for the population served. Many of the restrooms and shower facilities are used as storage rooms, and many spaces are unused but still being heated and cooled. The facility was designed for adults, and although meets the requirements for a juvenile facility vestiges adult requirements are prevalent. For example, there are two bunks in most cells, but juvenile standards require 70 square feet per inmate, so they can only utilize a single bunk per cell, and the other bunk clutters up the space.

3) Density of Users: On the day of the evaluation there were six inmates and 22 day staff. At its busiest there have been 27 inmates. The facility can more than 64 juvenile inmates. This facility is under utilized for its size and the unused portions are deteriorating at a rapid rate.

4) Furnishings: The movable furnishings are dated and worn. The permanent furnishings are integral color, resin coated metal and bolted to the floors. They are very sturdy and show minimal signs of wear. Kitchen and laundry appliances are dated.

5) Health/Safety: No issues.

6) Special Systems: The access control systems are failing. In one unit the control board doesn't work, so all the doors have to be opened manually.

Does it meet purpose? Yes

Are there energy conservation options? Yes

Is signage poor or missing? Yes

Is the building well utilized? No

Are there program space deficiencies? No

Site Plan



EXHIBIT III

**OPINION OF MARKET VALUE
OPINION OF USE VALUE**

APPRAISAL REPORT

A JUVENILE DETENTION FACILITY

4250 Airport Road
Santa Fe, New Mexico 87507

SANTA FE COUNTY PUBLIC WORKS
102 GRANT AVENUE
SANTA FE, NEW MEXICO 87501

Effective Date
of Appraisal

June 3, 2015
Reflecting As Is Condition

PREPARED BY GINNY OLCOTT, MAI



June 18, 2015

Agnes Leyba-Cruz
Projects Specialist, Public Works Dept
Santa Fe County
102 Grant Avenue
Santa Fe, New Mexico 87501

Re: Juvenile Detention Facility
4250 Airport Road
Santa Fe, New Mexico
(Youth Development Program)

Dear Agnes,

I have appraised the referenced property for the purpose of providing supported opinions of market value and use value, both reflecting as is condition.

The attached appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) for appraisal assignments. Supporting documentation and analysis for this appraisal is included to the extent practical in the attached report.

Because of the unique nature of this property, two opinions of value are offered: Market Value and Use Value. Based on my findings, I conclude to opinions value as follows

AS IS MARKET VALUE OPINION

JUVENILE DETENTION FACILITY
UNDER ALTERNATIVE USE
4250 AIRPORT ROAD
SANTA FE, NEW MEXICO
AS OF JUNE 3, 2015 \$ 1,800,000

AS IS USE VALUE OPINION

JUVENILE DETENTION FACILITY
ASSUMING ON-GOING USE AS JAIL
4250 AIRPORT ROAD
SANTA FE, NEW MEXICO
AS OF JUNE 3, 2015 \$ 5,235,000

Use value as a detention facility includes allocation to some non-affixed equipment typical of this type of property - kitchen and laundry equipment - to which is assigned a lump sum allocation to value is \$20,000. This does not include beds, linens, food inventory, handheld or portable radios, office and computer equipment, furniture or other non-affixed items with typically short life-cycles.

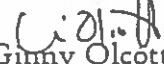
Please see the report for discussion of important distinctions between market value and use value, their assumptions and effects on value.

This appraisal is subject to the following special assumptions.

- The appraisal assumes there are no detrimental conditions resulting from easements, deed restrictions or other title issues. Recorded survey/plat not available and no title documents provided to appraiser. Conveyable and immediately marketable title assumed. Refer to Assumptions and Limiting Conditions for additional comments regarding title matters.
- The appraisal assumes there are no unusual title conditions that would impair value or marketability. Expert legal opinion to confirm this assumption is recommended.
- *Market Value* opinions reflecting underlying land value only (land as vacant) and as repurposed rely on an assumption that the site may be rezoned to C-2 or similar general commercial zoning as described in the report. This represents an extraordinary assumption, defined as an assumption, directly related to a specific assignment, as of the effective date of assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
- *Use Value* opinion assumes the property continues to operate as a juvenile detention or jail facility. Although a highly specialized use with few potential users/buyers, continued use as such does appear to be viable given on-going negotiations between County and State agencies.
- No current building inspection reports are available for review; the appraisal assumes there are no significant detrimental structural, mechanical or other conditions affecting value or marketability.
- The opinion(s) of Market Value exclude all non realty items such as furnishings and fixtures, security equipment, systems office partitioning and desks, linens, supplies, radio equipment, portable storage buildings, office and other equipment, personal property, or other intangibles. Under continued use as a jail, the Use Value inherently includes contributory value of some permanently affixed FF&E such as security equipment. In addition, the opinion of Use Value includes allocation to some non-affixed equipment, most notably kitchen and laundry equipment, to which is allocated a value of \$20,000.
- No recorded survey or plat data is available for determination of land area. A 1962 quitclaim deed with metes and bounds description does not appear to be accurate or reflect current conditions. I have relied upon an unrecorded survey prepared by Salvador Vigil, Surveyor, dated 1993 which shows a land area of 7.375 acres. I was not permitted to copy or otherwise reproduce this document which is kept with other archived documents at the facility. I assume the land area reported in the 1993 survey is accurate; if the land area is found to be substantially different, or if substantial easements or encroachments or other detrimental conditions are discovered to exist, this appraisal and its value conclusions could be affected.
- The appraiser was provided as-built architectural plans for the facility dating to 1998 for review only; I was not permitted to copy or otherwise reproduce the drawings. Building areas reported herein are based on dimensions scaled by the appraiser from these drawings, then calculated using the APEX software program. Building areas are approximate due to odd angle of one wing and also given some alterations to the space subsequent to these drawings. Independent measurement of the structure was not possible due to security concerns.

A synopsis of the appraisal is presented on the following Summary of Appraisal. It has been a pleasure working with you on this assignment.

Respectfully,


Ginny Olcott, MAI
Olcott Appraisal, Inc.

SUMMARY OF APPRAISAL

Property Appraised:

Under appraisal is a juvenile detention facility serving a seven-county area of north-central New Mexico, appraised reflecting as is condition. The heated and finished building area is estimated at 55,703 square feet including 1,833 sf heated inmate intake sallyport (1,833 sf). In addition are two walled outdoor recreation yards (804 and 1,633 sf) plus large fenced rec yard. The total site area is 7.375 acres per 1993 unrecorded survey and assumed to be accurate. As currently improved, this is a highly specialized facility and consideration of *market value* for alternative uses is paramount, as well as including analysis of the *market value* of the underlying land as though vacant. At the client's request, I have also analyzed the property assuming continued use as a jail; this reflects a limited market property for which there are very few potential buyers. This latter analysis represents the *use value* of the property; please see the report for discussion of important distinctions in these two value definitions. The location is in the southwest quadrant of the City of Santa Fe, Santa Fe County, New Mexico. Street address is 4250 Airport Road, a secondary arterial serving this primarily residential neighborhood. For reference, location maps and subject photos are included at the Addenda.

Legal Description:

Not provided by client, subject to survey, assumed to be by metes and bounds tied to Airport Road as shown on unrecorded 1993 survey by Salvador Vigil (in possession of Youth Detention, office archives).

Property Rights Appraised: Fee simple estate, subject to easements and restrictions of record.

Effective Date of Value: June 3, 2015.

Date of Report: June 18, 2015.

Zoning: R-1 - Low density single family residential - 1 DU/Acre. See report for assumption of change to more appropriate C-2 or similar commercial-use zone.

Land Area: ±321,255 sf ±7.375 acres per 1993 unrecorded survey by Vigil



Building Areas:	±53,870 sf	Detention Facility, Heated Finished Area
	± 1,833 sf	Intake Sallyport
	±55,703 sf	Total Heated/Finished Area
	± 804 sf	East Outdoor Rec Yard (enclosed, no roof)
	± 1,633 sf	West Outdoor Rec Yard (enclosed, no roof)

Highest and Best Use: As vacant, highest and best use is development of neighborhood-scale commercial use, generally best for smaller-to mid-scale retail, restaurant and mixed uses assuming change to more appropriate C-2 (or similar) zone.

As improved, the existing detention facility is highly specialized, and may no longer be practical or necessary. All indications suggest conversion/repurposing to other more appropriate neighborhood-scale commercial use. Data indicates that value of land as vacant is essentially the same as for the improved property as a building shell. Highest and best use as improved is either redevelopment of the site or repurposing the existing improvement to another more economic and neighborhood-oriented commercial use.

AS IS MARKET VALUE OPINION

JUVENILE DETENTION FACILITY
 UNDER ALTERNATIVE USE
 4250 AIRPORT ROAD
 SANTA FE, NEW MEXICO
 AS OF JUNE 3, 2015

\$ 1,800,000

AS IS USE VALUE OPINION

JUVENILE DETENTION FACILITY
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 AS OF JUNE 3, 2015

\$ 5,235,000

Use value as a detention facility includes allocation to some non-affixed equipment typical of this type of property -kitchen and laundry equipment - to which is assigned a lump sum allocation to value is \$20,000. This does not include beds, linens, food inventory, handheld or portable radios, office and computer equipment, furniture or other non-affixed items with typically short life-cycles.

Please see the report for discussion of important distinctions between market value and use value, their assumptions and effects on value.

This appraisal is subject to the following special assumptions.

- The appraisal assumes there are no detrimental conditions resulting from easements, deed restrictions or other title issues. Recorded survey/plat not available and no title documents provided to appraiser. Conveyable and immediately marketable title assumed. Refer to Assumptions and Limiting Conditions for additional comments regarding title matters.
- The appraisal assumes there are no unusual title conditions that would impair value or marketability. Expert legal opinion to confirm this assumption is recommended.
- *Market Value* opinions reflecting underlying land value only (land as vacant) and as repurposed rely on an assumption that the site may be rezoned to C-2 or similar general commercial zoning as described in the report. This represents an extraordinary assumption, defined as an assumption, directly related to a specific assignment, as of the effective date of assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
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- No current building inspection reports are available for review and the appraisal assumes there are no significant detrimental structural, mechanical or other conditions affecting value or marketability.
- The opinion(s) of Market Value exclude all non realty items such as furnishings and fixtures, security equipment, systems office partitioning and desks, linens, supplies, radio equipment, portable storage buildings, office and other equipment, personal property, or other intangibles. Under continued use as a jail, the Use Value inherently includes contributory value of some permanently affixed FF&E such as security equipment. In addition, the opinion of Use Value includes allocation to some non-affixed equipment, most notably kitchen and laundry equipment, to which is allocated a value of \$20,000.
- No recorded survey or plat data is available for determination of land area. A 1962 quitclaim deed with metes and bounds description does not appear to be accurate or reflect current conditions. I have relied upon an unrecorded survey prepared by Salvador Vigil, Surveyor, dated 1993 which shows a land area of 7.375 acres. I was not permitted to copy or otherwise reproduce this document which is kept with other archived documents at the facility. I assume the land area reported in the 1993 survey is accurate; if the land area is found to be substantially different, or if substantial easements or encroachments or other detrimental conditions are discovered to exist, this appraisal and its value conclusions could be affected.
- The appraiser was provided as-built architectural plans for the facility dating to 1998 for review only; I was not permitted to copy or otherwise reproduce the drawings. Building areas reported herein are based on dimensions scaled by the appraiser from these drawings, then calculated using the APEX software program. Building areas are approximate due to odd angle of one wing and also given some alterations to the space subsequent to these drawings. Independent measurement of the structure was not possible due to security concerns.

Exposure Time:

Looking backward, to accomplish a sale of the subject property, I estimate an exposure period of 18 to 36 months as is typical under current market conditions, and assuming competent and professional marketing efforts, cooperative seller, and pricing similar to the opinion of market value herein rendered. Exposure time considers the scale and specialized nature of the existing improvements as well as interest for alternative uses, or razing of existing improvements for redevelopment of the site.

Appraiser:

Ginny Olcott, MAI, Olcott Appraisal, Inc.



INTRODUCTION

This Appraisal Report is intended to comply with the reporting requirements set forth under the 2014-2015 Uniform Standards of Professional Appraisal Practice. It presents discussions of the data, reasoning and analyses used in the appraisal process and in developing the opinion of value. Supporting documentation concerning the data, reasoning and analyses are included in the report to the extent practical, with other data retained in the appraisal file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

Identification of the Property

Under appraisal is a juvenile detention facility serving a seven-county area of north-central New Mexico, appraised reflecting as is condition. The heated and finished building area is estimated at 55,703 square feet including 1,833 sf heated inmate intake sallyport (1,833 sf). In addition are two walled outdoor recreation yards (804 and 1,633 sf) plus large fenced rec yard. The total site area is 7.375 acres per 1993 unrecorded survey and assumed to be accurate. As currently improved, this is a highly specialized facility and consideration of *market value* for alternative uses is paramount, as well as including analysis of the *market value* of the underlying land as though vacant. At the client's request, I have also analyzed the property assuming continued use as a jail; this reflects a limited market property for which there are very few potential buyers. This latter analysis represents the *use value* of the property; please see the report for discussion of important distinctions in these two value definitions. The location is in the southwest quadrant of the City of Santa Fe, Santa Fe County, New Mexico. Street address is 4250 Airport Road, a secondary arterial serving this primarily residential neighborhood. For reference, location maps and subject photos are included at the Addenda.

Legal Description

Not provided by client, subject to new survey, assumed similar to metes and bounds tied to Airport Road as shown on unrecorded 1993 survey by Salvador Vigil (in possession of Youth Detention, office archives).

Condition of Title

No title documents or policy were available for review. I assume there are no adverse restrictive covenants, encroachments or encumbrances affecting the site. I also assume there are no unusual exceptions or requirements to clear title at this time. Specifically, I assume there are no limitations to use of the property.

Purpose of Appraisal

The purpose of this appraisal is to provide supported opinions of as is market value and use value of the property. This report is intended to comply with USPAP regarding appraisal assignments.

Intended Use of the Appraisal

The appraisal is intended to be used by my clients for internal asset management and possible disposition decisions. This appraisal shall not be published for broad viewing including via the internet or released to the public in any form.

Intended Users of the Appraisal

The primary client and intended user for this assignment is Santa Fe County. Other users may include review entities such as the State Board of Finance and New Mexico Taxation and Revenue. This appraisal and its contents are not intended for any use other than as stated, nor by anyone other than the named clients/users. The appraiser is not responsible for the unauthorized use of this appraisal.

Extraordinary Assumption

Market value opinions reflecting underlying land value only (land as vacant) and as repurposed rely on an assumption that the site may be rezoned to C-2 or similar general commercial zoning as described in this report. This represents an extraordinary assumption, defined as an assumption, directly related to a specific assignment, as of the effective date of assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Effective Date of Value

Reflecting as is condition, the effective date of value is June 3, 2015.

Date of the Report

June 18, 2015.

Property Rights Appraised

Under both the market value and use value analyses, property rights appraised are those of fee simple estate, assuming immediately marketable title, and subject to easements and restrictions of record.

"An absolute fee, a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

Market Value Defined

The definition of market value used by the Office of the Comptroller of Currency of the United States (OCC), commonly used and considered synonymous with generally accepted definitions of market value pertaining to real property is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;



Both parties are well informed or well advised and each acting in what he considers his own best interest;
A reasonable time is allowed for exposure in the open market;
Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with this sale.²

Market Value applies to valuation of the underlying land as vacant and to the property as repurposed, that is, under alternative use.

Other Pertinent Definitions

At the client's request, I have analyzed the property under the assumption that it continue to operate as a jail or detention facility. This is a highly specialized use which has a limited market. "Use Value," "Special-Purpose Property," and "Limited Market Property" are defined as follows:

Limited-Market Property: A property that has relatively few potential buyers at a particular time.³

Special-Purpose Property: A limited-market property with a unique physical design, special construction materials, or a layout that restricts its utility to the use for which it was built; also called *special-design property*.⁴

Use Value is defined as, "...the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal..." In economics, use value is "the attribution of value to goods and services based upon their usefulness to those who consume them."⁵

Competency Provision

I, Ginny Olcott, MAI possess the technical training and experience necessary to prepare an appraisal of the property in question. I hold the MAI designation from the Appraisal Institute and the General Certificate issued by the State of New Mexico Real Estate Appraisers Board.

Scope of the Appraisal

This report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by The Appraisal Foundation, and the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA).

² FEDERAL REGISTER, VOLUME 55, NUMBER 165, THURSDAY, AUGUST 24, 1990, RULES AND REGULATIONS, PAGE 34684, SECTION 34.42(F) APPROVED BY THE OFFICE OF THRIFT SUPERVISION AND THE OFFICE OF THE COMPTROLLER OF THE CURRENCY OF THE UNITED STATES OF AMERICA.

³ THE DICTIONARY OF REAL ESTATE APPRAISAL, APPRAISAL INSTITUTE, 4TH EDITION, (CHICAGO, IL: AI, 2002), P 165.

⁴ IBID., P272.

⁵ IBID., P303.

This appraisal presents to the readers and users of this report opinions of value based on confirmed market evidence. In the preparation of this assignment, data was retrieved from existing files and a number of new investigations were made. Knowledgeable market participants were interviewed during the course of the assignment.

- The purpose of this investigation was to determine the "as is" condition of the real estate and the legal entitlements to the property under study, as well as to develop reliable conclusions about the subject's submarket.
- Area trends were studied using economic statistics compiled by Santa Fe County, the Bureau of Business and Economic Research at the University of New Mexico, the United States Census and other publications.
- The site and existing improvements were studied based on physical observations. Building areas are based on dimensions taken by the appraiser from architectural drawings of the property dating to 1998; exterior measurement of the building was not practical for security purposes. I was accompanied on my sit visit by Aaron Garcia, Youth Services Administrator for the Santa Fe County Youth Development Program, as well as maintenance staff. The property was observed on June 3, 2015, including walk-through and photographing of most areas of the secured detention facility.
- Consideration was given to highest and best use of the property both as vacant and as improved. See appraisal for detailed discussion of both.
- Market data in the form of comparable land sales (under extraordinary assumption of rezone to C-2 or similar) were investigated and summarized in the report. Transactions used for comparison were verified with the Santa Fe County Assessor and County Clerk offices, and other sources. Every effort was made to obtain the most complete information for each transaction, including interviews with buyer, seller, agents or other parties to the transactions to the extent possible.
- Consideration was given to likelihood of continued use as a detention/jail or similar use facility. As well, alternative uses were considered including conversion or remodel costs. Alternative use properties reflect similar scale and potential for conversion.
- Representing *market value*, this appraisal does not include development of a replacement cost approach. Under definition of market value, the cost approach does not provide a particularly reliable or meaningful indicator of value; at the highest and best use discussions, it is shown that the existing jail/detention improvements are deemed to be special-use and have a limited market; by extension and under market value definition, the improvements have minimal contributory value - shell value at best. And, market data supports significantly higher demand for alternative uses or for the site as vacant and available for redevelopment. As shown, value for the site as vacant is very similar to the value of the whole property in as is condition. Alternatively, a replacement cost analysis is prepared for this appraisal under assumption of continued use as a jail facility - a special-use, limited-market property - reflecting Use Value, assuming the property continue operation as a jail/detention facility.
- An income approach is not developed in this report. The few similarly large alternative use facilities (places of worship, warehouses, institutional) in the local Santa Fe market area are almost exclusively owner-occupied and no reliable rental data is available; there are few local or regional users who would utilize this much space - some 58,000 sf total. Omission of the income approach in this instance is not believed to diminish the reliability of the appraisal.
- The report concludes with reconciliation and final opinions of market value and use value, both reflecting as is condition.

