

Transportation and Logistics Hub Study

Strategy and Action Plan

Final Report

prepared for

Mid-Region Council of Governments

prepared by

Cambridge Systematics, Inc.

with

GLD Partners

in conjunction with

Center for Neighborhood Technology

report

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1.0 Introduction

The geographic area served by the Mid-Region Council of Governments (MRCOG) has access to regional, national, and international production and consumption markets through its connections via the junction of I-40 and I-25, access to the BNSF Railway Trans-continental line, and cargo and passenger service offered by the Albuquerque International Sunport. While the region does face challenges, such as an overall industrial base smaller than the national average, the region's research and technology sector- centered on multiple national laboratories and the University of New Mexico - is robust. To capitalize on these strengths, MRCOG commissioned this Transportation and Logistics Hub Study to more precisely assess the region's competitiveness and ability to attract freight-related industries and identify policies, projects, and strategies to improve the region's overall economic competitiveness and position it as an international transportation and logistics hub.

The MRCOG region has an incredible opportunity to grow and diversify its economy by leveraging its transportation infrastructure, strengths in technology and workforce developments, and regional partnerships to support existing employers and attract new businesses. By making targeted, regionally-focused investments that leverage the trade gateways – air, rail, and highway – to build its manufacturing and technology economy, MRCOG and its partners can cultivate an economy of robust growth. Moreover, increasing the freight- and logistics-based economy will support growth in the region as a whole – not just for a particular city or county.

The key findings, short-term project development opportunities, and longer-term planning and policy recommendations of the study are presented below. These findings and recommendations are designed to strengthen the link between regional transportation and economic development activities, engage regional stakeholders, and position the region and the State as a hub for global business investments.

Supplementing the findings and recommendations are four technical documents (included as appendices) developed for this study. Each of these reports examines a distinct aspect of the freight, industry, and logistics trends in the greater ABQ region. These documents are briefly as follows:

- **MRCOG Region Freight Assets and Market Study:** Overview analysis of the Mid-Region Council of Government (MRCOG) region's freight assets, commodity flow, economics and industry sectors, logistics and supply chain issues, and a brief overview of public policy relating to future freight-related industrial development.
- **MRCOG Region Industry Sector Competitiveness Assessment:** Customized competitiveness assessments illustrating how a corporate decision maker might assess site options for a real-world project example. This document describes this assessment; benchmarks the MRCOG region against competitors in four sectors: distribution, food manufacturing, aerospace and photonics; describes how location factors influence decisions; and identifies strengths and areas for improvement for the region.
- **Automotive Technology and Photonics Industry Sector Overviews:** Brief, high-level overview of two industry sectors – automotive technology and photonics-enabling technology – that have been identified as future opportunities for the MRCOG region.
- **Trade Gateways and Cargo Oriented Development Study:** Anchoring the MRCOG region in two levels of geography, this document examines the region's connections through trade gateways to domestic and international markets. On the local scale, the report also examines development of industrial sites and "Cargo Oriented Development" approaches to support a robust industrial base.

2.0 Key Findings

The Region’s Overall Industrial Economy is Relatively Weak

Over the last decade, the MRCOG region, and in particular Bernalillo County, has seen high growth in population, outpacing state and national trends. However, this has not been followed by a similar growth in employment. The four counties in the study region have seen a modest 0.7 percent increase in employment over the last 10 years, compared to 5.1 percent for the state of New Mexico. With a limited recovery from the recession, Bernalillo has seen flat employment over the last decade, while Tarrant and Valencia counties have lost jobs. The industrial economy is particularly weak and is still experiencing effects from the recession a decade ago– the manufacturing base is less than half of the national average, in terms of employment (Figure 2.1). This lack of manufacturing and goods dependent industries has contributed to the region being comparatively weak in production occupations and is lagging behind many of its peer cities (Table 2.1).