History of the Property

Current ownership per Assessor documents is in the name of Santa Fe County. A search of recorded documents pertaining to the property produced minimal results. Only a 1962 quitclaim deed was located, transferring at least a portion of the subject site from the City of

Santa Fe to the Board of County Commissioners of the County of Santa Fe (Book 193, page 470-471, records of Santa Fe County Clerk). This document references two tracts, A & B, described by metes and bounds. However, in drawing the site plan of these deed calls, a fairly significant difference in land area is noted between the computer generated results (calls entered by appraiser) and the land area stated for Tract A. Further, it appears that the quitclaim deed may not include all lands currently associated with the property. Thus, it appears that other lands may have been added at some point subsequent to the original deed.

It is reported that the first detention facility was constructed at the site in about 1984, serving as an adult holding facility until a larger facility was built south of the city. No other information is available for the project other than evidence of a fairly large remodel and possible expansion occurring in 1998/1999 (reference architectural drawings by Custer Basarich, Architects, Albuquerque, archived at the facility). It is assumed that the project was converted for use as a juvenile detention facility at that time. It appears that some seven counties in north-central New Mexico are served by the facility - Los Alamos, Rio Arriba, San Juan, San Miguel, Santa Fe, Taos and Torrance.

It is my understanding from interviews with County staff, and based on news reports from several sources, that the existing juvenile inmate population has declined significantly over the last five or so years. The facility has capacity for about 200 inmates, and is currently allowed up to 63, though actual inmates housed has averaged about 15 to 20. That is, the facility is operating at only about 25% of current allowed occupancy. Reason for the admittedly welcome decrease in inmate population include several non-retention alternative youth programs. As a result of the low use coupled with considerable cost to operate and maintain the facility, the County is contemplating other uses or possible disposition.

The property has not been actively marketed for sale or lease in the three years preceding the effective date of valuation.

Please refer to the Addenda for the following

- Maps Locating Appraised Property, Aerial Photo, Flood Map, Zoning Data
- Sketch of Building Footprint Based on Scaled 1998 Architectural Drawings
- Photographs of Subject Property
- Comparable Land and Improved Sale Data with Location Map

AREA ANALYSIS

Real estate values are influenced by local economic activity. The appraised property is located in Santa Fe, the largest population center in Northern New Mexico, and the municipality in which the subject property is located. A review of local economic indicators is provided in the following paragraphs.

Population

Santa Fe County experienced a steady population growth rate of about 2.7% per year compounded between the 1990 and 2000 census, in large part due to in-migration from outside demographic sources. Growth inside the city boundary indicates a somewhat lower rate of about 1.1% per year during the same decade. This suggests growth has shifted to areas outside the city limits. For the most recent census, data suggests even more moderate growth, at about 2.2% for the county and just under 1.1% for the city. The population growth at outlying areas is due to limited remaining vacant land within the city limits, combined with more affordable real estate prices in outlying areas. One interesting outcome of the 2010 Census shows that about half of the census tracts in the Santa Fe area actually *lost* population. The big growth area was, unsurprisingly, the far southwest quadrant.

Population growth is summarized as follows.

SANTA FE AREA POPULATION TRENDS								
	1980	1990	2000	ANNUAL CHANGE 1990- 2000	2010	ANNUAL CHANGE 2000- 2010	ANNUAL CHANGE 1980- 2010	JANUARY 1,2014 EST.
CITY	49,160	55,859	62,203	634 (1.1%)	67,947	574 (0.9%)	1.08%	82,800*
URBAN AREA	53,000	66,104	79,100	1,300 (1.8%)	84,877	578 (0.07%)	1.58%	119,200
COUNTY	75,360	98,928	129,292	3,036 (2.7%)	144,170	1,488 (1.2%)	2.19%	146,200

* INCLUDES ANNEXATION AREA EFFECTIVE 1/1/14 OF ABOUT 13,000 RESIDENTS

SANTA FE AREA POPULATION GROWTH PROJECTIONS

	2015	2020	2025	2030
COUNTY	159,056	165,719	170,730	174,124

SOURCE: US CENSUS REPORTS AND SANTA FE TRENDS, CITY OF SANTA FE PLANNING AND LAND USE DEPARTMENT, BUREAU OF BUSINESS AND ECONOMIC DEVELOPMENT (UNM)

Another significant component of the local population, which may not register on census counts, is second-home residents. These people reside in the city only part time, and do not

claim Santa Fe as their primary place of residence. This component, as well as tourism may substantially increase the number of persons influencing local market conditions at any given time during the year.

In 2008, the City of Santa Fe completed the first phase of a mass annexation of lands that had been a confusing checkerboard of land under mixed jurisdiction. This first phase included about 2,000 acres. The second phase, originally scheduled to occur in 2012, includes nearly 3,800 acres and about 13,000 residents. Due to budget woes and logistics of providing services to the newly annexed areas, the second phase annexation was delayed until January 1, 2014. The third and final phase is set to occur in 2018 and would include about 4,200 acres. In all, the annexation would incorporate about 16,000 persons and 5,700 housing units into the city limits.

Housing Supply and Demand

Housing supply in Santa Fe County has more than doubled in the last two decades. Within the city limits of Santa Fe, the growth rate in housing is lower, averaging about 2.2% growth per year for the most recent decade. A summary of housing growth trends follows.

SANTA FE HOUSING UNITS						
	1980	1990	2000	ANNUAL CHANGE 1990- 2000	2010	ANNUAL CHANGE 2000- 2010
CITY	20,154	24,681	30,533	585 (+2.2%)	37,210	668 (2.2%)
URBAN AREA	21,810	28,573	36,579	545 (1.7%)	43,405	683 (1.9%)
COUNTY	28,314	41,464	57,701	1,231 (2.5%)	71,267	1,357 (2.4%)

As of January 1, 2014, total housing units in the city is estimated at 42,500, a sharp increase from 2010, but reflects the Phase II annexation of some 13,000 (and would reflect corresponding decrease in county units).

New construction slowed considerably in 2009, but shows some indications of improvement over the next few years based on permit data, below.

SANTA FE CITY BUILDING PERMITS						
YEAR	SINGLE-FAMILY	VALUE OF PERMITS (IN \$,000s)	AVG. PERMIT VALUE	AFFORD SFR	VALUE OF PERMITS (IN \$,000s)	AVG. PERMIT VALUE
2001	605	65,098	\$129,936			
2002	697	83,759	\$127,100			
2003	561	71,753	\$130,460			
2004	566	80,049	\$142,183			
2005	644	94,060	\$155,470			
2006	633	110,190	\$181,532			
2007	522	90,624	\$180,886			
2008	299	58,390	\$195,284			
2009	120	23,788	\$198,233			
2010	177	41,998	\$237,278			
2011	71	17,327	\$244,037	52	\$7,201	\$141,192
2012	137	33,561	\$244,969	31	3,852	\$124,250
2013	110	27,967	\$254,242	37	5,323	\$143,866
2014	90	20,708	\$230,086	32	4,001	\$125,030

SOURCE: US CENSUS REPORTS AND CITY OF SANTA FE.

The City of Santa Fe, prior to 2011, did not separately track affordable housing permits with much reliability; for prior years, number of permits includes all both affordable and market single family permits. As shown, the number of permits issued for new single family (excludes additions, repairs) appears to have peaked in 2002, and again in about 2005/2006. Data for 2008 and 2009 parallels the decline in economy and demand for new residential construction. Permit activity increased some in 2010, but appears to have hit an all-time low in 2011. For 2012, volume was up considerably from the prior year, but still well below peak periods from the last decade and has not appeared to gain much traction since then, with projection for 2014 at about 100 to 110 permits. The average permit value for market residences appears to have increased some, but earlier data is skewed low for including affordable units in the permit count, now tabulated separately. Most economists feel it will likely be years before housing starts are back to the levels seen in the mid 2000s; absorption of existing housing stock is priority.

The median price for a single family detached house in Santa Fe (city) has remained fairly flat at near \$300,000 since about 2011 as shown below. Median household income for Santa Fe City in 2012 was \$47,348, a decrease from 2010 when it was \$50,717, and that was up just \$400 from 2008. For reference, the 2012 median income in the US was \$51,371, up from \$50,046 in 2010. And the median sale price for single family residence in the US was \$199,500 for the last year. This benchmark emphasizes the disparity between housing and income on the local level, where median pricing is more than six times median income versus 3.9 times nationally. This begins to suggest why house pricing remains a large obstacle, one which has fueled the affordable housing movement. Below is a glimpse of trends in sale volume and



median house pricing for all units sold within the Santa Fe multi-list as well as trend in median income.

MEDIAN HOUSE PRICE TREND
SANTA FE CITY, NEW MEXICO

YEAR	MEDIAN SALE PRICE	# SOLD	MEDIAN INCOME
2006	\$333,000	971	\$46,181
2007	360,000	738	47,000
2008	350,000	588	50,312
2009	300,000	510	52,045
2010	300,000	529	50,717
2011	287,250	578	49,959
2012	274,555	704	50,720
2013	295,000	795	47,348
2014 YTD	275,000	423	N/A

DATA THRU JULY, 2014

RealtyTrac Inc data indicates that for New Mexico, about one in every 680 houses received a foreclosure filing, compared to neighboring state Arizona (one in 129) and Nevada – the worst – with one in 95 homes receiving foreclosure filing in February, 2010. The nation wide average was one in 409 homes. A November 14, 2011 article in the *Albuquerque Journal* stated that Santa Fe County had the highest foreclosure rate in New Mexico, with about 1 home in 452 receiving a foreclosure notice. Generally speaking, the rate of new foreclosures has fallen over the last nine months from a peak of about 138 units in June of 2010. RealtyTrac CEO James Saccacio said in a statement, “The October foreclosure number continues to show strong signs that foreclosure activity is coming out of the delay we’ve been in for the past year as lenders corrected foreclosure paperwork and processing problems.” The trend over the last twelve months shows a decline in the number of new foreclosures, but they are anticipated to be a factor for the next several years as lenders move through their backlog.

The good news is inventory appears to be decreasing. The number of houses on the market in Santa Fe County as of the end of July, 2014 was 661. This is down considerably from the December count of 931 listings, and 1,291 at the beginning of 2012. Peak inventory came in about June of 2009 at 2,300 units. That is, inventory has declined steadily to a more tenable number. Based on sale volume over the last several years, current listing inventory absorption time is estimated at about ten months; this is compared to an absorption time of two years in 2009. However, the reduction in inventory may not be attributed solely to absorption through sales; Alan Ball, a broker with Keller Williams, compiles data on sales and pricing for the broad Santa Fe area, stated that many home owners have simply given up trying to sell their houses, have removed them from the market, and may be “finding other ways to deal with their inability to sell their property.” But New Mexico may be receiving a larger share of immigration compared to neighboring Sunbelt states. According to United Van Lines, who has tracked shipment patterns for 33 years, New Mexico was one of only 11 high in-bound states and the only one in the southwest region. Out of 2,482 total New Mexico shipments handled by United, there were about 275 more inbound than outbound.



Considering the relative paucity of population growth, some of this in-bound movement may be tied to second-homes.

As suggested by the relationship between income and price, affordability is an ongoing issue in the city. In 2006, the City of Santa Fe imposed a requirement that all new subdivisions approved set aside 30% of the units for affordable housing. The County of Santa Fe followed with a similar requirement in about 2009. Since 2000, about 996 affordable single family units have been constructed in Santa Fe (excludes apartments), representing about 15% of all new single family permits issued. Affordable means the monthly mortgage payment should not exceed 30% of the gross monthly income for a family earning 80% of AMI. Despite a clamor for more affordable units, only 36 affordable single family permits were issued in 2013. Tierra Contenta, the City's master planned affordable housing community has since its inception in 1995, created about 2,520 units (market and affordable), equating to about 1/3 of all permits issued in the city during that period.

The burden of providing a third of all housing within the affordable price guidelines set by the City or County was cited as a major financial hardship to developers. In an effort to jump start new housing construction, the City Council on June 8, 2011 voted to amend the affordable housing ordinance to require that only 20% of units (down from 30%) at new subdivisions be at affordable. Further, the ordinance was amended to omit the requirement to providing housing for those whose income falls above 80% of area median income. Developers at existing or previously approved subdivisions may renegotiate affordable housing agreements with the City under the new provision. This amendment does NOT affect subdivisions under County jurisdiction which still have in place the 30% affordable housing requirement.

Thus, turmoil in the financial markets, coupled with uncertainty regarding the economy has had widespread effects over the nation, especially on housing markets. Santa Fe has seen parallel declines in real estate markets, but perhaps not to the extremes of the rest of the nation. Residential property has seen declines in value by 20 to 40 percent almost across the board. The foreclosure rate appears to be receding, but is likely to be a factor for the foreseeable future. Most economists characterize the nation as a whole in an anemic recovery mode, with small gains seen. Financing for new home purchases is available, but subject to new stricter underwriting guidelines. Top credit score and cash buyers are still active in the market, but real estate agents report buyers in the lower income ranges may still be anxious about jobs and may be holding back on large purchases, including housing.

Commercial Real Estate

Non-residential (commercial) permit data show a similar slow-down. Between about 2000 and 2008, approximately 2.8 million square feet of non-residential space was constructed in the form of churches, retail, office, and so on. But in 2010, only 36,000 square feet of commercial space was permitted, of which half was a single 16,500 sf retail building. Since 2009, a total of 58 permits were issued for new commercial buildings, with a total permit value of about \$62 million, and of which about a quarter reflects a single permit issued for the new super WalMart.

COMMERCIAL PERMIT DATA, CITY OF SANTA FE		
YEAR	# PERMITS	\$ PERMITS
2009	10	\$14,017,761
2010	22	\$8,816,265
2011	13	\$26,847,281*
2012	13	\$12,124,819
2013	13	\$ 7,373,672
2014	11	\$16,611,199

SOURCE: CITY OF SANTA FE

* INCLUDES PERMIT FOR SUPER WALMART \$14M AND \$6M TO ST. JOHN'S COLLEGE FOR DORMITORIES

Commercial permit activity in 2013 was comprised of two small multi-family projects with average permit value of \$180,060, two small industrial projects, a parking garage, and six new retail buildings with an average permit value of just over a million dollars each. For 2014 YTD, five relatively large institution/hospital permits were issued comprising the bulk of the activity. Of note is that no permits for office or hotel have been issued since 2012, and thus far in 2014, no retail permits have been issued.

The sluggish commercial construction industry is a mirror of the condition of the existing inventory. Vacancy is relatively high, at near 20% in the office sector, the highest level seen in decades. This is not so much due to overbuilding any time recently, but more a function of business down-sizing and consolidation. In 2009, one large tenant, Thornburg, vacated about 20,000 square feet in one downtown building alone, plus another 30,000 square feet in another. Much of that space had yet to release by year-end 2012. Many businesses are simply moving laterally, where they are often able to lease larger or nicer space for the same price as they'd been paying. Marc Bertram, a local broker, quoted in an August 24, 2012 article in the *New Mexican*, stated, "We are not seeing new businesses coming to Santa Fe. A lot of our activity has just been people sort of moving from one building to another within the city. Without job creation and without new business, you are not going to have a lot of demand for office space."

Retail vacancies may not be quite so dire, estimated at about 6% by Branch Realty Commercial Advisors. Their recent report cites "while it may be too soon to say the local recession and its accompanying uncertainty have fully dissipated, there do seem to be signs that the worst is behind us." This vacancy estimate by Branch may be optimistic, given physical evidence of vacancy along the city's main commercial arterials - Cerrillos Road and St. Michael's Drive - where vacancy is estimated at closer to 10%. In the downtown core,

retail vacancy is also higher than it had been for decades. There is currently vacancy space within the premier retail district, on and immediately surrounding the Plaza, for the first time in memory.

Rents for most commercial property have fallen from their peak in 2009; on average, it is estimated rents are at least 10% lower. There is strong evidence of rents decreasing by as much as half at some downtown properties. Further, landlords are now less able to pass real estate operating expenses through to the tenant. Coupled with reduced rents and increased expenses, net revenues are considerably reduced thereby affecting overall values.

Still, there remains some optimism. Brokers state that, if cash flow is not critical, this is an excellent time to buy, with pricing at more affordable levels than seen in decades. There is some new purchase activity, but with enough of it including short sales and foreclosures that this may be influencing overall pricing to some extent. One retail large property that went into foreclosure, Sanbusco Market, remains near full occupancy with the exception of the large space formerly occupied by Borders. The bookstore had vacated about a year or more before the foreclosure, but the rest of the center remains healthy and there is no evidence of reduced rents or other signs of distress; the foreclosure is transparent to the tenants and customers. Other evidence of optimism includes the continued appearance of new restaurants in space where others had vacated, expansion by some retailers, including specialty shops and services.

In all, the commercial real estate market has experienced significant decrease in value since about 2008, fueled mostly by decreased revenue generation. Most brokers and real estate professionals see this past several years as a correction period; rents, especially in the downtown core, had escalated to become unsustainable in the opinions of some. In the words of one broker, "you've got to sell a lot of tee shirts, coffee, postcards, what-have-you to make the rent, and most of these retailers just can't sustain that level of sales." Another broker stated that the record double digit revenue growth achieved in the mid 2000s was a thing of the past, "in the rear view mirror," and going forward will be a very different story. He believes that it may be years until the market recaptures the loss in values, if ever.

Employment

Santa Fe County has supported moderate growth in the labor force since the mid 1980s, while at the same time reporting a relatively low unemployment rate, perhaps two to three points below the statewide average.

A review of average annual figures, seasonally adjusted, is presented below.

EMPLOYMENT DATA
SANTA FE MSA (COUNTY)

YEAR	ESTIMATED TOTAL PERSONS EMPLOYED	PERCENT UNEMPLOYED
1980	42,276	6.1%
1986	60,461	5.5%
1987	61,582	5.8%
1988	63,348	5.1%
1989	64,298	4.1%
1990	68,137	3.5%
1991	70,403	3.6%
1992	72,123	3.6%
1993	70,275	3.9%
1994	70,764	3.8%
1995	70,800	4.1%
1996	68,973	4.7%
1997	74,338	3.8%
1998	74,777	3.1%
1999	73,900	2.7%
2001	74,006	2.7%
2002	77,360	3.0%
2003	79,602	3.3%
2004	75,278	3.7%
2005	75,549	3.5%
2006	76,042	2.6%
2007	76,300	2.7%
2008	76,630	3.5%
2009	73,585	5.8%
2010	71,844	7.1%
2011	73,600	5.9%
2012	73,247	5.1%
2013	71,100	5.0%
2014 (MAY)	70,419	4.5%

FIGURES NOT SEASONALLY ADJUSTED

SOURCE: NEW MEXICO LABOR MARKET REVIEW, NM DEPARTMENT OF LABOR

Santa Fe County consistently ranked among the top five counties for low unemployment. For perspective, unemployment in the Albuquerque MSA (Bernalillo, Sandoval, Torrance, Valencia Counties) was 6.3% in December 2013 and the statewide unemployment was 6.3% for the same period. Unemployment for the nation as a whole in December 2013 was 6.7%. The sector seeing the biggest job losses in New Mexico was construction. This is not surprising, given the low number of new housing starts.

In terms of percentages, the largest employer in Santa Fe County is Government, comprised of federal, state and local government. These jobs have been considered a mainstay of the local economy. More recently, growth in the retail trade and services sector is the outgrowth of burgeoning tourism. Recent retail hiring has centered on businesses new to the area, including discount stores and other regional or national chain retailers. Otherwise, federal, state, county and municipal jobs, while increasing only moderately, comprise the foundation of the local workforce.