Figure 2.1 Employment Trends in Freight-Dependent Industries, 2004 to 2014



Source: US Bureau of Labor Statistics, Quart. Census of Employment and Wages, analysis by Cambridge Systematics

Table 2.1 Employment and Location Quotient Comparison of ABQ to Peer Regions of Production Occupations

Cities	ABQ	El Paso	Austin	Dallas	Denver	Phoenix	SL City	Kansas City
Total Employment	374,230	290,630	928,810	2,329,820	1,374,280	1,875,860	656,750	1,022,270
Total Production-related Employment	11,000	15,570	33,340	123,140	51,110	81,880	39,800	59,110
Production-related Location Quotient¹	0.45	0.81	0.55	0.80	0.57	0.66	0.92	0.88

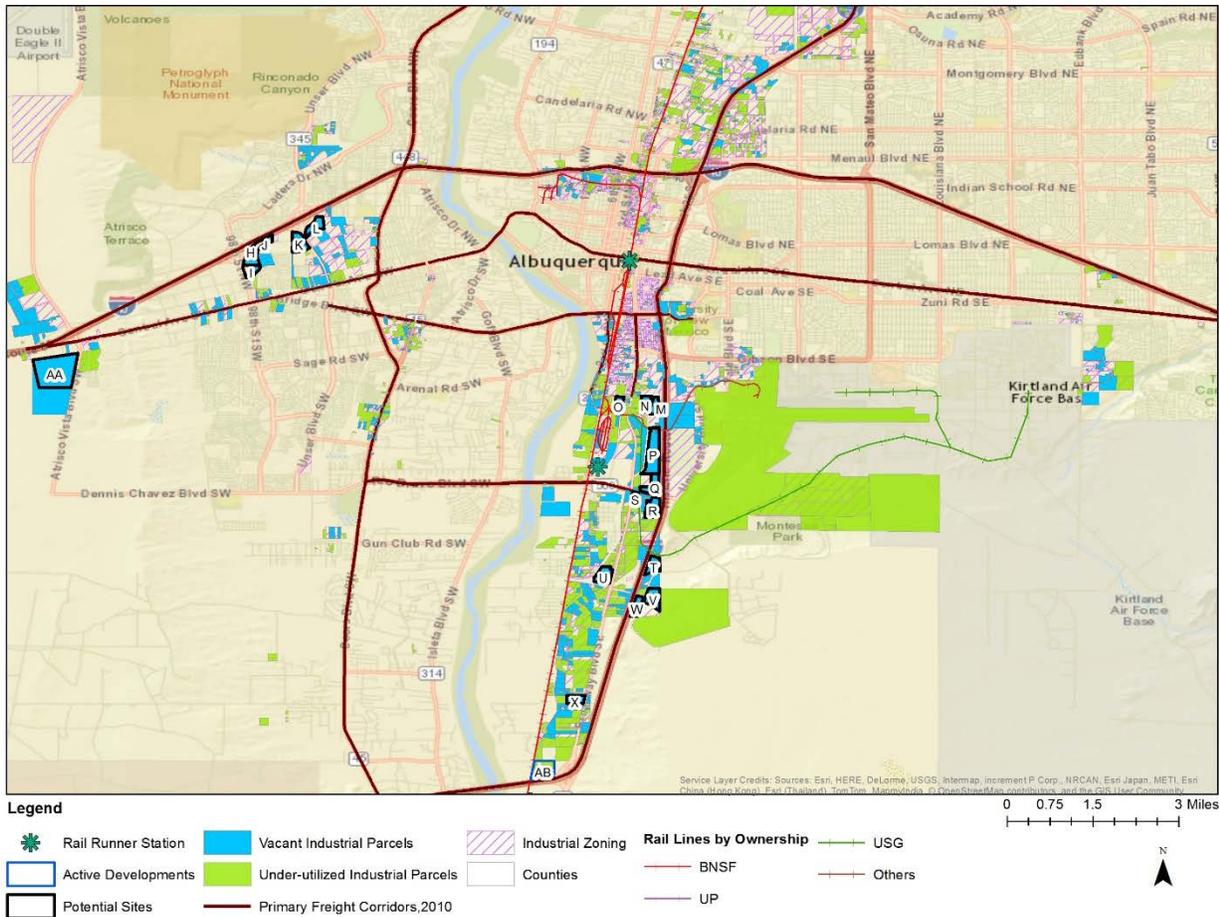
Source: U.S. Bureau of Labor Statistics, analysis by Center for Neighborhood Technology

¹ Location Quotient is a measure of the concentration of employment in a region as compared to the national average. A value less than one indicates that the concentration is less than the national average; a value higher than one indicates that the employment concentration is higher than the national average.

The Region's Research and Technology Base is Robust

In contrast to its small industrial footprint, the Albuquerque region's research and technology base, centered around multiple national laboratories and the University of New Mexico, is robust. Over 25 percent of manufacturing exports and 60 percent of merchandise exports are in computers, electronics, and other high tech production – a specialization to which many urban areas aspire. High tech industries are currently locating in the region; in Valencia County, Facebook recently broke ground on a Los Lunas data center², expected to create 30-50 data center jobs and several hundred construction jobs. Each county in the region has available industrial sites proximate to transportation assets that can be developed to support growth in these areas (see Figure 2.2 and 2.3). This foundation in technology and high-value industries, coupled with available and proximate land assets, are assets that can help the region target and attract projects in industry sectors such as automotive technology, food manufacturing, plastics and composite materials, and other specialty industries.

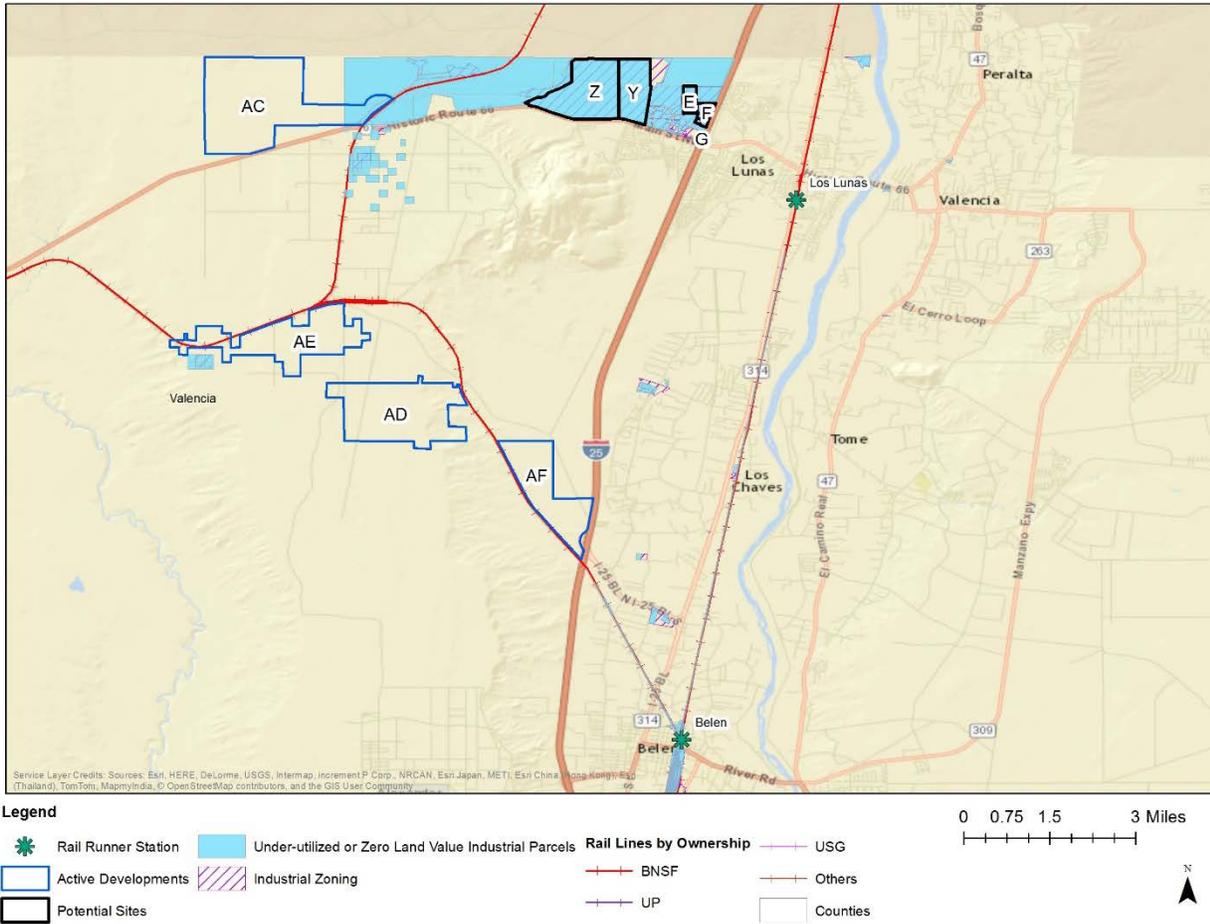
Figure 2.2 Industrial Zones and Available Parcels in Bernalillo County



Source: Center for Neighborhood Technology, 2016

² <https://www.abqjournal.com/844876/facebook-picks-los-lunas-for-its-data-center.html>