Lodging and Tourism

A key measure of the influence of tourism is the performance of the lodging industry. Lodgers tax receipts levied on hotel and motel room revenues in the city are summarized as follows:

LODGERS AND CONVENTION CENTER TAX CITY OF SANTA FE BY FISCAL YEAR (JULY THRU JUNE)		
FISCAL YEAR	LODGERS TAX	ANNUAL CHANGE
1991-1992	\$2,991,763	+16.0%
1992-1993	\$3,466,771	+15.9%
1993-1994	\$3,638,649	+4.9%
1994-1995	\$3,643,651	+0.1%
1995-1996	\$3,626,487	-0.5%
1996-1997	\$3,684,185	+1.8%
1997-1998	\$3,904,963	+6.0%
1998-1999	\$4,179,938	N/A
CONVENTION CENTER TAX OF 1% ADDED TO LODGERS TAX, INCREASING OVERALL TAX RATE TO 5% IN MAY, 1999.		
1999-2000	\$5,317,896	N/A
2000-2001	\$5,438,035	+2.3%
2001-2002	\$5,427,362	-0.2%
2002-2003	\$5,792,597	+6.7%
CONVENTION CENTER TAX INCREASED TO 2% IN MARCH 2004, INCREASING OVERALL TAX RATE TO 6%.		
2003-2004	\$5,704,166	N/A
CONVENTION CENTER TAX INCREASED TO 3% AS OF AUGUST 2004 INCREASING OVERALL TAX RATE TO 7%.		
2004-2005	\$7,727,651	N/A
2005-2006	\$8,145,523	+5.4%
2006-2007	\$8,677,273	+6.53%
CONVENTION CENTER TAX NO LONGER COLLECTED WITH COMPLETION OF CONVENTION CENTER		
2007-2008	\$8,789,834	+1.30%
REINSTATED CONVENTION CENTER FUNDING ACT: LODGERS TAX 5% + 2% CONVENTION CTR TAX.		
2008-2009	\$7,872,311	(11.66%)
2009-2010	\$7,265,793	(7.7%)
2010-2011	\$7,612,208	+4.77%
2011-2012	\$7,667,034	+0.7%
CONVENTION CENTER TAX 3% LODGER'S TAX 4%		
2012-2013	\$8,153,783	+6.3%
2013-2014	\$8,180,000*	--

* PRELIMINARY FIGURE, FINAL NUMBERS FOR JUNE 2014 NOT YET AVAILABLE

SOURCE: CITY OF SANTA FE FINANCE DEPARTMENT

The city posted significant growth in lodging receipts between the late 1980s and the early 1990s. With increased tourism during this period, new lodging facilities were built to accommodate the demand.

Beginning in the mid 1990s, tourism visitations to the city began to stabilize. Recent increases in the lodgers and convention tax rates confound the extraction of a precise trend in local lodging demand, though the lodging spending pattern appeared stable over the past decade. However, data for 2009 indicates a significant drop in revenue from 2008, with slow growth for the following three fiscal years. Preliminary data for the 2012-2014 FY suggests it will be on par with the prior year, and an improvement of about 6.3% over the 2011-2012 period. Nevertheless, Santa Fe continues to be among the top tourist destinations, continually ranking in the top five in noted travel and resort publications; in late July, 2014, readers of CondaNast voted Santa Fe as the #1 small city to visit in America.

A summary of historic occupancy ratios and average daily room rates for city lodging follows.

HOTEL AND MOTEL OCCUPANCY AND ADR AVERAGES
SANTA FE CITYWIDE

YEAR	OCCUPANCY RATIO		ADR	
1988	68.4%	(—)	\$70.23	(—)
1989	73.7%	7.7%	\$69.52	(1.0%)
1990	71.5%	(3.0%)	\$84.16	21.1%
1991	75.4%	5.5%	\$90.12	7.2%
1992	71.9%	(4.6%)	\$99.30	10.2%
1993	77.1%	7.2%	\$107.24	8.0%
1994	74.7%	(5.8%)	\$110.64	3.2%
1995	69.0%	(5.1%)	\$108.63	(1.8%)
1996	65.5%	(5.1%)	\$111.15	2.3%
1997	68.5%	4.6%	\$113.19	1.8%
1998	69.0%	0.7%	\$112.68	(0.4%)
1999	71.6%	3.8%	\$117.26	4.1%
2000	67.7%	(5.4%)	\$117.06	(0.2%)
2001	65.5%	(3.2%)	\$117.70	0.5%
2002	64.7%	(1.2%)	\$117.65	(0.04%)
2003	63.1%	(2.5%)	\$114.28	(2.9%)
2004	64.1%	1.58%	\$117.48	2.8%
2005	66.8%	4.21%	\$121.65	3.5%
2006	63.5%	(4.94%)	\$124.22	2.11%
2007	63.4%	(0.16%)	\$126.29	1.67%
2008	61.6%	(2.84%)	\$125.76	(0.42%)
2009	56.7%	(7.95%)	\$115.90	(7.84%)
2010	59.7%	5.29%	\$115.82	(0.07%)
2011	59.1%	(1.00%)	\$115.87	0.04%
2012	58.9%	(0.34%)	\$117.12	1.34%
2013 4 MOS	54.1%		\$100.00	
2012 4 MOS	47.4%		\$ 97.53	

4 MONTH DATA FOR 2012 AND 2013 OFFERED FOR COMPARISON.

PEAK MONTHS FOR OCCUPANCY AND ADR ARE MAY THROUGH OCTOBER. AUGUST IS THE BUSIEST MONTH, DUE TO SPANISH AND INDIAN MARKETS.

SOURCE: ROCKY MOUNTAIN LODGING REPORT, NEW MEXICO HOTEL AND MOTEL ASSOCIATION, INC.

Data for 2010 shows occupancies up by a respectable 5%, but room rates essentially flat, still below the level seen a decade earlier. By mid-July of any given year, most hotel rooms for the busy Indian Market weekend (late August) are about 90% booked; operators stated that it is more common recently that travelers wait until the last minute to book rooms whereas in previous years rooms were often booked a year in advance. Overall, room rates and occupancy appear to be flat to very slightly increasing through 2012, though at a rate well below inflation. During this time, the market added 92 rooms at the Hyatt Place (Cerrillos Road). In early 2012, construction began for the renovation of the former St. Vincent Hospital complex by Drury Hotels, a planned 182-room luxury facility. This hotel is scheduled to open in 2014.

Gross Receipts

Business spending in Santa Fe City and Santa Fe County showed strength during the past two decades. A slight downturn between about 1995 to 1997 was followed by resurgence in spending over and above the inflation rate through perhaps the middle of 2008. The year 2009 will likely go down as one of the worst one-year declines in revenue history, but there is some glimmer of improvement starting in 2010; still, gross receipts for 2011 were only slightly higher than those for 2005. Data for 2012 indicates the year finished about on par with 2011 for the city, but the county saw some revenue decline in 2012. Preliminary reporting of first quarter gross receipts data for the County, as shown below, appears to be off, and will likely be reconciled by taxation and revenue in the coming months.

GROSS RECEIPTS

SANTA FE CITY (IN THOUSANDS)			SANTA FE COUNTY (IN THOUSANDS)		
YEAR	ALL INDUSTRIES	% CHANGE	YEAR	ALL INDUSTRIES	% CHANGE
1992	\$2,162,860	5.30	1992	\$2,559,859	
1993	2,514,013	16.24	1993	3,079,201	18.3%
1994	2,747,514	9.29	1994	3,355,921	20.3
1995	2,721,870	(0.93)	1995		
1996	2,891,151	6.22	1996	3,563,728	(-3.0)
1997	3,052,139	5.57	1997	3,607,476	9.5
1998	3,233,652	5.95	1998	4,052,750	1.2
1999	3,573,540	10.51	1999	4,409,417	8.8
2000	3,844,753	7.59	2000	4,839,240	9.7
2001	3,982,380	3.58	2001	4,836,382	(-0.1)
2002	3,957,030	(0.64)	2002	4,932,262	2.0
2003	4,176,273	5.54	2003	5,238,829	6.2
2004	4,614,480	10.50	2004	5,774,935	10.23
2005	4,708,753	2.04	2005	6,332,910	9.66
2006	5,072,103	7.72	2006	6,562,831	3.63
2007	5,396,832	6.40	2007	7,101,914	8.21
2008	5,287,493	(2.03)	2008	7,043,379	(0.82)
2009	4,614,926	(14.34)	2009	6,100,659	(13.38)
2010	4,713,807	2.14	2010	6,389,584	4.74
2011	4,895,817	3.86	2011	5,829,710	(8.76)
2012	4,906,772	0.22	2012	5,267,178	(9.65)
2013	4,764,113	(2.91)	2013	5,840,491	10.88
2014 (1 QTR)	1,125,924	--	2014 1 QTR	1,369,481	--

COMPOUND ANNUAL GROWTH

1992 - 2013 CITY

+3.83%

COUNTY

+4.01%

SOURCE: NM TAXATION AND REVENUE. TRADE CATEGORY INCLUDES WHOLESALE AND RETAIL TRADE. FIGURES NOT INFLATION ADJUSTED.

As shown, gross receipts from all industries increased over the 16 year period through 2008. The unprecedented drop in gross receipts for 2009 and 2010 has, as no surprise, triggered massive budget cuts and all-around scramble to find new sources of revenue. Since 2009, gross receipts shows very slow growth at the city level, and somewhat more sporadic behavior in the county.



Conclusion

Analysis of economic indicators for Santa Fe suggest a growth trend over the past two decades through about 2007 or 2008, depending on the specific indicator. The last two years have seen decreased unemployment, some small increase in tax revenues, but overall flat to declining property values. The jobs market may not have improved, instead many unemployed workers have given up and moved elsewhere as evidenced by population decreases. Where historic growth was primarily tied to residential and commercial construction and local services associated with tourism, the former (construction) has seen significant declines. Tourism remains the one bright spot for Santa Fe. The economic impact from tourism is significant, filtering down from lodging and services to other sectors such as restaurants, services and retailers. For commercial real estate, functional and well located properties will remain in demand into the foreseeable future, though rent revenues have declined due to a drop in achievable market rents coupled with increased expense burden to the landlords. Turmoil in financial markets has settled, but its remnant effects are still felt locally. Most analysts believe the economy will remain depressed, with very slow recovery over the next three or so years.

Neighborhood Description

The appraised property lies at the southwestern reaches of the Santa Fe city limits, near Airport Road, an increasingly important commercial arterial that extends to the southwest most extreme of the metro area.

Local commercial developments in the neighborhood include strip retail and freestanding retail facilities, fast food restaurants, gas station/convenience stores, larger office/warehouse buildings, light industrial and other service facilities, with residential interspersed. The area is much more of a destination than an intermediary stop. For many years, the area was an end-of-the-road, semi-rural residential neighborhood. But with development moving southward, and expanding availability of utilities and infrastructure, the neighborhood is more readily accessible and has stronger development potential.

Arterials serving the area include *Cerrillos Road*, the main business district that runs mostly north/south, and *Airport Road*, which runs west from Cerrillos Road.

Cerrillos Road has provided the primary south side entrance to the city, decades prior to construction of Interstate 25. As its name implies, this was the original route to the town of Cerrillos, some 15 miles south. Older developments along Cerrillos Road were established decades ago, and include the New Mexico State Policy Academy, the State Highway Department District 5 Maintenance Yard, some older motels and retail buildings. Older obsolete properties are being gradually redeveloped, often assembled with adjoining properties, to modern retail centers.

Originally, as its name implies, Airport Road provided access to the municipal airport, as well as semi-rural residential properties that lined the route. In the last fifteen years, however, residential growth in the area has increased, and Airport Road has become the arterial that accesses the large, organized residential subdivisions. Airport Road frontage, as a result, is now in demand for retail goods and services to support the growing population base. Airport Road is a four-lane intermittently divided highway with center turn lane. For most of its length, center medians are being constructed to improve traffic flow and reduce hazards, but which will restrict access to some properties. As a result of the strong growth, utility and road infrastructure to the area has also been improved in recent years.

The bulk of the subject neighborhood had previously been a confusing checker board of jurisdictions - City and County - where land use was governed by an agreement between the two. In 2008, the City released its annexation plan which includes much of the area immediately surrounding the existing city limits. The first phase of annexation (southern portion) was completed in 2009. The bulk of the southwest neighborhood falls in Phase II and is by far the largest of the annexation areas. Phase II annexation had been scheduled for 2011, but was postponed until further study could be done and pending improvement in the economy; Phase II annexation was completed on January 1, 2014. There should be no significant changes for most residents and businesses as annexed into the city. Zoning for all areas had been established well in advance of the actual annexation, and utility services should not experience significant changes.

Along Airport Road, numerous rear land parcels have been developed with mobile home rental parks, and more recently, apartment complexes. Some of the recent subdivisions with fixed housing include Fairway Village and Las Acequias, while older housing is found along country lanes, such as Jemez Road, Lopez Lane and Country Club Road. Other non-residential uses include a Buddhist Temple, Sweeney Elementary and Capitol High Schools and the Santa Fe Country Club and golf course.

As affordable land for residential subdivisions has become more scarce, the area has located a number of lower income housing projects. In 1991, the City of Santa Fe purchased a large tract of land south of Airport Road from a local lender's REO portfolio. The 800 acre project, known as Tierra Contenta, was master planned for affordable housing of varying densities.

Tierra Contenta is of major significance to the southwest quadrant. Its goal is to provide affordable housing and some job opportunities to local residents. The project provides wider opportunities for first time home buyers with innovative programs including financial assistance with down payments and restricted rent apartment projects. Land in Tierra Contenta is gradually being built-out, and some builders are seeking other workable tracts for new residential development, though development has slowed considerably since the economic downturn; in general, Santa Fe has yet to recover from significant declines in new construction volume as well as (and tied to) real estate values.

Residential uses are generally found at interior locations, with commercial uses dominating the ± 200 foot depth along either side of either the Cerrillos Road or Airport Road arterials. A dominant presence in the neighborhood is the Villa Linda Mall (1984), renamed Santa Fe Place in 2006, and located at the southeast corner Cerrillos Road and Rodeo/Airport Road. As the mall gained popularity, out parcels were sold and developed by Pizza Hut, Red Lobster, Applebee's, Firestone, Meineke Mufflers, and branch banks.

Just north of the mall is Century Plaza, a retail center at the corner of Rodeo Road and Cerrillos Road with pad sites for a restaurant and bank. Also significant is the power center at Cerrillos and Zafarano Drive, known as Plaza Santa Fe. This center is anchored by numerous "big box" national retailers including Albertson's, Target, PetSmart, Borders, BestBuy and others.

Valdes Center is also a major presence in the neighborhood. Valdes Center is a business and industrial park originally developed by the City of Santa Fe for the purpose of attracting clean industry to the city. However, slow absorption spurred amendment to the covenants to allow retail uses; since the change, the park has seen stronger growth from retail users. Comprised of about 101 acres, there are additional design and development guidelines that have attracted a variety of businesses. More recent additions include a Kohl's department store and several restaurants.

Another significant landmark in the neighborhood is the Santa Fe Auto Park, a major employment center and retail outlet. The Santa Fe Auto Park was originally developed in 1983

in an effort by several local auto dealers to consolidate in a centralized compound. Encompassing 36.5 acres, the park scatters dealerships among green belt and open space for Arroyo Chamiso. However, several dealerships currently housed within the park have sought sites with direct Cerrillos Road frontage and may possibly relocate; what this means for the future of the Auto Park has yet to be seen.

A Wal-Mart super store was completed in late 2011 at a new center named Entrada Contenta, near the intersections of Cerrillos and Las Soleras Roads. Included in the master plan is some 110,000 square feet of small in-line retail space in front of the Wal-Mart and along Cerrillos Road but of which only a few buildings have come out of the ground. This addition to the neighborhood will only further increase traffic and spin-off retail / service development to the far southwest quadrant of the city.

Another large planned development in the far southwest quadrant is Las Soleras, a master planned mixed use development incorporating several hundred acres. This project has also been fairly slow to evolve, with only a few frontage pad sites developed. Tenants to date include a gas station, credit union, McDonald's and Starbuck's drive-thrus. Other prospective tenants here are fast food, national retailers, banks and so on. One large tract was sold to Presbyterian for a future hospital, and another was recently developed with a VA center. Other tracts are slated for low and mid density residential use but these have yet to hurdle the final development approval process.

Along Airport Road, there remain only a few land holdings, currently used as residences. Most of these tracts are characterized by narrow arterial frontage and/or restricted access. These parcels are typically described as long, narrow tracts that, other than single family use, are unworkable as subdivisions or for commercial use. Several developers have, over the last decade or so, worked to assemble these small holding claims. One notable example is the assemblage of some of the last lands along Cerrillos Road, now known as San Isidro Center. This center includes Santa Fe's first Lowe's Home Improvement center, a plex-movie theater and small retail space. The previously mentioned power center, Plaza Santa Fe, is the result of a similar assemblage and redevelopment of a mobile home park. Another smaller scale project, Colores Plaza (corner of Jemez and Airport Roads), is also the result of efforts to assemble tracts of land for larger master plan retail development. This project includes as its anchor a Walgreen's drug store, but remainder of the inline retail space has yet to be built.

Last, new development along Airport Road has been sparse. A new credit union was constructed at Academy, the tenant relocating from Zia Center. Two new dollar stores were constructed within a few months and within a few miles of each other in 2012: Family Dollar built a store near Airport and Thomas, and Dollar General acquired a site near Fields Lane.

It is likely that Las Soleras and Entrada Contenta projects will be the focus of new development spanning the next decade or so. The result will be a shift away from Airport Road which lacks both the traffic counts and developable tracts of land. Although development along Airport Road is generally much less intense than that along Cerrillos Road, this is not entirely adverse or unintended; in 2007 the Southwest Santa Fe Community

Area Master Plan was adopted. The Plan acknowledges the different atmospheres between the two arterials:

"The existing land use intensity and building scale vary significantly between Cerrillos and Airport Roads. Within the planning boundary, the study area segment of Cerrillos Road is dominated by either regional retail malls or large scale, single-use retailers that tend to serve a larger regional market. Airport Road, in contrast, has developed at a scale more in keeping with neighborhood or community."⁶

The Plan goes on to cite the need for transition areas between the most intense development and interior residential uses as well as setting forth some suggested/desirable uses for these transition areas. That is, based on extensive resident input, the Plan acknowledges and embraces future development along Airport Road as less intense than that more suited to Cerrillos Road.

To summarize, land use patterns in the neighborhood intensified in response to demographic shifts and improved infrastructure, traffic volumes increased, and land previously inaccessible or inadequately served by utilities are now more developable. However, corresponding to the declining economy, new development has all but stopped. The bulk of new construction activity, as previously mentioned, has been farther south along Cerrillos Road and has been for/by national tenants. There is virtually no activity by local tenants other than leasing at existing centers. As the economy improves, older, obsolete or underutilized properties will be redeveloped or modernized, but focus for new retail is likely to be near the Las Soleras and Entrada Contenta projects.

⁶ SOUTHWEST SANTA FE COMMUNITY AREA MASTER PLAN, CITY OF SANTA FE, PRELIMINARY DRAFT, JUNE 14, 2005, ADOPTED 2007, PG. 64-65.

THE PROPERTY

The appraised property consists of a special use property – an existing juvenile detention facility – sited on approximately 7.375 acres of land. Underlying zoning for the site allows low density single family uses where the current use as a detention facility is considered legal, non-conforming. More appropriate uses of the site as vacant, considering surrounding development and arterial frontage, include mid-intensity commercial (retail, restaurant, office, institutional) uses. As improved, inmate population has declined drastically over the last five years due to innovative programs, such that the facility is operating at about 25% (or less) of capacity. Citing excessive operation and maintenance costs, the County is contemplating alternative uses or disposition. The property is located in the southwest quadrant neighborhood, addressed 4250 Airport Road, within the city limit of Santa Fe, County of Santa Fe, New Mexico. Please reference maps and other exhibits at the Addenda.