Figure 2.3 Industrial Zones and Available Parcels in Valencia County

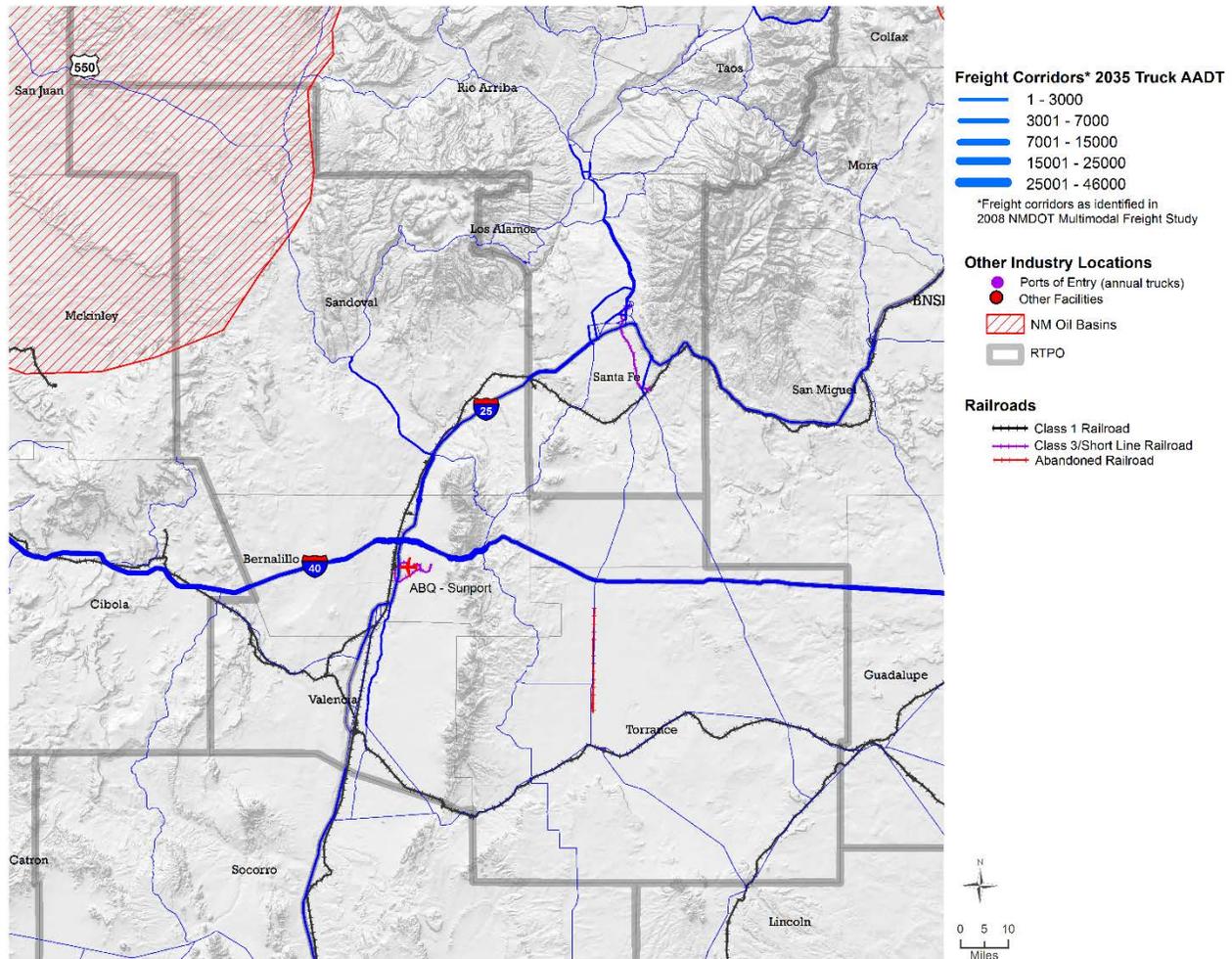


Source: Center for Neighborhood Technology, 2016

The Region's Freight Transportation Network has Sufficient Capacity to Support Industry Growth

The Albuquerque region has freight transportation assets that are positioned to support growth in domestic and international trade (Figure 2.4). Though remote from most major markets, the MRCOG region benefits from ample access to cross-country transportation infrastructure. The region is located at the junction of I-40 and I-25 (also known as the “Big I”) and is at the crossroads with connections to Mexico, Denver, the West Coast, and the eastern portion of the U.S. Rail users have access to major markets via the BNSF Transcon line which travels through Belen. And the Albuquerque International Sunport (ABQ) provides connectivity via belly cargo and expedited air freight service (Fed Ex, UPS), and is home to a Foreign Trade Zone (FTZ).