The underlying site and building are described as follows

Site Description

- Size:** Per 1993 survey (unrecorded) by Salvador Vigil, land area is approximately 7.375 acres ($\pm 321,255$ sf) gross. Land area subject to new survey.
- Location:** Interior site located between Camino Entrada and Center Drive, along the south right-of-way of Airport Road. Airport Road is a secondary arterial serving the southwest quadrant neighborhood.
- Shape:** Irregular. Estimated 570' frontage along Airport Road, subject to new survey.
- Topography:** Very gently sloped down toward southwest, at or near street grade. Drainage appears to be directed away from building improvements.
- Soil Consistency:** A soils report was not provided. Based on physical observation of surrounding uses, the soil appears stable and sufficient to support typical improvements, however, the appraiser is not expert in soil engineering, and a professional study is recommended.
- Hazardous Materials:** No environmental assessments or other reports are available for review. Prior to development of the existing building (prior to ± 1984) use is unknown, but likely had been vacant. Historical uses in the area include storage of disabled cars (salvage yards), gas stations, industrial uses. It is unknown if any of these uses has resulted in any contamination in, on, under or near the subject, from leaching, spilled or stored hazardous materials. The appraisal assumes there are no forms of contamination or environmental issues on, in, under, or near the appraised property that would be detrimental to value or marketability. I did not observe any

obvious evidence of hazardous materials on, in or near the appraised property, but I am not qualified to detect or determine the existence of hazardous substances or conditions. The client and users of this report are urged to retain an expert in this field for further study.

Flood Zone Status: According to FIRM (Flood Insurance Rate Map) 35049C0394D effective June 17, 2008, no portion of the subject property appears to fall within a designated flood hazard area. Note that flood maps are in the process of revision; new map data for this area not yet available. New map data is not anticipated to reflect significant changes in the immediate locale of the appraised property. A copy of portion of the most recent map showing the subject is included at the Addenda.

Easements and Encroachments: Absent title documents and/or recent plat or survey data, it is unknown if any encroachments are present. Available 1993 survey (appraiser was not permitted to reproduce) did not indicate any easements at the site. If present, any easements and/or encroachments are assumed to be typical and none would affect use or marketability of the site.

Restrictions to Use: No data is available regarding limitations on use of the site. It is assumed that there are no private, enforceable restrictions to use; uses limited only by underlying zoning.

Utilities: Site is served by all city utilities including public water, buried electric, telephone, natural gas and sanitary sewer.

Zoning: Under jurisdiction of the City of Santa Fe, current zoning is R-1, for residential uses to a maximum density of one dwelling unit (DU) per acre. See highest and best use as vacant for discussion of appropriate zoning for the site.

Access: Although the site has direct frontage along Airport Road, access is restricted at present to a single drive near the east end of the frontage. Further, access into the site is limited to right-in/right-out at Airport Road.

Existing Site Improvements: Perimeter chain link fencing with several strands of razor wire cap, plus several enclosed outdoor recreation yards with razor wire cap, pad-control gated entry at street and into rear yard, high-output site lighting. Asphalt paving at small area of frontage striped for about 64 cars - indicates a parking ratio of one space per 908 sf of gross building area - considered very low for most uses other than industrial. Asphalt-paved drive to rear of building and at rear yard. Concrete deck at large outdoor

recreation yard along south side of building, basketball hoops. Pre-engineered metal picnic table cover, minimal landscaping consists of several mature deciduous trees along street frontage and narrow planted strip at front of building, some railroad tie edging, retaining wall near east end of building, concrete walks at most of building perimeter.

Two small storage buildings are present but considered non-affixed and personal property.

Description of Improvements

As is improvements consists of a detention facility currently housing juveniles (ages 12 - 17) and serving seven counties from north-central New Mexico. Building improvements are summarized as follows:

Building Areas:	±53,870 sf	Detention Facility, Heated Finished Area
	<u>± 1,833 sf</u>	Intake Sallyport
	±55,703 sf	Total Heated/Finished Area
	± 804 sf	East Outdoor Rec Yard (enclosed, no roof)
	± 1,633 sf	West Outdoor Rec Yard (enclosed, no roof)

Total enclosed area, heated and rec yards combined, is about 58,140 square feet.

Detention facility delineates several distinct areas. An area referred to as the ARC (Adolescent Resident Center) is not being utilized, but includes about 20 detention cells plus office space. The central section of the building houses administration and staff lockers and break area, plus includes inmate intake and booking area, central control, as well as institutional-grade kitchen and laundry. The west wing houses inmates in two separate pods areas (boys and girls) and also includes indoor and outdoor rec areas, the cafeteria and classrooms. The north pods (Jemez - girls' pods) have 19 cells plus day rooms, the south pods (Anasazi - boys' pods) have 44 cells. At Anasazi area, cells are on two levels, with upper cells at mezzanine area overlooking day rooms and accessed by open stairways. Eave height at rec areas and boys' cell area is about 20' to 22'.

Age/Condition:	Original portions of building reported to date to 1984. Several additions and remodels occurred through at least 1999, with some perhaps more recent. Flooding at the eastern portion of the property occurred in 2014 as the result of a large rain event; floor covers were replaced, one area of uneven flooring was leveled, and
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walls repaired by early 2015. It is unknown if the source of flooding was corrected. Some items of deferred maintenance observed, most notably holes to the foam/stucco wall system at the southwest corner of the building (adjacent to large outdoor rec yard). Maintenance staff report some replacement of plumbing, HVAC, systems, plus updates to IT and electrical systems to accommodate modern security. Overall condition is average to average; effective age estimated at about 25 to 30 years. According to Marshall Swift, a national cost reporting source, typical economic life expectancy for this type of structure is 35 to 40 years suggesting a straight-line age/life method remaining economic life at about 5 to 10 years; however, as discussed later, market demand for a similar highly specialized facility such as detention center at this location is minimal; only two or three other entities might be able to use it as such. Conversely, pressure from the area market users indicates that the building is best repurposed to a higher demand use or razed to make way for redevelopment.

- Construction Quality: Average to good.
- Foundation: Assumed reinforced poured concrete, continuous footer, constructed at grade, no dock-high.
- Walls: Most exterior walls assumed to be block, unknown if filled. Stucco exterior cover. One area at southwest section of building may be framed, with exterior sprayed foam and synthetic stucco cover. Structural spans of building unknown.
- Roof: Based on evidence from exposed structure at mechanical bay, roof structure is assumed to be steel I-beams.
- Electrical: Capacity of service is not known, but assumed to be extensive.
- Plumbing: Each detention cell is equipped with commode and sink (typically stainless, some single-unit fixtures). Two public/visitor restroom each with four fixtures, plus several other public restrooms. Staff locker rooms equipped with showers, commodes and sinks. Each pod of cells has one or two stall showers. Institutional-grade kitchen and laundry plus second residential-grade kitchen at newer staff lounge (ARC area). Entire structure is sprinklered for fire (wet system). Centralized domestic hot water boilers.
- HVAC: Roof-mounted combination units, most of which reported to have been replaced in last several years. Access to rooftop units through secured maintenance areas.

Interior Finishes:

Public areas finished with hard tile and carpet floor covering, painted block or painted framed demising walls with tile or other base, painted sheetrock or drop acoustical tile ceilings, strip (some recessed) fluorescent lighting, fixed dual-pane metal framed windows. Secure (jail) area finishes include composition or sealed concrete floors, painted block or framed demising walls with tile base, sheetrock ceilings, barred fixed metal frame windows. Security hardware at all entries, with remote-control access. Ceiling and wall chases throughout (excluding cell areas) to access building systems.

Special Features:

Motion-activated lighting at many areas, intercom system, intake sallyport with overhead door at either end (heated by suspension blowers, minimal interior finishes), receiving area with at-grade dock and overhead door.

Assessment and Property Taxes

Property taxes are levied and administered by the Santa Fe County Assessor's Office. Assessments are based on market value, with re-appraisal every two years. Taxable values are one-third assessed value, and mil rates are established annually by the legislature. Notices of value are sent out each spring, with taxes due in the fall of that year, and spring of the following year. Under ownership of the County, the property is exempt from property tax. Account number for this property is 980001239, and UPC is 1-049-095-452-520.

HIGHEST AND BEST USE ANALYSIS

"Highest and Best Use" may be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest land value.⁷

Highest and Best Use As Vacant - As vacant, the lot configuration is reasonable and typical if somewhat large compared to competing sites from the surrounding area; there are no apparent easements and frontage is adequate, with good frontage-to-depth ratio. All utilities are available to the site, and there are few impediments to develop (soils, slopes, flood plain, etc). In all, physical conditions indicate a reasonably developable site.

Legally permitted land uses are dictated by the underlying zoning and, to some extent, approved neighborhood plan(s). Underlying zoning is R-1 allowing single family residential use to a maximum density of one dwelling unit per acre. This zone designation may have been issued to reflect the quasi-residential use as a detention facility. It is my opinion that the R-1 zoning is inappropriate - it neither fits the development pattern and existing zoning of the neighborhood, nor does it complement surrounding uses. Again, surrounding uses are entirely commercial, including retail, restaurant and light industrial/business park. A low density residential use is not optimal for arterial frontage for safety, as well as aesthetic reasons; similar residential uses are almost exclusively assigned to interior locations, second or third tier away from arterials.

It is my opinion that there is strong support for a zone change to C-2, the zoning for other Airport Road frontage properties in the immediate area. This or a similar zone district (C-2 PUD, SC-1, I-1) is in keeping with the Southwest Santa Fe Community Area Master Plan as well as the long range land use and planning goals of the City of Santa Fe. Further, the Plan identifies as most desirable general commercial uses on a neighborhood-scale for Airport Road frontage.

As pointed out by Dan Esquibel of the City's zoning department (955-6820), the site is owned by the County, and the City does not regulate lands owned by other government entities. This is not to say that the County could not apply for a zone change to the site, but it is not required to do so and may, with some limitations, develop the site (as vacant) to any reasonable use. But, in consideration of *market value* it is important that this appraisal reflect the options, expectations and motivations of the broad market - the entire pool of potential owners, not those of a single, specific owner.

From a financially feasible standpoint, I believe there is reasonably strong demand for retail, restaurant, light industrial or mixed-use development at this site. It is near the Cerrillos Road business district, only a few blocks from the Cerrillos/Airport/Rodeo, Entrada Contenta and Las Soleras hubs that are home to the city's power centers and new development. The Airport Road orientation best lends itself to mid-density, possibly destination-oriented neighborhood

⁷ THE APPRAISAL OF REAL ESTATE, APPRAISAL INSTITUTE, 13TH EDITION, (CHICAGO, IL: AI, 2008) 278.

uses, a sort of natural second-tier grouping as compared to the intensity of the Cerrillos Road corridor. There has been recent interest to develop this type of retail, including two "dollar" type stores, a national drug store, auto parts store as well as locally operated auto repair, retail and service uses. Although, were the site vacant and zoned for commercial uses, demand may be deferred for a year or so, but I believe that there is ample evidence to suggest a developer would "tie up" the land now while securing development approvals, tenants, financing, and so forth in anticipation of moving forward with construction in the next two to three years.

I conclude that all factors indicate the highest and best use of the site as vacant is for mid-density commercial development. This might include community services (fire station, library, senior center, assisted living), medical offices, retail (small in-line or campus style on a neighborhood scale), restaurant, or mixed use (could include live work at the rear). Immediate development is not necessarily indicated, but is likely to occur within a foreseeable time frame of two to five years. This determination of highest and best use as vacant is premised on the assumption that zoning can be changed from R-1 to some commercial designation - C-2 or similar; this represents an extraordinary assumption, defined as an assumption, directly related to a specific assignment, as of the effective date of assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Highest and Best Use As Improved - As improved, the appraised property consists of a special use facility - juvenile detention, or jail. From a physical standpoint, the detention areas are assumed to meet minimum inmate housing standards, though overall design may be somewhat antiquated. The key issue is scale of the facility, by far in excess of what has been necessary to house the juvenile inmate population for the last five or more years. And, consider that this jail serves a seven county area, not just the local county population. Sources within the County indicate that the reason for the decline in juvenile inmate population is alternative counseling and treatment programs that do not involve incarceration. As this trend continues, there is no compelling evidence to suggest that a juvenile jail facility of this magnitude will be necessary to serve the local (County) population in the foreseeable future. A large adult detention facility already exists to serve the County's needs, so conversion to adult detention is not indicated.

With diminished need for a detention facility, the facility could theoretically convert to an alternative use - it could be "repurposed." The building scale is large, but not entirely unreasonable for a blend of users - services, institutional, eleemosynary, office/medical office, etc. There are also examples of similar scale properties being acquired for single users (see upcoming sales comparison approach). But one significant issue is the underlying zoning; as improved, the zoning is R-1 which allows only low-density residential uses (with a few exceptions). As mentioned in the preceding section, under the County's ownership, the City does not regulate uses at the site; theoretically, the County could do whatever it wanted with the property. However, again to reflect the *value to a broad audience*, it is critical to understand that the existing use would be considered a legal, non-conforming use by the City. By definition, such legal, non-conforming uses are allowed to continue indefinitely, but no alteration or expansion or change in use is permitted. That is, with an R-1 zoning, to any user other than the County or perhaps another government entity, the property cannot be legally used as anything BUT a jail. And, with minimal demand for that specialized use, one can see

the dilemma. It is obvious that, in order to utilize the property for anything other than a jail, a zone change or special use permit would be required. By the same logic as presented in the *as vacant* discussion, alternate retail, service, general commercial uses are more in keeping with the character of the neighborhood and resident wishes. Thus, I believe it is reasonable that, under a "repurposing" plan for the improvement, a zone change could be achieved, again, an extraordinary assumption underlying this appraisal.

In order to convert the existing improvements to an alternative use, it is probable that the interior would be gutted. Virtually any other conceivable use - fire station, library, medical, government or professional office, retail, warehouse, assisted living, school, place of worship, trade school and/or institution, among many - can make little or no use of the existing interior configuration, in particular the inmate cells. Nor would these potential alternate users need or recognize the extensive security features. I believe that under a repurposing program, the building would likely be gutted. By extension, the only value to any alternative user would be, in essence, the building shell.

As shown in the upcoming valuation sections, the market value of the property as currently improved (as is value by sales comparison) is essentially the same as the market value for the underlying land as though vacant. That is, under the definition of market value, the building improvement has nominal contributory value to an alternative user. State another way, a potential buyer could either gut and remodel the existing building or tear it down and start anew, recognizing nominal value difference between the two scenarios. Highest and best use as improved is either repurposing the structure to alternative use or razing it and redeveloping the site, both scenarios dependent upon a change in zoning.

VALUATION METHODOLOGY

The property is appraised as affixed real estate only, that being the land and improvements to the land that are permanently attached. Personal property, furniture, fixtures, equipment, inventory, linens, non-permanent security equipment and other non-affixed items are not included in the market value opinion, but some non-affixed equipment is included at the use value opinion.

Approaches to Market Value

Reflecting market value, the approach relied upon in this appraisal is sales comparison, reflecting both the underlying land as vacant and as improved reflecting the whole property with shell building improvements.

In the sales comparison approach, sales of properties – both vacant sites and improved - having similar characteristics and highest and best use are comparatively analyzed. If necessary and where supported, adjustments are made to the sales for differences in transaction financing, market conditions at time of sale, locational factors, physical characteristics and other dissimilar aspects. With all comparable properties being adjusted to the subject, the primary objective of this process is to arrive at an indication of what the subject should sell for were it offered on the open market.

The replacement cost approach is not developed in the development of market value; the existing improvements as a detention facility do not meet tests of highest and best as implied in the definition of market value. An income approach is not developed in this appraisal due to scarcity of data for rents for similarly large and repurposed projects; this type of property is rarely, if ever, repurposed solely for generation of rental revenue. More often than not, these large properties are purchased for owner occupancy (see sales comparison approach) or for non-profits, institutions or quasi-government service uses. Investors would not look to the revenue potential for this type of property to justify the purchase. Omission of the cost and income approaches, in this instance, do not lessen the reliability of the appraisal; as shown, the developed sales comparison approaches - as vacant land and as alternative use - support similar value opinions.

Use Value

As previously discussed, a use value is also provided for the appraised property; definitions pertinent to use value were offered earlier in the report. As background for use value, the following is offered:

“Use Value is the value a specific property has for a specific use [and] often involve limited-market properties, i.e., properties of a type that has relatively few potential buyers t a particular time...Many limited-market properties, such as houses of worship, museums, schools, public buildings and clubhouses, include structures with unique designs, special construction materials, or layouts that restrict their functional utility to the use for which they were originally built. These properties usually have limited conversion potential and, consequently, are also called specialized, special-use, special-purpose, or special-design properties.

If a property's current use is so specialized that there is no demonstrable market for it but the use is viable and likely to continue, the appraiser may render an opinion of use value if the assignment reasonably permits a type of value other than market value. Such an estimate should not be confused with an opinion of market value.⁸

Specific to the subject property as a jail or detention facility, no sale data was located to support a use value. Alternatively, the best approach to use value is by replacement cost which most accurately represents the unique building design and its specialized systems. In replacement cost, data for construction of similar facilities is gathered, here from a national cost source, then depreciated to reflect age and wear. To the depreciated cost is added the value of the underlying land as though vacant.

Use value as a detention facility includes allocation to some affixed and non-affixed equipment typical of this type of property - security systems, locks, sallyport, kitchen and laundry equipment, etc. Of the non-affixed equipment, a lump sum allocation to value is \$20,000. This does not include beds, linens, food inventory, handheld or portable radios, office and computer equipment, furniture or other non-affixed items with typically short life-cycles.

First, this appraisal analyzes the market value of the property, both as vacant land and under a repurposing scenario, both employing the sales comparison approach. Second, the appraisal analyzes the use value, where the most appropriate approach is replacement cost of the specialized improvements.

⁸

IBID. P27-28.

MARKET VALUE ANALYSIS

SALES COMPARISON APPROACH, UNDERLYING SITE VALUE (AS VACANT)

A search for recent and comparable land sales was conducted, with criteria for selection focused on sites with similar highest and best use potential, size, location and other features. Criteria for the search include size, zoning/approved uses, location, surrounding uses. Land sale data and location map are included at the Addenda.

Sales and listings are discussed in greater detail below.

LAND510 IS THE VERY RECENT SALE OF A C-2 SITE LOCATED FARTHER WEST ON AIRPORT ROAD. THE SITE WOULD NOT HAVE DIRECT ACCESS FROM AIRPORT ROAD, BUT INSTEAD FROM A SIDE STREET, THOMAS ROAD. THE SELLING AGENT REPORTS PRICING HAD BEEN REDUCED FROM AROUND \$6.00 PSF TO \$4.00 PSF AS A "FIRE SALE" TO GENERATE INTEREST AND SELL THE SITE QUICKLY; THE PROPERTY HAD BEEN ON THE MARKET FOR SEVERAL YEARS BEFORE IT SOLD EARLIER THIS YEAR. CONFIGURATION IS RECTANGULAR, WITH ALL CITY UTILITIES. ANY DEVELOPMENT OF THE SITE IS LIKELY TO REQUIRE CONSTRUCTION OF A DECELERATION LANE AT AIRPORT ROAD. BECAUSE OF THE APPARENTLY DISTRESSED CONDITIONS OF SALE AND LOW OVERALL PRICE INDICATION, THIS SALE IS GIVEN MINIMAL CONSIDERATION IN THE FINAL OPINION OF LAND VALUE.

LAND472 SOLD FOR DEVELOPMENT OF A NATIONAL AUTO PARTS CHAIN STORE. LOCATION IS NEAR THE SUBJECT, WITH SIMILAR OVERALL LAND CONFIGURATION BUT IS CONSIDERABLY SMALLER IN SIZE. ZONING IS SC-1 FOR THIS SALE SITE, BUT HIGHEST AND BEST USE AND DEVELOPMENT POTENTIAL ARE SIMILAR TO THE SUBJECT. THIS SALE MARKS THE HIGHEST PRICE FOR A SITE SOLD WITHIN THE DATA SET, AT \$10.33 PSF; CONSIDERING SIZE THIS SALE POINTS TO A PRICE WELL BELOW THIS MARK FOR THE SUBJECT SITE AS VACANT.