Figure 2.4 MRCOG Region Multimodal Freight Network



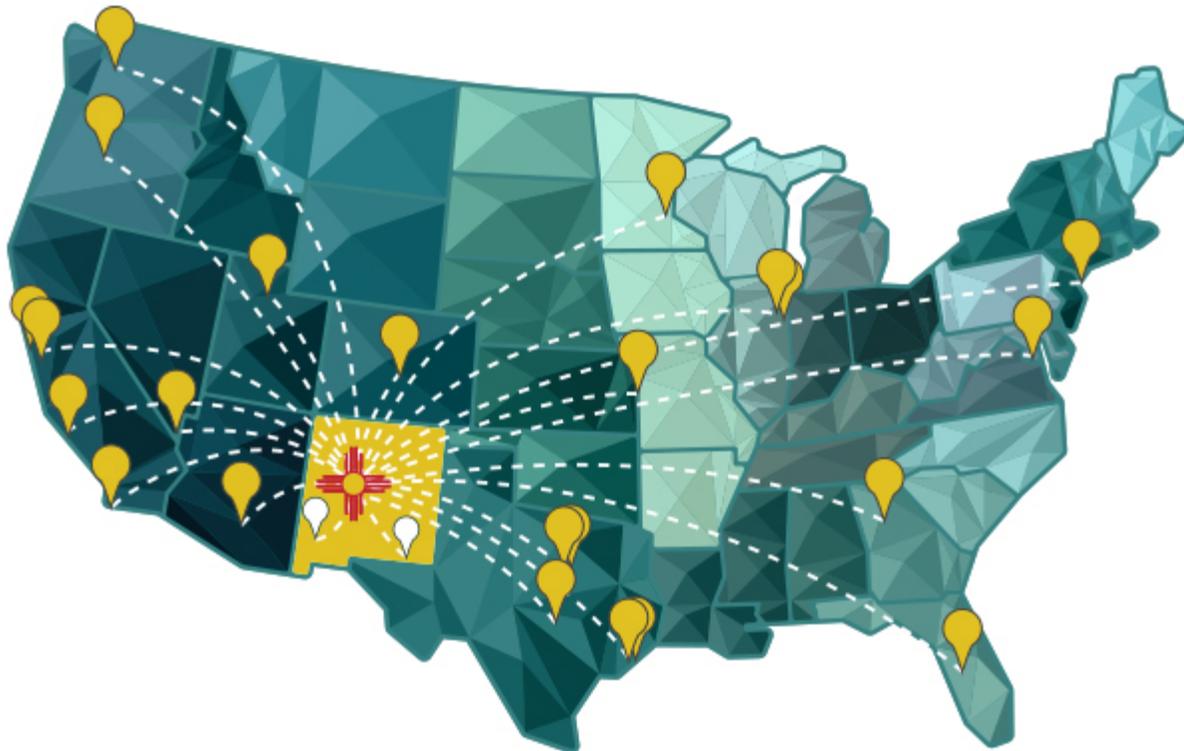
Source: New Mexico Department of Transportation. “The New Mexico 2040 Plan: NMDOT’s Long Range, Multimodal Transportation Plan”. September 2015. Modified by Cambridge Systematics.

The Region's Location Affects Transportation Costs & Industry Attraction Efforts

Although its freight transportation network is extensive, the Albuquerque region is relatively isolated from major consumer markets, production hubs, and international gateways. The region's population is relatively small, the closest rail intermodal ramps are located in Amarillo and El Paso, and the region does not currently generate a significant amount of export traffic. As a result and as is consistent with imbalanced consumption/production markets, transportation costs to the region are higher than national averages, as imports to the region cannot always find return shipments, or "backhauls."

Additionally, the Sunport has lost several passenger routes in recent years, due to both the recession and the sunset of the Wright Amendment³. Currently, ABQ has direct flights only to 20 domestic and no international destinations (Figure 2.5); non-stop service to major markets and innovation hubs such as Boston, Charlotte, Raleigh, and Miami are not available. The small amount of air cargo moving through the Sunport has also been affected by the lack of connections. In 2014, the Sunport handled only \$12 million in air cargo, down from \$70 million in 2003. And while US-Mexico trade is always an important consideration for border states, the Albuquerque region is far enough from ports of entry in Santa Teresa and El Paso that those regions will be competitors for some investments and potential partners for others.