LAND289 AND 337 BOTH SOLD FOR SIMILAR END USES - DISCOUNT "DOLLAR-TYPE" RETAILERS, AND ARE OF REMARKABLY SIMILAR SIZE. PRICING IS ALSO REMARKABLY SIMILAR AT JUST UNDER \$8.00 PSF. BOTH ARE LOCATED FARTHER WEST ON AIRPORT ROAD FROM THE SUBJECT, BUT BOTH HAVE SIMILAR FRONTAGE AND INTERIOR OR MINOR CORNER ORIENTATION TO THE ARTERIAL. AS SHOWN, DIFFERENCE IN ZONING - SC-1 AND C-2 - DID NOT MATERIALLY AFFECT THE PRICES PAID. CONSIDERING THEIR SMALLER SIZES, THESE TWO SALES SUPPORT PRICING BELOW ABOUT \$7.90 PSF FOR THE SUBJECT.

LAND394 - THIS SITE IS LOCATED AT THE CORNER OF AIRPORT ROAD AND A MINOR STREET, ACADEMY ROAD. SIZE IS APPROACHING THE SUBJECT, REFLECTING THE LARGEST CLOSED TRANSACTION IN THE DATA SET, PURCHASED FOR DEVELOPMENT OF A FINANCIAL SERVICES USE. ZONING WAS I-1, BUT END USE IS SIMILAR TO WHAT IS POTENTIAL FOR THE SUBJECT SITE AS VACANT. AS SHOWN, COMPARED TO OTHER SITES ZONED C-2 AND SC-1 ALONG AIRPORT ROAD, THERE IS NO DISCERNABLE DIFFERENCE IN PRICING ATTRIBUTED TO ZONING. AMONG THE SALES, THIS TRANSACTION APPROPRIATE SETS THE LOW END OF THE RANGE, ATTRIBUTED TO ITS LARGER SIZE THOUGH STILL SMALLER THAN THE SUBJECT. THIS SALE POINTS TO PRICING JUST BELOW ABOUT \$6.22 PSF FOR THE SUBJECT.

LAND335 WAS SOLD FROM A LENDER'S REO PORTFOLIO; PRIOR SALE OF THIS SITE WAS OVER \$15 PSF, PRIOR TO THE ECONOMIC DOWNTURN. THIS IS ONE OF THE SMALLEST SITES IN THE DATA SET; AT THE TIME OF SALE, THE SITE WAS APPROVED FOR RETAIL USES AT A DENSITY OF 0.20 FAR. CONSIDERING SUBSEQUENT SALES, THIS 2011 PRICE MAY STILL HAVE BEEN HIGH, DESPITE A DECLINE IN VALUE OF ABOUT 40% BETWEEN 2006 AND 2011. THE SITE HAS REASONABLE FRONTAGE ALONG AIRPORT ROAD, BUT REALISTICALLY NO OR LIMITED ACCESS FROM IT; INSTEAD ACCESS WOULD PROBABLY BE FROM CAM PO AI PI.

LAND509 IS LOCATED JUST EAST OF SALES 10, BUT HAS LOWER INTENSITY ZONING OF C-1. THE PROPERTY HAS HAD SEVERAL YEARS' EXPOSURE TIME, AND THE PRICE WAS RECENTLY REDUCED TO REFLECT "FIRE SALE" CONDITIONS - THE SELLER IS HIGHLY MOTIVATED. THIS IS THE LARGEST SITE IN THE DATA SET, THOUGH STILL SMALLER THAN THE

SUBJECT. HOWEVER, CONFIGURATION IS NOT IDEAL, WITH VERY SHALLOW DEPTH RELATIVE TO THE EXTENSIVE FRONTAGE ON AIRPORT ROAD. ACCESS INTO THE SITE WOULD MOST LIKELY BE RESTRICTED TO RIGHT-IN/RIGHT-OUT ONLY, MUCH LIKE THE SUBJECT'S ACCESS.

LAND511 HAS BEEN ON THE MARKET FOR ABOUT THREE YEARS WITH MINIMAL REDUCTION IN ASKING PRICE OVER THAT TIME. THE SITE REPORTEDLY HAD APPROVALS FOR ABOUT 19,400 SF OF RETAIL SPACE, BUT LIKELY WITH LIMITED AIRPORT ROAD ACCESS. LOCATION IS CLOSE TO THE SUBJECT, WITH SIMILAR SURROUNDING USES AND INFLUENCES. CONSIDERING THE SIZE AND PRICING FOR OTHER SITES ALONG AIRPORT ROAD, THE LIST PRICE APPEARS VERY OPTIMISTIC AT \$11.34 PSF.

LAST, LAND555 IS A TWO ACRE SITE ZONED FOR GENERAL COMMERCIAL USES AND LOCATED SEVERAL BLOCKS WEST OF THE SUBJECT. SITE REPORTEDLY HAS SOME DEVELOPMENT APPROVALS FOR RETAIL OR SERVICE USES, INCLUDING DRIVE-UP WINDOW; EXPOSURE TIME THUS FAR IS A LITTLE OVER A YEAR; THE LIST PRICE HAS BEEN REDUCED FROM \$7.21 PSF TO \$5.84 PSF AT PRESENT.

Thus, there are multiple examples of sales and listings, all with Airport Road frontage and similar development potential. Sales date from early 2011 through early 2015; in general, market conditions have been flat for commercial land in this submarket and do not generally support a specific market conditions adjustment. Note also that current listings, in general, support the pricing from the 2011 to 2015 time frame.

The property rights conveyed in each sale were fee simple. Financing terms were cash or cash equivalent at all sales, unless otherwise reported. With exception of Land510, conditions and motivating influences behind each sale were reported to be "arms length" and no concessions or other special circumstances influencing the sale prices reported. For Sale 510 (and for current listing 509), the seller lowered the price drastically to generate a quick sale; as shown, the price per foot for this site falls well below others in the data set. Listings reflect current offerings advertised through the local multi-list and local commercial real estate offices.

Thus, adjustment for property rights conveyed, terms of sale and market conditions is not indicated at any transaction. Again, Land509 and 510 reflect "fire sale" pricing, where the seller is highly motivated. These two transactions do, indeed, set the low end of the data set for price - near \$4.00 psf - whereas other data supports pricing in the range of \$6 to \$10 psf. Because of the adverse conditions of sale, these two transactions are given no further consideration. To reflect probable sale prices of the active listings, they are adjusted downward by 10% as is a typical list:sale price ratio from the market.

All sales reflect lots or land best suited for neighborhood commercial or light industrial uses, from the competing neighborhood; all comparable land transactions are deemed to have similar highest and best use and/or development potential as the subject. Size at the lots varies, with several sized from about $\frac{3}{4}$ to an acre, plus five transactions between about 1.66 to 4.6 acres; no transaction is as large as the subject (7.375 ac/327,255 sf). This is not unexpected, as most larger and workable tracts on Airport Road developed some years ago.

All have similar utilities/infrastructure and location and generally similar access from the Airport Road arterial.

Thus, the only difference in the comparables that may be said to influence price appears to be size. Pairing sales provides reasonable support for a size adjustment:

PAIRED SALE SIZE ADJUSTMENT, LAND TRANSACTIONS

LAND394	109,292SF	\$6.22/SF	DIFFERENCE = -21.7%
LAND337	40,075SF	\$7.94/SF	
LAND394	109,292SF	\$6.22/SF	DIFFERENCE = -20.6%
LAND289	34,800	\$7.83/SF	
LAND394	109,292	\$6.22/SF	DIFFERENCE = -39.8%
LAND472	42,602	\$10.33/SF	
LAND394	109,292	\$6.22/SF	DIFFERENCE = -30.7%
LAND335	34,008	\$8.97/SF	

The preceding paired sales reflect a difference in area of about 300% and support a size adjustment of 20.6% to 39.8%; eliminating the one extreme indication, a more realistic size adjustment is on the order of about -25% for these sales. However, the subject site is several times larger than even the largest sale. It is reasonable then, that a more significant adjustment is in order to reflect the subject's larger size, though there is no data for specific adjustment. But also consider that the subject's size may in some ways be more attractive than these smaller sites. A larger site lends itself to a mixed-use development or can be further divided to as demand warrants. Conversely, the small sites of about 40,000 sf are a single-user lot with less flexibility. That is, the magnitude of size adjustment to reflect the subject should not necessarily be commensurate with the magnitude of size difference. I conclude to size adjustment toward the upper end of the indication from the preceding pairings, of -30% for the very small sites, and -15% for the larger site, as follows:

LAND COMPARABLES ADJUSTED FOR SIZE

REF	SIZE	PRICE/SF	LIST ADJUST	SIZE ADJUST	ADJUST \$/SF
472	42,602	\$10.33	0	(\$3.10)	\$7.23
289	34,800	7.83	0	(2.35)	5.48
394	109,292	6.22	0	(0.93)	5.29
337	40,075	7.94	0	(2.38)	5.56
335	34,008	8.97	0	(2.69)	6.28
511	72,745	11.34	(\$1.13)	(1.53)	8.68
555	89,907	5.84	(\$0.58)	(0.79)	4.47

After adjustment for size, data support a value range of about \$5.25 to \$7.25 psf (eliminating extremes) but with most data centering on about \$5.50 psf to \$6.00 psf. As indicated, Listing 511 is very optimistic, though current pricing for 555 appears somewhat low based on the data. Giving some benefit to the subject site for its closer proximity to Cerrillos Road activity, I conclude to a value as vacant of \$6.00 psf. Multiplied by the site area of 321,255 sf results in an as vacant value opinion of \$1,927,530, rounded to \$1,930,000.

However, in order to render the subject site vacant, some expense would be necessary to demolish the jail improvement. Data from several recent demolition projects provides good support of a cost of about \$3.00 psf; this includes demolition and dump fees, with little attributed to salvage. Cost, then, to raze the subject improvement would be about \$160,000 (applied to heated finished area of 53,870 sf). Deducting this from the land value as vacant results in a value opinion for the property as land only of \$1,770,000 (about \$5.51 psf land area).

In conclusion, my opinion of underlying site value reflecting as is condition is

AS IS MARKET VALUE OPINION	
LAND ONLY (LESS DEMOLITION COST)	
AS OF JUNE 3, 2015	\$1,770,000

SALES COMPARISON APPROACH, SHELL VALUE (AS IS CONDITION)

The sales comparison approach is based on the premise that a knowledgeable and willing buyer would perform a "comparison shop" of similar properties in the local market. The appraised property consists of a large jail facility where the interior partitioning and finishes are attributed no value given their specialized but obsolete use. As discussed in the highest and best use section, a jail or detention facility is no longer indicated for this site; instead, alternative or "repurpose" uses are most probable for the existing property. This sales comparison approach section measures the market's perception of similarly large buildings purchased for remodel. In most cases, these transactions reflect buildings that were purchased with intent to "gut" the interior, whereby the only value attributed to improvements was shell value. Full details for each sale are found in the Addenda.

Price per Square Foot Analysis

The unit of comparison most appropriate for analysis is sale price per square foot of heated or significant finished building areas. Implicit in the unit value are the overall quality, amenities, size of the project, utility, and so on. The five sales are very recent, spanning a period of less than a year (includes one pending sale), supplemented by three current listings. Comparables are discussed below.

IMPR746 THIS MOST RECENT CLOSED TRANSACTION IS A LARGE OFFICE BUILDING, VACANT AT THE TIME OF SALE. IMPROVEMENTS ARE IN REASONABLE CONDITION, AND STRUCTURE IS BELIEVED SOUND, BUT THE INTERIOR NEEDS A COMPLETE GUT AND REMODEL PLUS INSTALLATION OF AN ELEVATOR. THE BUYER IS A CREDIT UNION WHO HAS NOT YET DECIDED WHAT TO DO WITH THE BUILDING, BUT HAS ALSO CONSIDERED RAZING IT. THE CU WANTED TO "TIE UP" THE SITE SO THAT IT WOULD NOT SELL TO ANOTHER, SEEING THE LOCATION AS ADVANTAGEOUS AND CENTRAL. AS A SHELL BUILDING, THE PRICE EQUATES TO \$43.19 PSF OF FINISHED BUILDING AREA.

IMPR582 THIS RECENT INDUSTRIAL SALE IS FROM EARLIER THIS YEAR, AND INCLUDES A LARGE SINGLE-USER WAREHOUSE/STORAGE FACILITY LOCATED IN AN OLDER POCKET OF INDUSTRIAL DEVELOPMENT. BUILDING SIZE IS SMALLER THAN THE SUBJECT, BUT QUALITY OF STRUCTURE IS INFERIOR AS A STEEL FRAME. BUILDING AGE IS SIMILAR TO THE SUBJECT, AND CONDITION IS SIMILAR. THIS BUILDING HAS A FAIRLY HIGH PERCENTAGE OF FINISHED SPACE, PLUS HEATED WAREHOUSE, TWO DOCK-HIGH LOADING BAYS PLUS THICKENED SLAB. THE LOCATION IS CLOSER TO THE CITY CENTER, BUT THIS MAY NOT NECESSARILY BE ADVANTAGEOUS, AS INTERSTATE ACCESS IS FARTHER REMOVED. ALSO, THE FAR (DENSITY) IS VERY HIGH AT THIS PROPERTY, AND MAY SIGNAL SOME DIFFICULTY WITH ON-SITE TRAFFIC CIRCULATION AND PARKING. THOUGH NOT AN IDEAL COMPARISON WITH THE SUBJECT, THE LARGE AREA OF WAREHOUSE IS SOMEWHAT SIMILAR TO A BUILDING SHELL.

IMPR352 AN OLD BOWLING ALLEY, VACANT FOR AT LEAST THREE TO FOUR YEARS AND A BANK REO; THE PROPERTY WAS ON THE MARKET FOR ABOUT FOUR YEARS BEFORE IT FINALLY SOLD EARLIER THIS YEAR. THE PURCHASER HAS LEASED IT TO A LOCAL NON-PROFIT THEATER ARTS TROUPE FOR REHEARSAL AND PERFORMANCE SPACE, BUT AT A VERY LOW RATE NOT REPRESENTATIVE OF MARKET. THE BUYER/LANDLORD IS A PATRON OF THE ARTS, AND REVENUE FROM THE PROJECT WAS OF LITTLE CONSEQUENCE. THE USER PLANS TO MOSTLY GUT THE INTERIOR, REMOVE RAISED CONCESSIONS PLATFORM AND ALL REMNANT OF THE BOWLING ALLEY USE. ALTHOUGH SOMEWHAT UNUSUAL, THIS SHELL BUILDING IS NOT TOO DISSIMILAR FROM THE SUBJECT, ESPECIALLY CONSIDERING THE INTERIOR GUTTING OF THE BUILDING.

IMPR764 A FORMER CHARTER SCHOOL CAMPUS WITH VERY HIGH BUILDING: LAND DENSITY RATIO. IT SOLD TO A LOCAL ARTS PATRON (SAME BUYER AS FOR 352) WHOSE MOTIVATION WAS NOT NECESSARILY REVENUE

GENERATION. INSTEAD, THE INTERIOR OF THE SCHOOL IS BEING PARTIALLY GUTTED FOR RENOVATION TO ART STUDIO SPACE. SOME FORMER CLASSROOM AND OFFICE AREAS MAY BE SALVAGEABLE, BUT WILL BE REMODELED. THE STRUCTURE IS SMALLER THAN THE SUBJECT, AND MORE CENTRALLY LOCATED. VERY TIGHT SITE CONDITIONS (FIRE ACCESS) AND ZONING/LAND USE ISSUES DID NOT APPEAR TO UNTIL AFTER THE TRANSACTION CLOSED.

IMPR416 A CURRENT LISTING OF A LARGE TWO-LEVEL OFFICE BUILDING. LOCATION IS SOMEWHAT MORE CENTRAL COMPARED TO THE SUBJECT, BUT LACKING ARTERIAL FRONTAGE. THIS PROPERTY HAS BEEN ON THE MARKET FOR SEVERAL YEARS, AND HAD BEEN UNDER CONTRACT, BUT THE BUYER "JUMPED THE GUN" AND RESCINDED ITS OFFER ABOUT TWO MONTHS AGO; THIS BUYER MAY STILL COME FORWARD, AND WOULD SUBSTANTIALLY REMODEL THE PROPERTY, THOUGH A COMPLETE GUTTING IS PROBABLY NOT NECESSARY FOR MOST AREAS. QUALITY IS SIMILAR TO THE SUBJECT, BUT SIZE IS SMALLER. CURRENT PRICING DOES NOT APPEAR TO REFLECT THE "SHELL" NATURE OF THE OBSOLETE BUILDING INTERIORS.

IMPR417 THIS IS ANOTHER LARGE, TWO-STORY OFFICE BUILDING, BUT INCLUDING SUBSTANTIAL WAREHOUSE AREAS AT THE LOWER LEVEL. BUILDING: SITE RATIO IS HIGH, AND THE SITE IS GENERALLY RECOGNIZED AS TOO SMALL TO MEET ON-SITE PARKING AND INGRESS/EGRESS NEEDS. THE PROPERTY HAS BEEN ON THE MARKET FOR SEVERAL YEARS, WITH PRICE RECENTLY REDUCED TO ABOUT \$74 PSF. FURTHER, THE BUILDING HAS HIGH VACANCY, WITH LARGEST USER ON MONTH-TO-MONTH BASIS. BUILDING QUALITY AND CONDITION ARE SIMILAR TO THE SUBJECT, BUT SMALLER THAN THE SUBJECT. THIS PROPERTY IS NOT IDEALLY COMPARABLE TO THE SUBJECT, BUT IS INCLUDED AS AN EXAMPLE OF AN AVAILABLE PROPERTY WITH SOME SIMILAR ALTERNATIVE USE/REPURPOSING USE POTENTIAL.

IMPR752 THIS IS A PENDING TRANSACTION, SCHEDULED TO CLOSE IN THE NEXT ONE TO TWO MONTHS. IT IS HIGHLY SIMILAR TO THE SUBJECT IN LOCATION (IT BACKS TO THE SUBJECT). SIZE IS SMALLER, BUT UTILITY IS FAIRLY SIMILAR. IT WAS MOST RECENTLY USED AS A PLACE OF WORSHIP PLUS HAS PORTION LEASED TO A TRANSIT COMPANY. THE BUYER IS A LOCAL NON-PROFIT WHO WOULD LIKELY UTILIZE THE SPACE AS RETAIL SHOWROOM AND MATERIALS WAREHOUSE PLUS OFFICE SPACE. SOME MINIMAL INTERIOR REMODELING IS LIKELY PLANNED. THE EXACT SALE PRICE REMAINS CONFIDENTIAL UNTIL CLOSING, BUT THE REPORTED PRICE IS BETWEEN ABOUT \$86 AND \$91 PSF. INCLUDED IN THE TRANSACTION IS AN ADJOINING LOT, NECESSARY TO MEET THE PARKING NEEDS OF THE BUILDING.

IMPR753 LAST, THIS LISTING IS A LARGER INDUSTRIAL PROPERTY IN CENTRAL SANTA FE. IT INCLUDES THREE PRE-ENGINEERED BUILDINGS WITH SOME OFFICE FINISHES. SIZE IS SMALLER THAN THE SUBJECT, BUT AGE/CONDITION IS SIMILAR. AS A STEEL STRUCTURE, QUALITY IS SLIGHTLY INFERIOR TO THE SUBJECT'S MASONRY AND STEEL FRAME. HOWEVER, STEEL STRUCTURES ARE TYPICALLY CLEAR-SPAN AND PERMIT GREATER FLEXIBILITY FOR REMODELING.

All sale transactions reflect the transfer of fee simple title, as do two of the listings; one listing, #417, has several tenants on month-to-month or short term (less than two years typically) leases, where property rights transferred would be leased fee estimate. However, no lease creates any advantage/disadvantage to indicate a property rights adjustment is warranted.

All sales appear to involve typical buyer and seller motivations, none particularly influenced by atypical motivations. All sales are arm's length and not involving any adverse conditions; further, all sales appear to involve cash or market financing. In all, adjustments for conditions of sale and financing are not indicated at any of these transactions.

Sales are very recent, indicating no additional consideration for market conditions adjustment.

No sale is ideal, but again, the subject is unique in its size and highly specialized interiors that have, realistically, minimal contributory value under alternative use. Three of the sales - 746, 352 and 764 - represent larger single-user properties that will be gutted, and where any value attributed to the building is for a shell. These three transactions range in pricing from about \$25 to \$60 psf. The upper end closely mirrors the price for a similarly sized office warehouse property. In all, it makes sense that warehouse space would be considered by the market as similar to shell space in terms of utility, degree of finishes and so on. And, to some extent, the warehouse and office or school shell properties need less work to convert than, say, the bowling alley - a single-use, highly specialized property. It is interesting that the buyer for #352 and #764 is the same and conversion to art-centered use is common to both, yet pricing is very different between the two properties; I believe the difference is due to the extensive remodel required at the bowling alley property.

The pending sale of the former place of worship (Calvary Chapel) sets a price toward the upper end of the range for sales (\$86 to \$91 psf). The buyer is likely to complete fewer interior renovations than as required at the bowling alley. This transaction, however, has not yet closed.

The listings include an office, a light industrial and a mixed office/industrial, and show fairly similar asking prices from, say \$75 to \$95. All prices are likely overly optimistic - given level of warehouse space at #753, and considering need for gut/remodel at #416 - based on the recent sale data.

Comparables are rated as similar to the subject for overall utility and conversion/repurposing potential, though none has the secondary arterial frontage enjoyed by the subject. The comparables are all located on tertiary streets with significantly lower traffic counts and visibility compared to the subject.

Size at all comparables is smaller than the subject; it is noted that the subject is considered to be very large, especially for a single-user property, for the local market. Typical non-government offices trend from about 1,000 to perhaps 5,000 or 6,000 sf; light industrial space trends in a similar size range, as does most non-anchor retail space. Places of worship also tend to be more moderate, rarely exceeding about 20,000 to 30,000 square feet with exception of only the largest few.

In all, the sales and listings are too disparate to isolate adjustments for specific differences - size, location, degree of remodel/renovation needed, and so forth. However, these transactions are very good and recent representations of larger-scale properties purchased with intent of significant alteration and repurposing, the most likely scenario for the subject. Value for the subject should realistically fall within the spectrum of prices set by these transactions. Because of the degree of interior gutting necessary at the subject, the value should fall near the low end of the range. Conversely, for its superior secondary arterial location, the subject should carry a slight premium.

Thus, with data too disparate to support specific adjustments, but acknowledging the degree of necessary interior gut being offset by superior arterial location, I conclude to a value per square foot of \$30 to \$35 psf.

VALUE INDICATION BY SALES COMPARISON IMPROVED PROPERTIES, AS IS		
55,703 SF	x \$30.00 PSF	\$1,671,090
	To	
55,703 SF	x \$35.00 PSF	\$1,949,605
CENTERING ON		\$1,800,000

I reconcile to a final value opinion by sales comparison of

MARKET VALUE BY SALES COMPARISON	
4250 AIRPORT ROAD, AS IS CONDITION (SHELL BUILDING)	
SANTA FE, NEW MEXICO	
AS OF JUNE 3, 2015	\$ 1,800,000

The preceding analysis as repurposed assumes that the property may achieve legal entitlement for conversion. At the highest and best use analysis, the current County ownership is discussed including that use of the property is not regulated by the governing jurisdiction (City of Santa Fe). However, under an alternative use scenario – the most probable scenario – a zone change (or special use permit) is assumed achievable. This represents an extraordinary assumption, herein defined.

Comment Regarding Surplus/Excess Land

As a repurposed property, converted to alternate use, study of the building:land ratio is of some import. In order to satisfy on-site parking plus ingress/egress requirements for most commercial uses, I believe optimal density falls in the 20% to 30% range. The appropriate FAR is especially important for properties that might need significant yard space – a school, light industrial – or have a high parking need – place of worship, community service, retail, restaurant medical office. Analysis of properties with higher FARs – in the range of 0.35 to 0.45 – indicate a significant shortage of on-site parking.

The floor area ratio (FAR) at the subject is 0.18, or 18%, toward the low end of the range, but still within reason.

All considered, I conclude there is no obvious excess or surplus land present at the appraised property reflecting as is (improved) condition.



RECONCILIATION, MARKET VALUE

The property was valued both as vacant land (no improvements) and as is, allocating shell value to the existing improvements:

SALES COMPARISON APPROACH, LAND ONLY	\$ 1,770,000
SALES COMPARISON APPROACH, BUILDING SHELL	\$ 1,800,000
INCOME & COST APPROACHES	NOT DEVELOPED

As discussed at the highest and best use analysis, and as demonstrated at the valuation sections, the underlying land as vacant carries essentially the same market value as the improved property. Looked at another way, the jail/detention building improvement has reached the end of its useful life, which is reasonable considering the economic life-span of this type of improvement, growth and development patterns and pressures, and cultural changes with respect to incarceration. The shell value of the building is essentially offset by the cost to repurpose, rendering little to no value to the existing improvement. Market data indicate the property could either be repurposed to make most efficient and recycled use of the improvement, or the site could be made vacant for redevelopment; either use fits within the parameters of highest and best use.

Placing equal reliance on the two methods of sales comparison, I reconcile to a final opinion of market value reflecting as is condition of

AS IS MARKET VALUE OPINION

JUVENILE DETENTION FACILITY
 UNDER ALTERNATIVE USE
 4250 AIRPORT ROAD
 SANTA FE, NEW MEXICO
 AS OF JUNE 3, 2015

\$ 1,800,000

USE VALUE

REPLACEMENT COST APPROACH

The first step in valuation by replacement cost approach is to estimate the value of the underlying land; land is always valued as though vacant and to its highest and best use. The next step is to estimate the replacement cost of the building and site improvements, then deduct accrued depreciation. Combined land value and depreciated improvement cost results in the value by cost approach.

Estimate of Land Value

In the preceding section, the vacant site is valued at \$1,930,000. The land value is added at the value of the site as though vacant; this is distinguished from the as is value as though vacant, which factors in cost to raze the improvements. For replacement cost, the underlying land is assumed already vacant.

Jail Improvement Value by Depreciated Cost

A value indication for the appraised improvements is developed by depreciated replacement cost. Source of replacement cost data is Marshall Valuation, a national cost service adjusted to the Santa Fe location, reflecting hard costs, labor, materials supervision, contractor profit, overhead, architectural plans, sales taxes and insurance. Also included in the national cost source are: jail hardware (cell blocks and locking and security equipment) and sallyport.

As jails and/or detention facilities are almost always constructed by local or regional law enforcement agencies - that is, not for the income potential from the real estate - entrepreneurial profit is not an appropriate add-on to cost.

The building is assigned an effective age based on actual chronological age weighted against perceived condition, as well as an estimate of total anticipated economic life for this type of improvement. Together, these point to the estimate of physical deterioration.

The improvements are assumed to be of functional design and utility, though as a highly specialized facility I have little expertise in this realm. However, given another agency is interested in acquiring the existing facility, there is some indication that it functions well enough to continue being used as such. Thus, I assume there is no functional obsolescence present. And last, for specialized properties, external obsolescence does not appear applicable. Thus, accrued depreciation is comprised entirely of physical deterioration.

REPLACEMENT COST ESTIMATE

MARSHALL VALUATION SERVICE

SECTION 15, PAGE 33 (JAILS/CORRECTIONAL FACILITIES - #335)

CLASS C, AVERAGE TO GOOD QUAL

BASE COST		\$214.78 PSF (BASE)		
ADD SPRINKLERS		\$ 3.00 PSF		
PERIMETER MULTIPLIER		x 0.928		
STORY HEIGHT MULTIPLIER		x 0.897		
CURRENT MULTIPLIER		x 1.03		
LOCAL MULTIPLIER		<u>x 0.98</u>		
ADJUSTED BASE COST, SMALL ANIMAL		\$182.99	x 55,703 SF	\$ 10,193,092
ADD: COMMERCIAL KITCHEN EQUIPMENT	LUMP		40,000	
ADD: COMMERCIAL LAUNDRY EQUIPMENT	LUMP		30,000	
ADD: LANDSCAPING	LUMP		10,000	
ADD: PERIMETER & YARD FENCING	LUMP		<u>60,000</u>	
SUBTOTAL, ADD-ONS				\$ 140,000
TOTAL IMPROVEMENTS, NEW				\$ 10,333,092
ENTREPRENEURIAL PROFIT				0
ECONOMIC LIFE ESTIMATE		35-40 YEARS		
EFFECTIVE AGE ESTIMATE		25-30 YEARS		
ACCRUED DEPRECIATION:		68%		<u>(7,026,503)</u>
DEPRECIATED COST, JAIL IMPROVEMENTS				\$ 3,306,589
ADD LAND VALUE, AS VACANT				<u>1,930,000</u>
DEPRECIATED COST				\$ 5,236,589
ROUNDED				\$ 5,235,000

Thus, I conclude to a use value assuming continued use as a jail/detention facility reflecting as is condition of

AS IS USE VALUE OPINION

JUVENILE DETENTION FACILITY
 ASSUMING ON-GOING USE AS JAIL
 4250 AIRPORT ROAD
 SANTA FE, NEW MEXICO
 AS OF JUNE 3, 2015

\$ 5,235,000

FINAL VALUE STATEMENTS

Two value opinions are present, reflecting different definitions. Market value represents the value to a broad pool of buyers, typically motivated, and where adequate substitute properties exist. Use value, conversely, represents value of a highly specialized property with very small pool of potential buyers; the latter value as analyzed in this appraisal assumes continued use of the property as a jail/detention facility. The two value opinions are summarized as follows

AS IS MARKET VALUE OPINION

JUVENILE DETENTION FACILITY

UNDER ALTERNATIVE USE

4250 AIRPORT ROAD

SANTA FE, NEW MEXICO

AS OF JUNE 3, 2015

\$ 1,800,000

AS IS USE VALUE OPINION

JUVENILE DETENTION FACILITY

ASSUMING ON-GOING USE AS JAIL

4250 AIRPORT ROAD

SANTA FE, NEW MEXICO

AS OF JUNE 3, 2015

\$ 5,235,000

Use value as a detention facility includes allocation to some non-affixed equipment typical of this type of property - kitchen and laundry equipment - to which is assigned a lump sum allocation to value is \$20,000. This does not include beds, linens, food inventory, handheld or portable radios, office and computer equipment, furniture or other non-affixed items with typically short life-cycles.

Please see the report for discussion of important distinctions between market value and use value, their assumptions and effects on value.

This appraisal is subject to the following special assumptions.

- The appraisal assumes there are no detrimental conditions resulting from easements, deed restrictions or other title issues. Recorded survey/plat not available and no title documents provided to appraiser. Conveyable and immediately marketable title assumed. Refer to Assumptions and Limiting Conditions for additional comments regarding title matters.
- The appraisal assumes there are no unusual title conditions that would impair value or marketability. Expert legal opinion to confirm this assumption is recommended.
- *Market Value* opinions reflecting underlying land value only (land as vacant) and as repurposed rely on an assumption that the site may be rezoned to C-2 or similar general commercial zoning as described in the report. This represents an extraordinary assumption, defined as an assumption, directly related to a specific assignment, as of the effective date of assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
- *Use Value* opinion assumes the property continues to operate as a juvenile detention or jail facility. Although a highly specialized use with few potential users/buyers, continued use as such does appear to be viable given on-going negotiations between County and State agencies.

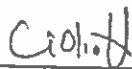
- No current building inspection reports are available for review and the appraisal assumes there are no significant detrimental structural, mechanical or other conditions affecting value or marketability.
- The opinion(s) of Market Value exclude all non realty items such as furnishings and fixtures, security equipment, systems office partitioning and desks, linens, supplies, radio equipment, portable storage buildings, office and other equipment, personal property, or other intangibles. Under continued use as a jail, the Use Value inherently includes contributory value of some permanently affixed FF&E such as security equipment. In addition, the opinion of Use Value includes allocation to some non-affixed equipment, most notably kitchen and laundry equipment, to which is allocated a value of \$20,000.
- No recorded survey or plat data is available for determination of land area. A 1962 quitclaim deed with metes and bounds description does not appear to be accurate or reflect current conditions. I have relied upon an unrecorded survey prepared by Salvador Vigil, Surveyor, dated 1993 which shows a land area of 7.375 acres. I was not permitted to copy or otherwise reproduce this document which is kept with other archived documents at the facility. I assume the land area reported in the 1993 survey is accurate; if the land area is found to be substantially different, or if substantial easements or encroachments or other detrimental conditions are discovered to exist, this appraisal and its value conclusions could be affected.
- The appraiser was provided as-built architectural plans for the facility dating to 1998 for review only; I was not permitted to copy or otherwise reproduce the drawings. Building areas reported herein are based on dimensions scaled by the appraiser from these drawings, then calculated using the APEX software program. Building areas are approximate due to odd angle of one wing and also given some alterations to the space subsequent to these drawings. Independent measurement of the structure was not possible due to security concerns.

CERTIFICATION

The undersigned does certify to the best of my knowledge and belief:

- The statements and facts contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent on developing or reporting predetermined results.
- This appraisal assignment was not accepted or prepared on the basis of a requested minimum valuation, a specific valuation, or the approval of financing.
- I have performed no services as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions and concussions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standard of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The person signing this report has made personal inspection of the appraised property. No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Ginny Olcott, MAI has completed the continuing education program for designated members of the Appraisal Institute.
- As of the date of this report, Ginny Olcott, MAI has completed the continuing education requirement of the State of New Mexico pertaining to licensed real estate appraisers.

In my opinion, as of the effective date of appraisal, the market value may be stated as follows.



GINNY OLCOTT, MAI / OLCOTT APPRAISAL, INC.
N.M. GENERAL CERTIFICATE #000196-G

ASSUMPTIONS AND LIMITING CONDITIONS

1. This Appraisal is intended to comply with the reporting requirements set forth under the 2014-2015 Uniform Standards of Professional Appraisal Practice. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. I have relied on information prepared by the owner representatives, licensed surveyors and real estate professionals in making certain decisions in the process of this appraisal. No one else provided significant professional assistance to the person signing this report. I have accepted this information as accurate, based on the fact that they represent matters beyond my expertise as an appraiser along with the fact that they were prepared by recognized professionals.
3. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
4. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
5. Responsible ownership and competent property management are assumed.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the report.
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

13. Unless otherwise stated in this report, the existence of hazardous substances, including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to my attention nor did I become aware of such during my inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, I am not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such condition, nor for any expertise or engineering knowledge required to discover them.

14. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. I have not made a specific compliance survey and analysis of the property to determine if it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property along with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect upon the value of the property. Since I do not have direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

This report has been made with the following general limitations:

15. The conclusions expressed in this appraisal report apply only as of the stated date of the appraisal and I assume no responsibility for economic or physical factors occurring at some later date, which may affect the opinions stated herein. Appraiser's liability is limited to the amount of the appraisal fee.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization.
17. By reason of the assignment I am not required to give consultation, testimony, or be in attendance in court or any other hearing with reference to the property unless written contractual arrangements have been previously made relative to such additional services.
18. Disclosure of the contents of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
19. Neither all, nor any part of this report, or copy thereof shall be used for any purposes by anyone other than the client to which the report is addressed without the prior written consent of the appraisers, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the appraiser.

APPRAISER QUALIFICATIONS GINNY OLCOTT, MAI

PROFESSIONAL MEMBERSHIPS AND CERTIFICATIONS

MEMBER (MAI), APPRAISAL INSTITUTE (CERTIFICATE #10918)
NEW MEXICO STATE GENERAL CERTIFICATION # 00196-G, EXPIRES APRIL, 2016

EDUCATION

BA, UNIVERSITY OF NEW MEXICO, AMERICAN STUDIES, ALBUQUERQUE, NM, 1984, WITH HONORS.

APPRAISAL COURSES, SEMINARS AND EXAMS

NUMEROUS CLASSES AND SEMINARS ATTENDED FROM 1987 AND CONTINUING THROUGH THE CURRENT YEAR. CURRENT WITH CONTINUING EDUCATION REQUIREMENTS OF BOTH THE APPRAISAL INSTITUTE AND THE STATE OF NEW MEXICO.

PROFESSIONAL APPRAISAL EXPERIENCE

OWNER, OLCOTT APPRAISAL, INC., SANTA FE, NM, 2006 TO PRESENT - COMMERCIAL APPRAISAL AND CONSULTING

APPRAISER, PENDLETON APPRAISAL, LTD., SANTA FE, 1997 TO 2006 - COMMERCIAL APPRAISAL AND CONSULTING

STAFF APPRAISER, SUNWEST BANK OF ALBUQUERQUE, NA / BOATMEN'S SUNWEST, INC. / NATIONS BANK, 1987 TO 1997 - RESIDENTIAL AND COMMERCIAL APPRAISAL, APPRAISAL REVIEW

INDEPENDENT FEE APPRAISER, STEPHANIE ADAMS, INC, ALBUQUERQUE, 1986 TO 1987 - RESIDENTIAL APPRAISAL

ASSISTANT APPRAISER, OLCOTT APPRAISALS, SANTA FE, NM, 1978 TO 1986 - RESIDENTIAL APPRAISAL

ASSIGNMENTS SUMMARY

PREPARATION OF NARRATIVE APPRAISAL REPORTS. SCOPE OF WORK INCLUDES ON-SITE INSPECTION, DATA COLLECTION AND VERIFICATION, RESEARCH OF MARKET CONDITIONS, DERIVATION OF RATES AND MULTIPLIERS, LEASE ANALYSIS, COST ANALYSIS, FEASIBILITY STUDY, RECONCILIATION OF APPROACHES TO FINAL VALUE ESTIMATE.

APPRAISAL ASSIGNMENTS INCLUDE COMPLEX SINGLE-FAMILY RESIDENTIAL, MULTI-FAMILY, CONDOMINIUMS, LODGING FACILITIES, OFFICE BUILDINGS, INDUSTRIAL PROPERTIES, RETAIL CENTERS, SPECIAL PURPOSE PROPERTIES, MOBILE HOME PARKS, MINI-STORAGE FACILITIES, CHILD CARE CENTERS, RESIDENTIAL AND OTHER SUBDIVISIONS, AND OTHER COMPLEX AND MIXED USE PROPERTIES THROUGHOUT NORTHERN NEW MEXICO.

Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Liz Stefanics
Commissioner, District 5



Robert A. Anaya
Commissioner, District 3

Kathy Holian
Commissioner, District 4

Katherine Miller
County Manager

M E M O R A N D U M

DATE: March 21, 2016

TO: Board of County Commissioners

VIA: Katherine Miller, County Manager

FROM: Julia Valdez, Constituent Services Liaison, Manager's Office

RE: A Presentation on the AMTRAK TIGER Grant Project (Commissioner Stefanics)

BACKGROUND

TIGER Grants have supported innovative projects, including multimodal and multijurisdictional projects which are difficult to fund through traditional Federal programs. Successful TIGER projects leverage resources, encourage partnership, catalyze investment and growth, fill a critical void in the transportation system or provide a substantial benefit to the nation, region or metropolitan area in which the project is located.

The Amtrak's Southwest Chief line receives USDOT funding through a TIGER Grant. The long-distance rail line travels from Chicago to Los Angeles through western Kansas, southern Colorado, and northern New Mexico.

The grant application includes \$1 million from New Mexico as well as a \$4 million commitment from Amtrak and \$2 million from BNSF.



Colfax County
Board of Commissioners

P.O. Box 1498 • Raton, New Mexico 87740

Phone: (575) 445-9661 • Fax: (575) 445-2902

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COMMISSIONERS

WILLIAM E. SAUBLE

Chairman

1261 Circle Dot Ranch Road
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(575) 375-2686

JAMES L. NEWTON

Vice-Chairman

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ROY P. FERNANDEZ

Member

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(575) 445-2846

MARY LOU KERN

Colfax County Manager
(575) 445-9661

REBECCA D. HOY

County Clerk
(575) 445-5551

March 17, 2016

Santa Fe County

Ms. Liz Stefanics

102 Grant Ave.

Santa Fe, NM 877504

RE: Proposal to Support TIGER VIII Discretionary Grant Application

Dear Communities & Counties

A segment of the existing Southwest Chief route operates over the BNSF Railway in Kansas, Southeast Colorado and New Mexico where freight traffic levels no longer justify the investment required to maintain the rail infrastructure at FRA Class IV standards for passenger rail train operating speeds. Garden City, Kansas was awarded a TIGER VI Grant in 2014 and La Junta, Colorado was successful in receiving a TIGER VII Grant in 2015. The New Mexico Department of Transportation portion of the railway is scheduled to replace & resurface 19,000 wood ties and add 47,000 tons of ballast. Slow orders are currently in place along all but 5 miles of this portion of the route, mainly due to the condition of the ties and ballast. There are 3.5 miles with a 30 MPH speed limit and 12.8 miles with a 60 MPH speed limit. TIGER VII addresses these problems. However, this does not complete all the upgrades and repairs that are necessary to bring the railway up to passenger train standards.

The City of Lamar, Colorado is preparing to submit an application for FY2016 Federal National Infrastructure Investments (TIGER VIII) Discretionary Grants Program. This application will seek funding to support the continuation of improvements to segments of the BNSF Railroad on which Amtrak's Southwest Chief operates in the three state area of Kansas, Colorado, and New Mexico.

The TIGER VIII application will require coordination between stakeholders in the three states to establish new matching amounts; the more entities that participate, the greater the scope of work that can be accomplished. The goal is to apply for a grant in the amount of \$25 million. Local entities are being asked to consider a match of \$12,500. The local entity would only be obligated to pay if the grant is awarded. As with previous TIGER programs, only public entities are eligible to apply and one or more must be identified to submit the grant application.

Local County and Municipal support and pledges of matching funds are the reason that the TIGER VI and VII Grants have been successful. This support has led to matching funds being provided by Amtrak, BNSF and Kansas, Colorado and New Mexico Departments of Transportation. \$9,233,000 in matching funds led to \$15,443,142 in additional federal funds. All monies raised in New Mexico along with the appropriate % of the federal funds would be devoted to work on the New Mexico portion of the railroad. Your continued support for a TIGER VIII Grant would greatly enhance the chances of a successful application.

The Notice of Funding Availability for TIGER VIII has been released. Final applications are due by April 29, 2016. All participating parties must be indicated on the final application. Please take this request to your governing bodies so that those that elect to participate can be listed on the final application.

Thank you for your consideration in supporting this vital project to keep the Southwest Chief running through northern New Mexico.



Bill Sauble, Chairman

Colfax County Commission

Attachment 3 STATEMENT OF WORK

The Southwest Chief Route Advancement and Improvement Project

1.0 BACKGROUND

The Southwest Chief is a popular Amtrak long-distance passenger service between Chicago, IL and Los Angeles, CA operating on rail line owned by the BNSF Railway. A segment of the existing Southwest Chief route operates over the BNSF Railway's La Junta Subdivision in Kansas, Southeast Colorado, and New Mexico where freight traffic levels no longer justify the investment required to maintain the rail infrastructure at FRA Class IV standards for passenger rail train operating speeds. The condition of the rail infrastructure has deteriorated over the past several years and, without the TIGER Grant infrastructure rehabilitation project that includes the installation of 136 pound continuous welded rail, the infrastructure will continue to erode to the point where operation of the Amtrak Southwest Chief passenger rail service will not be feasible. Slow orders in New Mexico on DOT owned rail are currently in place along all but 5 miles of the route mainly due to the condition of the ties and ballast.

The Southwest Chief provides critical passenger transportation needed for rural communities in Kansas, Colorado and New Mexico. There is broad local, regional and national support for the Southwest Chief. La Junta, along with other local communities and county governments in Kansas, Colorado, and New Mexico, the Kansas Department of Transportation, Colorado Department of Transportation, New Mexico Department of Transportation, BNSF Railway and Amtrak have made financial contributions totaling \$9,233,000 (37.8% of total project costs), to be used in conjunction with this TIGER Grant, towards the improvement of the track infrastructure as detailed in item 4.0 – Description of Work.

2.0 GENERAL OBJECTIVE

The Grantee, in coordination with the Kansas, Colorado, and New Mexico Departments of Transportation, BNSF Railway and Amtrak, will engage in a project that will entail the purchase and installation of approximately 38.7 miles of new 136 pound standard carbon continuous welded rail (CWR), including other related track material and associated consumables between Mile Post (MP) 222.140 and 524.705 on BNSF Railway's La Junta Subdivision. In addition, approximately eighteen point five (18.5) miles of track in New Mexico will be improved with new ties and ballast. This new rail will replace bolted rail, ballast, and ties on the existing route that no longer accommodates the movement of Amtrak Trains 3 and 4 (Southwest Chief) at Class IV operating speeds, and with the reliability and ride quality commensurate with Amtrak service expectations. These track improvements will allow the Southwest Chief to return to a 79 mph operating speed on the improved track segment. Completion of this project will provide a railroad facility that will improve the utility of intercity passenger railroad operations by improving ride quality and allowing for increased passenger speeds.

3.0 PROJECT LIMITS

Work will be undertaken on BNSF Railway's La Junta Subdivision between MP 222.140 just east of Garden City, KS and MP 524.705 near Las Animas, CO. On New Mexico's DOT owned rail, work will be completed between MP 834 and 857.5 in Santa Fe County, NM.

4.0 DESCRIPTION OF WORK

The portion of the project in Kansas/Colorado will replace approximately thirty-eight point seven (38.7) miles of bolted rail with new 136 pound CWR, as well as other track materials, on the La Junta Subdivision between MP 222.140 and MP 524.705, Approximately twenty-eight (28) turnouts will be replaced, and approximately seventeen (17) at-grade crossings repaired and restored. The majority of the new rail will be installed in Kansas west of Hutchinson between mile post 234.00 and 350.30, with approximately six (6) miles incorporated with existing CWR east of Las Animas, Colorado (between MP 518.35 and MP 524.705). The track rehabilitation creates approximately 127 miles of rail to be maintained at FRA Class IV standards between Tiger 2014 & 2015 and work already performed by BNSF.

In New Mexico 19,000 ties and 47,000 tons of ballast are to be installed over eighteen point five (18.5) miles on the New Mexico DOT owned rail project area. This work will occur between MP 834- 845 and MP 850- 857.5. This work will restore the line to FRA Class IV conditions. All project work is in existing right of way and along the existing Southwest Chief Route.

Work being undertaken is considered major rehabilitation/rail replacement within existing railroad right-of-way. Project work will be consistent with BNSF Railway design standards and construction protocols and procedures, all in accordance with BNSF Railway Engineering Instructions and Standards. Upon completion of work, the improved track will meet FRA Class IV standards for maximum 80 mph passenger rail service.

All design & construction work supporting the project will be provided directly by BNSF Railway. The Grantee will not engage in competitive contract procurement. The Project is broken down into three Tasks:

Task 1: Engineering

1.1: Preliminary Engineering:

Grantee will prepare and deliver to FRA a Preliminary Engineering (PE) Set Including:

- A condition assessment and annotated set of track charts identifying: rail, tie and ballast work items; location and sizes of all turnouts and proposed turnouts, with indication of whether they are manually operated or remotely controlled; and locations of all at-grade crossings identified by USDOT ID number;
- Scaled drawings for any newly sized or located turnouts or at-grade crossing modifications, as needed;
- Revised project cost estimate and project schedule as a result of Preliminary Engineering efforts.

The Grantee shall submit the required PE Set, with all stakeholder signatures, for FRA review and approval. Pending FRA approval of the PE Set, the Grantee may enter into the Final Design stage in which the PE Set Deliverable will be updated, if necessary.

Task 2: Construction: BNSF & NMDOT

2.1: Rail Relay in Kansas & Colorado by BNSF

Replace approximately 38.7 miles of jointed rail with new 136 pound CWR and associated other track material between MP 222.140 and MP 524.705.

2.2: Turnout Replacement in Kansas and Colorado by BNSF

Replace approximately 28 turnouts, including spot surfacing, between MP 222.140 to 524.705.

2.3: Grade Crossings Repair in Kansas and Colorado by BNSF

Repair of approximately 17 at-grade crossings impacted by rail and turnout replacement, including spot surfacing.

2.4: Rail Repair in New Mexico by NMDOT

Replace 19,000 wood ties, 47,000 tons of ballast and resurface the rail between MP 834-845 and MP 850-857.5 servicing 18.5 miles of track.

Task 3: Project Administration

3.1: Detailed Project Work Plan, Schedule and Budget

The Grantee shall prepare and submit to the FRA a Detailed Work Plan. The objective of a Detailed Work Plan is to provide details on tasks and subtasks identified in the Statement of Work. Specifically, the Detailed Work Plan describes, in detail, the steps to be taken by the Grantee to implement the Project and provides a budget and schedule to match the scope of work to be completed. The Grantee should update the Detailed Work Plan as new and more accurate data related to budget, schedule, financing, and freight traffic estimates become available, as applicable.

3.2: Project Management Plan

The Grantee shall develop a Project Management Plan (PMP). A PMP is the Grantee's overarching Project implementation plan that spans the entire period of the Project. It should describe a Grantee's approved policies, practices, and procedures related to the management, design, and construction.

Grantee activities supporting Administration of the award, including but not limited to preparation of all required reports, preparation/submission of any necessary supporting stakeholder agreements, and preparation/submission of project invoices for reimbursement fall under the Project Administration Task.

5.0 PROJECT SCHEDULE

The period of performance for the project shall be 16 months, beginning June 14, 2016 and ending December 30, 2018

6.0 PROJECT ESTIMATE/BUDGET

The total estimated cost of the project is \$24,443,143 for which the FRA grant will contribute an estimated 62.2227% of the total cost, but no more than \$15,210,143. Match funds, in the amount of \$9,233,000 will be provided by La Junta and other local units of government in Kansas, Colorado and New Mexico, BNSF Railway, Amtrak and the Kansas, Colorado, and New Mexico Departments of Transportation.

6.1 Funding Sources

Funding Source	Funding Amount
FRA Grant Award/Federal Share	\$ 15,210,143
KS,CO, NM Departments of Transportation	\$ 3,000,000
BNSF Railway	\$ 2,000,000
Amtrak	\$ 4,000,000
Local Units of Government in Kansas and Colorado	\$ 233,000
Project Total	\$ 24,443,143

6.2 Cost Summary

Task #	Task Name	FRA SCC				Budget	FRA	Non-Federal
		Track Structures and Track	Sitework, Right-of-Way, Land, Existing Improvements	Professional Services	Unallocated Contingency		62.2227%	37.7773%
1	Planning and Administrative	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.1	Rail Relay Material and Associated Costs (Contractor Expenses, Leasing of Machinery and Equipment, and Leasing of Vehicles)	\$15,597,033	\$0	\$0	\$0	\$15,597,033	\$9,705,507	\$5,891,526
2.2	Switches/Turnouts and Materials and Associated Costs (Contractor Expenses, Leasing of Machinery and Equipment, and Leasing of Vehicles)	\$3,275,008	\$0	\$0	\$0	\$3,275,008	\$2,037,927	\$1,235,080
2.3	Task 2.3: Grade Crossings Improvements and Materials and Associated Costs (Contractor Expenses, Leasing of	\$935,425	\$0	\$0	\$0	\$935,425	\$582,083	\$353,342

	Machinery and Equipment and, Leasing)							
2.4	Ties, Ballast, & Resurfacing – New Mexico DOT	\$4,637,677				\$4,637,677	\$2,884,626	\$1,753,051
3	Project Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Total		\$24,445,142	\$0	\$0	\$0	\$24,443,142	\$15,210,143	\$9,232,999

7.0 DELIVERABLES

The Grantee shall provide FRA with a projected schedule to achieve the deliverables and performance objectives listed below. The Grantee shall achieve these performance objectives in order to be authorized for funding of project components, and for the project to be considered complete.

Task	Deliverable	Due Date
Task 1	Preliminary Engineering Set	5/1/2016
Task 2	Detailed Project Work Plan, Schedule and Budget	5/1/2016
Task 3	Project Management Plan	5/1/2016
Task 4	Stakeholder Agreements	5/1/2016
Task 5	Final Project Report	12/30/20187

8.0 ENVIRONMENTAL DETERMINATION

FRA issued a Categorical Exclusion covering the scope of this Project on May 1, 2016. No issues were found with TIGER 2015 project.

9.0 PROJECT COORDINATION

Major partners involved with project coordination include: La Junta, CO (Grantee); Kansas, Colorado, and New Mexico Departments of Transportation; BNSF Railway; Amtrak; and the FRA. The Grantee (La Junta, CO), in coordination with KDOT, CDOT, and NMDOT, will facilitate project activities with the BNSF Railway and Herzog Transit Services who will be providing all work related activities associated with the Project. In addition to the FRA Grant Agreement, a City/State Agreement between La Junta and KDOT, CDOT, NMDOT as well as a Construction and Maintenance Agreement between La Junta and BNSF Railway will be in place prior to the commencement of construction work on the Project.

The Grantee shall perform all tasks required for the project through a coordinated process, including all railroad owners, operators, and funding partners within the project area. Partners involved with the project include:

- La Junta, Colorado (Grantee)
- Kansas, Colorado, and New Mexico Departments of Transportation
- BNSF Railway
- Amtrak
- Local Funding Match Contributors: Garden City, KS; Dodge City, KS; Hutchinson, KS; Newton, KS; La Junta, CO; Lamar, CO; Trinidad, CO; Bent County, CO; Las Animas County, CO; Otero County, CO; Prowers County, CO; Pueblo County, CO; Raton, NM; Colfax County, NM; Las Vegas, NM; Mora County, NM; San Miguel County, NM; San Bernillio County, NM; Santa Fe County, NM; Springer, NM; Maxwell, NM; Cimarron, NM; and the Colorado Rail Passenger Association
- FRA

10.0 PROJECT MAINTENANCE

The Grantee shall make all reasonable efforts to enforce the agreement to maintain the infrastructure funded by this investment to a level necessary to sustain the requirements as set forth in the Terms and Conditions concerning this Project, including any maintenance required to maintain the new maximum passenger train speeds through the project area. Since the infrastructure funded by this investment is on a route owned by BNSF and served only by a long-distance passenger train (not sponsored by the State and not subject to Section 209 of the Passenger Rail Investment and Improvement Act of 2008), and the Grantee is therefore dependent on BNSF as the owner and Amtrak as the long-distance operator for operation and maintenance of passenger rail service on this route, the failure to maintain the infrastructure funded by this investment will not trigger any repayment obligations under this Cooperative Agreement, provided that the Grantee has made all reasonable efforts to enforce the agreement to maintain the infrastructure funded by this investment to a level necessary to sustain the benefits set forth in the Performance Measurements concerning this Project, including any maintenance required to maintain the new maximum passenger train speeds through the project area.

SERVICE DISCONTINUANCE

The Grantee acknowledges that the purpose of the Project is to benefit intercity passenger rail service on a long-distance route currently operated by the Amtrak. In the event that all intercity passenger rail service making use of the Project property is discontinued (for any reason) at any time during a period of 20 years from the date such Project property was placed in service, as set forth above, and if such intercity passenger rail service is not reintroduced during a 1-year period following the date of such discontinuance, the Grantee agrees that it will make all reasonable efforts to enforce its agreement with BNSF that BNSF will continue to make the Project property and the rail line associated therewith within the States available for use, in accordance with applicable law, by Amtrak or any Permitted Amtrak Successor, for the remainder of the 20-year period, and that the Grantee will actively seek to reintroduce and establish an intercity passenger rail service on the Project property and the rail line associated therewith.



City of La Junta

601 Colorado Avenue — PO Box 489 — La Junta, Colorado 81050

Phone 719-384-2578 Fax 719-384-3636

E-mail rklein@ci.la-junta.co.us

March 16, 2016

John Sutherland, City Manager
City of Lamar
102 East Parmenter Street
Lamar, Colorado 81052

RE: Matching portion of TIGER Grant

Dear Mr. Sutherland:

Please accept this correspondence as official notice that the City of La Junta is willing to provide a match of \$12,500 upon award of the Tiger VIII Grant.

We have been and continue to be supportive of the continuation of Amtrak's Southwest Chief's service to communities in Kansas, Colorado and northern New Mexico. The service provided is a vital component to the economy of the City of La Junta. Annually, over 1,400 passengers board or get off the train in Southeastern Colorado. Many of these passengers are boy scouts from throughout the United States spending the summer at the Philmont Scout Ranch.

Thank you,

A handwritten signature in black ink, appearing to read "Lynn Horner".

Lynn Horner
Mayor



City of La Junta

601 Colorado Avenue — PO Box 489 — La Junta, Colorado 81050

Phone 719-384-2578 Fax 719-384-3636

E-mail rklein@ci.la-junta.co.us

March 16, 2016

Mr. Anthony Foxx
Secretary of Transportation
US Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

RE: Letter of Support – Southwest Chief Route Tiger VIII Application

Dear Mr. Foxx:

This letter is in support of the Tiger VIII grant application by the City of Lamar, Colorado for rehabilitation of Amtrak's Southwest Chief route.

Amtrak's Southwest Chief is a key transcontinental passenger train serving major cities and rural communities along its route from Chicago to Los Angeles. Annually over 1,400 passengers board or get off the train in southeastern Colorado. Many of these passengers are boy scouts from across the United States spending the summer at the Philmont Scout Ranch. Loss of the Southwest Chief would be devastating to the economy of the City of La Junta. The train provides business commuters an alternative to lengthy automobile trips. Local efforts to increase tourism and promote economic development efforts are centered around the continuation of the Southwest Chief on its current route. The line also serves as an important freight corridor across southeastern Colorado and western Kansas. Economic development efforts to develop freight traffic for northern New Mexico are also being promoted.

The repairs and improvements to this rail line funded by this grant will permit the continuation of the Southwest Chief in western Kansas, southeastern Colorado and northern New Mexico. The TIGER VI Grant awarded to Garden City, Kansas and the TIGER VII Grant awarded to La Junta, Colorado has made significant progress in upgrading this railway to passenger train standards within the three state area. The TIGER VIII project builds on the Federal, State, local and commercial commitment of these two grants.

The City of La Junta emphasizes the importance of this route and supports this with a commitment of \$12,500 matching funds if USDOT selects the Lamar, Colorado application as a recipient of TIGER VIII funds. Our community strongly believes that the Southwest Chief is essential to the local economy and we are committed to its success as a viable transportation option.

Sincerely,

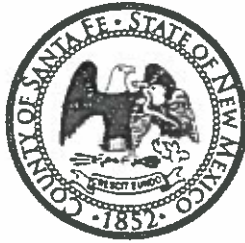
A handwritten signature in black ink, appearing to read "Lynn Horner".

Lynn Horner
Mayor

Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

DATE: March 17, 2016

TO: Santa Fe County Board of County Commissioners

FROM: Miguel Chavez, County Commissioner District 2

VIA: Katherine Miller, County Manager

RE: A Proclamation Proclaiming the Day of April 5, 2016 as County Recognition Day for National Service (Commissioner Chavez)

Background and Summary

The nation's mayors and county officials are increasingly turning to national service as a cost-effective strategy to address local challenges. By unleashing the power of citizens, AmeriCorps and Senior Corps programs have a positive and lasting impact – making our cities and counties better places to live.

On this day, mayors and county officials will hold public events and use traditional and social media to highlight the value of national service to the nation's cities and counties. Last year, 2,786 elected officials representing more than 150 million citizens participated in the third-annual Mayor and County Recognition Day for National Service. The initiative is being led by the National League of Cities, National Association of Counties, Cities of Service and the Corporation for National and Community Service.

Staff Recommendation

It is recommended that this resolution be passed as a coordinated day of recognition presents a unique opportunity to spotlight the key role that national service plays in solving local problems and challenges. Participating in the day will highlight the impact of citizen service, show support for nonprofit and national service groups, and inspire more residents to serve in their communities.



**SANTA FE COUNTY PROCLAMATION
PROCLAIMING THE DAY OF APRIL 5, 2016 AS
COUNTY RECOGNITION DAY FOR NATIONAL SERVICE**

WHEREAS, service to others is a hallmark of the American character, and central to how we meet our challenges; and

WHEREAS, the nation's counties are increasingly turning to national service and volunteerism as a cost-effective strategy to meet their needs; and

WHEREAS, AmeriCorps and Senior Corps participants participate in national service and address pressing challenges facing our communities, from educating students for the jobs of the 21st century and supporting veterans and military families, to providing health services and helping communities recover from natural disasters; and

WHEREAS, national service expands economic opportunity by creating more sustainable, resilient communities and providing education, and developing career skills and leadership abilities for those who serve; and

WHEREAS, AmeriCorps and Senior Corps participants serve in more than 50,000 locations across the country, bolstering the civic, neighborhood, and faith-based organizations that are so vital to our economic and social well-being; and

WHEREAS, national service participants increase the impact of the organizations they serve, both through their direct service and by managing millions of additional volunteers; and

WHEREAS, national service represents a unique public-private partnership, investing in community solutions and leveraging non-federal resources to strengthen community impact and increase the return on taxpayer dollars; and

WHEREAS, national service participants demonstrate commitment, dedication, and patriotism by making an intensive commitment to service, a commitment that remains with them in their future endeavors; and

WHEREAS, the Corporation for National and Community Service shares a priority with county officials and mayors nationwide to engage citizens, improve lives, and strengthen communities; and is joining with the National League of Cities, National Association of Counties, Cities of Service, and mayors and county officials across the country, in recognition of National Service Recognition Day on April 5, 2016.

NOW THEREFORE, BE IT RESOLVED, that the Board of County Commissioners of Santa Fe County hereby proclaims April 5, 2016, as National Service Recognition Day, and encourages residents to:

1. Recognize the positive impact of national service in our county;
2. Thank those who provide volunteer service; and
3. Find ways to give back to their communities.

APPROVED, ADOPTED, AND PASSED on this 29TH day of March, 2016.

Miguel M. Chavez
Chair, Commissioner, District 2

Henry Roybal
Vice-Chair, Commissioner, District 1



Robert A. Anaya
Commissioner, District 3

Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

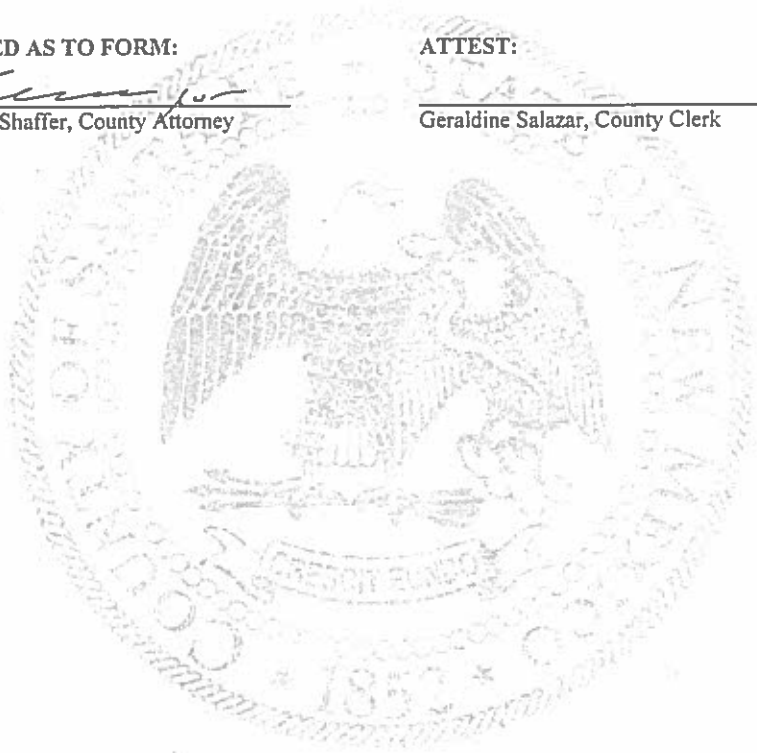
APPROVED AS TO FORM:



Gregory S. Shaffer, County Attorney

ATTEST:

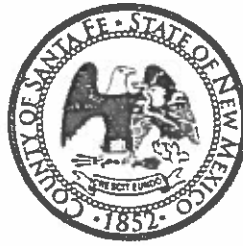
Geraldine Salazar, County Clerk



Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

DATE: March 23, 2016
TO: Santa Fe Board of County Commissioners
VIA: Katherine Miller, County Manager
FROM: Miguel Chavez, Santa Fe County Commissioner, District 2
RE: A Proclamation Establishing the Day of March 30, 2016 as Española Valley Sundevil Basketball Team Day (Commissioner Chavez and Commissioner Roybal)

BACKGROUND :

For the second time in five years, the city of Española and its sister communities that contribute to the lifeblood of the Sundevils program rejoiced in The Pit after their team rallied from a four-point deficit in the final minute of the Class 5A championship to upset the Capital Jaguars 36-34.

This was the fifth battle of District 2-5A rivals this season in an almost sold-out arena.

ACTION REQUESTED:

Commissioner Chavez and Commissioner Roybal seek to recognize the players and coaches of the Española Valley High School Basketball Team for their hard work, dedication and sportsmanship during the recent State High School Basketball Tournament.



SANTA FE COUNTY PROCLAMATION
PROCLAIMING THE DAY OF MARCH 30, 2016 AS
ESPAÑOLA VALLEY SUNDEVIL BASKETBALL TEAM DAY

WHEREAS, The Española Valley Varsity Boys Basketball Team's 2015/2016 season with a 24-9 record, was outstanding with an impressive Class 5A Boys State Championship victory over the Capital High School Jaguars; and

WHEREAS, the Sundevils came from behind in the last seconds of the championship game to win 36-34; and

WHEREAS, The Española Valley Varsity Boys' Basketball Team was led throughout this season by their Head Coach Richard Martínez. Coach Martínez was joined by Assistant Varsity Coaches Ray Romero, Eric Martínez, Richie Martínez, Ernest Salazar, Danny Tidwell-Sandoval, James Branch, and Felipe Gomez; and

WHEREAS, The Española Valley Varsity Boys' Basketball Team consists of players Jorge Talamantes, Elias Archuleta, Isaiah Vigil, JP Sena, Marcos Flores, Justino Rascon, Brandon Bustos, Damian Serrano, Cameron Martínez, Joshua Salazar, Uriah Arellano, Christian Fernandez, Azaziah Salazar, Luis Herrera, James Archuleta, and Leo Pacheco; and

WHEREAS, the County of Santa Fe is very proud of these young men for the first-class manner in which they represented the Santa Fe County community by showing great respect for their coaches, opposing players and fans, a blue-collar work ethic, and the love of the game, along with their enthusiasm, sportsmanship, and exhaustive practice sessions that made them the champions they are today; and

WHEREAS, the Santa Fe County Board of County Commissioners wishes to recognize the accomplishments and contributions of the citizens involved with the Española Valley High School Sundevil Basketball Team.

NOW THEREFORE, BE IT RESOLVED, that the Board of County Commissioners of Santa Fe County hereby proclaims the day of March 30, 2016, as Española Valley Sundevil Basketball Team Day.

APPROVED, ADOPTED, AND PASSED on this 29TH day of March, 2016.

Miguel M. Chavez
Chair, Commissioner, District 2

Henry Roybal
Vice-Chair, Commissioner, District 1

Robert A. Anaya
Commissioner, District 3

Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

APPROVED AS TO FORM:
Gregory S. Shaffer

Gregory S. Shaffer, County Attorney

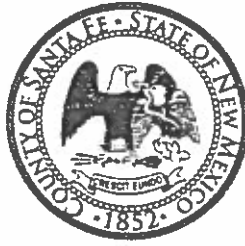
ATTESTATION:

Geraldine Salazar, County Clerk

Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

DATE: March 23, 2016

TO: Santa Fe Board of County Commissioners

VIA: Katherine Miller, County Manager

FROM: Miguel Chavez, Santa Fe County Commissioner, District 2

RE: A Proclamation Establishing the Day of March 31, 2016 as Capital Jaguars Basketball Team Day (Commissioner Chavez and Commissioner Anaya)

BACKGROUND :

The Capital High School Basketball Team received 2nd place in the State Basketball Tournament held earlier this month. In addition, they were the District champions for District 2-5A. This was the fifth battle of District 2-5A rivals this season in an almost sold-out arena.

ACTION REQUESTED:

Commissioner Chavez and Commissioner Anaya seek to recognize the players and coaches of the Capital High School Basketball Team for their hard work, dedication and sportsmanship during the recent State High School Basketball Tournament.



**SANTA FE COUNTY PROCLAMATION
PROCLAIMING THE DAY OF MARCH 31, 2016 AS
CAPITAL JAGUARS BASKETBALL TEAM DAY**

WHEREAS, The Capital High School Boys Basketball Team's 2015/2016 season with a 27-5 record, was outstanding with an impressive Class 5A Boys State Championship appearance, taking home second place; and

WHEREAS, the Capital Jaguars earned the District 2-5A tournament Championship;
and

WHEREAS, The Capital High Varsity Boys Basketball Team was led throughout this season by their Head Coach Ben Gomez. Coach Gomez was joined by Head Assistant Varsity Coaches Benji Lucero and Assistant Varsity Coaches Head asst.-Benji Lucero Bryan Mirabal, Johnny Bowles, and Johnny Glaze; and

WHEREAS, The Capital High Varsity Boys Basketball Team consists of players Tyler Alarid, Jeremy Anaya, Jerome Arroyos, Isaiah Brooks, Kevin Brown, Eric Coca, Luis Garcia, Bryan Garcia, Augustine Larranaga, Paul Montoya, Anthony Salcido, Matt Smith and Marcos Vargas;
and

WHEREAS, the County of Santa Fe is very proud of these young men for the first-class manner in which they represented the Santa Fe County community by showing great respect for their coaches, opposing players and fans, a blue-collar work ethic, and the love of the game, along with their enthusiasm, sportsmanship, and exhaustive practice sessions; and

WHEREAS, the Santa Fe County Board of County Commissioners wishes to recognize the accomplishments and contributions of the citizens involved with the Capital High School Basketball Team.

NOW THEREFORE, BE IT RESOLVED, that the Board of County Commissioners of Santa Fe County hereby proclaims the day of March 31, 2016, as Capital High School Jaguars Basketball Team Day.

APPROVED, ADOPTED, AND PASSED on this 29TH day of March, 2016.

Miguel M. Chavez
Chair, Commissioner, District 2

Henry Roybal
Vice-Chair, Commissioner, District 1

Robert A. Anaya
Commissioner, District 3

Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

APPROVED AS TO FORM:

Gregory S. Shaffer

Gregory S. Shaffer, County Attorney

ATTESTATION:

Geraldine Salazar, County Clerk

Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

Date: *March 29, 2016*

To: *Board of County Commissioners*

From: *Kathy Holian, County Commissioner, District 4*
Liz Stefanics, County Commissioner, District 5

Via: *Katherine Miller, County Manager*

Re: **A Proclamation Honoring the Life of Dale Ball. (Commissioner Holian and Commissioner Stefanics)**

ISSUE

On the agenda, under Matters from the Commission for your consideration is:

A Proclamation honoring the life of Dale Ball, a civic leader and a lifelong lover of the arts. He and his wife Sylvia, made many contributions to the arts and social causes and are responsible for preserving many cultural concepts that we love and appreciate today. They helped to establish the Girard Wing at the Museum of International Folk Art and began a tradition in Santa Fe when they first brought Joe Hayes to spin his wondrous tales at the tepee outside the Wheelwright Museum.

Dale founded the Santa Fe Conservation Trust in 1993, and under his leadership was able to preserve and improve many projects including halting a private development on Atalaya Mountain and repairing the well-worn trail to the top of Atalaya. When he left the Trust in 1999, almost 30 conservation easements had preserved 18,112 acres. After retiring from the Trust, he continued to pursue his long-time vision of a system of hiking and biking trails that would allow year-round public access to the foothills of Santa Fe and provide a direct connection between the City and the National Forest.

Dale Ball will be remembered for his talent as an articulate and masterful negotiator who was stunningly successful at turning his ideas into reality by collaborating with others to achieve his visionary goals.

ACTION REQUESTED

Commissioner Holian and Commissioner Stefanics respectfully requests the Board of County Commissioners support and approve this proclamation.



Santa Fe County

Proclamation

HONORING THE LIFE OF DALE BALL

WHEREAS, Dale Ball was born in Butte, Nebraska on May 20, 1924; and

WHEREAS, Dale enlisted in the Army Air Corps during World War II, serving as a B-24 navigator in the South Pacific; and

WHEREAS, Dale attended the University of Nebraska where he served as Student Council President and a member of the honorary Innocents Society, graduating in 1949; and

WHEREAS, Dale was active in the securities and banking business for 38 years, was a civic leader and a lifelong lover of the arts; and

WHEREAS, Dale first fell in love with Santa Fe and the surrounding area when he visited, at the urging of his wife Sylvia, in 1977, and he soon started looking for a way to relocate to this beautiful part of the world; and

WHEREAS, Dale and his wife Sylvia, moved to New Mexico, in 1981; and

WHEREAS, Dale was the owner and president of the Bank of Santa Fe from 1981 to 1987; and

WHEREAS, Dale and Sylvia were instrumental in establishing the Girard Wing at the Museum of International Folk Art; and

WHEREAS, Dale and Sylvia started a "computers in the schools" program; and

WHEREAS, Dale and Sylvia first brought storyteller Joe Hayes to spin his wondrous tales at the tepee outside the Wheelwright Museum, beginning a tradition that has continued for decades; and

WHEREAS, in 1993 Dale founded the Santa Fe Conservation Trust, in response to increasing concern about two of Santa Fe's most valuable assets: the beauty of Santa Fe's landscape and access to open space that its citizens have traditionally enjoyed; and

WHEREAS, under Dale's leadership, the Santa Fe Conservation Trust was successful in halting private development on Atalaya mountain and repairing the well-worn hiking trail to the top of Atalaya, among many other projects; and

WHEREAS, in 1996, Dale negotiated a complex land swap between landowners and the City of Santa Fe that opened public access from Upper Canyon Road to the trails of Picacho Peak, Atalaya mountain and the Santa Fe National Forest; and

WHEREAS, in 1999, when Dale left the Santa Fe Conservation Trust, almost 30 conservation easements had preserved 18,112 acres - a total greater than similar land trusts in Texas and Arizona combined. Arrangements were in place for more than a dozen miles of a Rail Trail paralleling the train tracks running from downtown Santa Fe to the village of Lamy; key



segments of the Historic Santa Fe Trail had been protected; and plans for trails near the Highway 599 bypass were being laid; and

WHEREAS, the "Indefatigable Dale" and the "Indispensable Sylvia", as they have been called, made many contributions to the arts and social causes in Santa Fe over the years and were named Santa Fe Living Treasures in 1999 for their lasting impact on the community; and

WHEREAS, after retiring from the Santa Fe Conservation Trust in 1999, Dale continued to pursue his long-time vision of a system of hiking and biking trails that would allow year-round public access to the foothills of Santa Fe and provide a direct connection between the City and the high-country trails of the Santa Fe National Forest; and

WHEREAS, Dale worked tirelessly, bushwhacking the land, studying maps, developing his concept, negotiating agreements with Santa Fe County and the City of Santa Fe, gaining easements from private property owners and obtaining access to enough land to create an expansive system of hiking and biking trails; and

WHEREAS, through the generosity of an anonymous donor and a matching contribution from the McCune Charitable Foundation, along with votes of approval from the Santa Fe City Council and Santa Fe County Board of County Commissioners, the trail system was secured; and

WHEREAS, Dale enlisted the help of Mike Wirtz, an experienced forest service trail builder, to map the exact trail locations and oversee the building of trails; and

WHEREAS, the first 15 miles of the trail system opened in July 2001; and

WHEREAS, in 2001 Dale Ball was honored as one of The New Mexican's *10 Who Made a Difference* for his conservation and public trails efforts; and

WHEREAS, Dale and Sylvia Ball received the Stewart Udall Environment Award in 2006 from the former Secretary of the Interior Stewart Udall and the Santa Fe Conservation Trust to honor Dale and Sylvia's conservation values and their ability to inspire us to love the land, care for it, preserve its sweep and heal its wounds; and

WHEREAS, in February 2013, Dale was featured in a cover story of the Santa Fe Reporter, titled "Trail Blazer: How Dale Ball Gave Santa Fe a Wilderness Legacy" by Mia Rose Carbone; and

WHEREAS, in the NM House of Representatives, Representative Brian F. Egolf, Representative Luciano "Lucky" Varela, Representative Jim R. Trujillo, Representative Stephen P. Easley, and Representative Stephanie Garcia Richard declared Thursday, March 7 as "Dale Ball Day"; and

WHEREAS, Dale Ball is survived by his wife, Sylvia; four children, including Portia Blackman and her husband David of Santa Fe; Alan Ball of Santa Fe, Leah Pahlmeyer and her husband Perry of Durango, Colorado; and Sarah Taylor and her husband Tim of North Oaks Minnesota; five grandchildren and three great-grandchildren. Dale is also survived by two stepchildren David Hathaway and his wife Carolyn of Underhill, Vermont, and Janet Hathaway and her husband Timothy Hooton of Albuquerque. Dale Ball was preceded in death by his stepson John Hathaway; and

WHEREAS, the Dale Ball Trails now connect with the Atalaya Trail and the Dorothy Stewart Trail to form a 39 mile trail system, and the northern section of the Dale Ball Trails links to the La Piedra Trail, which connects to the Santa Fe National Forest Trails leading into the Pecos Wilderness; and



WHEREAS, Dale was known for his talent as an articulate and masterful negotiator who was stunningly successful at turning his ideas into reality by collaborating with others to achieve his visionary goals.

NOW THEREFORE, BE IT RESOLVED that by this proclamation, the Board of Santa Fe County Commissioners recognizes Dale Ball's contributions to Santa Fe and honors

Dale Ball

Indefatigable Visionary

APPROVED, ADOPTED AND PASSED ON THIS 29th DAY OF MARCH, 2016.

Miguel M. Chavez, Chair
Commissioner, District 2

Henry Roybal, Vice-Chair
Commissioner, District 1

Robert A. Anaya
Commissioner, District 3

Kathy Holian
Commissioner, District 4

Liz Stephanics
Commissioner, District 5

Katherine Miller
Santa Fe County Manager

ATTESTATION:

Geraldine Salazar
Santa Fe County Clerk

Approved as to form:



Gregory S. Shaffer
Santa Fe County Attorney