Figure 2.5 2016 Direct Air Connections to Albuquerque Sunport



Source: Albuquerque Sunport

³ The Wright Amendment of 1979 was a federal law that governed traffic at Love Field, an airport in Dallas, Texas, restricting the service of non-stop flights from that airport to a limited number of neighboring states. This legislation was repealed in 2014, with implications that led to reduced service to some cities, including Albuquerque, as Southwest is currently able to offer direct non-stop service between Dallas and a wider range of U.S. cities.

The Region Can Compete for Projects within Some Industry Sectors

The Albuquerque region is competitive in a number of land economics factors, including land availability, labor costs, and regulatory environment. Combined with its strengths in research and technology, it is possible for the region to compete effectively for certain development projects within the distribution, food manufacturing, aerospace, automotive and photonics sectors. The region can increase its success rate by understanding the areas where it competes best (its sweet-spot markets) and creating highly detailed business propositioning to specific sector audiences. Most importantly, for the Albuquerque region to “make the cut” for initial site selection analyses, it will be necessary to demonstrate that it can provide an overall supply chain management advantage, including:

- Better overall total landed cost⁴;
- Shovel ready land assets for occupancy and development;
- Higher or very competitive levels of goods movement reliability;
- Depth in key labor force skills; and
- At least competitive delivery times.

The Region Needs to Capitalize on Short-Term Development Opportunities While Addressing Longer-Term Issues

Increasing the region’s ability to compete for investments in the sectors mentioned above and other sectors requires both a short- and long-term focus. In the short term, the region should capitalize on project development opportunities in and around the Sunport (for aerospace, photonics and other high value and high velocity technology-related sectors); and value-added manufacturing and transload-related investments along the rail corridor in Bernalillo and Valencia Counties. In the longer term, the region needs to ensure that a purpose-crafted set of plans, policies, and regulations are in place to maintain a ready and skilled labor force, a friendly regulatory environment and extremely well-developed supply chain connectivity. These characteristics are critical to helping position both the region and the State as a hub for global technology business investment.

Our detailed recommendations, both immediate and longer-term, are described below.

⁴ “Landed cost” is the total price of a product paid by the customer, including the product’s price and also transportation costs, customs, duties, taxes, insurance, or other fees.

3.0 Immediate Project Development Opportunities

Develop an Investment District Around the Albuquerque Sunport

There is a clear opportunity to leverage the region’s strength in research and technology, available land, and latent air cargo capacity to position the region and the State as a hub for global technology business investment. Increasingly, requirements for most tech production sectors include a ready and skilled labor force, a friendly regulatory environment and extremely well-developed supply chain connectivity. From an economic development perspective, emerging and high-value technology hubs will compete well if they have assembled a comprehensive product that meets the future needs of global corporate executive and supply chain managers, including a modern and ready property product, customized skills development, collaborative research and an integrated transportation and logistics capacity.

To move forward on this opportunity, the Albuquerque region should develop an investment district around and including the Albuquerque Sunport. Airport investment districts and economic-development partnerships, such as the Alaska Aeronexus Alliance,⁵ are opportunities to collaboratively leverage investment opportunities and attract businesses that can capitalize on logistics advantages of the airport. This Albuquerque International Sunport Investment District (AISID) would be advantaged by being aligned with the City’s established technology development ambitions. It will be highly advantageous for the AISID to be integrated with the work of Innovate ABQ⁶ in the downtown area, the STC.UNM⁷, and the wider Technology Research Collaborative⁸, providing a multi-element platform to portray Albuquerque’s standing and commitment to be an important player in the technology space over the next 25 years. Airport and airport-centric property assets will be necessary for the region and the State to be competitive in attracting tech-oriented investment that has high-velocity requirements. As success occurs, this will allow the Airport to compete for additional cargo services. Key steps in developing the AISID would include:

- **Build a core market proposition** that would define the range of user investment sectors that would be attracted to the District and further develop market competitiveness across a range of key technology-related sectors;
- **Determine the current and future cargo demand and air service requirements** through the completion of an air cargo “leakage” evaluation and a review of the existing Airport Master Plan;
- **Develop a realistic development plan** for the District, which would include both on- and off-Airport sites; and
- **Convene a strategy session with key stakeholders** to funnel market, transportation, infrastructure/asset information into a refined platform that will yield an Investment District Business and Development Action Plan.

⁵ <http://aeronexusalliance.com/partners/>

⁶ Innovate ABQ is a non-profit organization focused on strengthening the region’s economic base through creation of high tech and knowledge-worker jobs, commercialization of new technologies and providing entrepreneurial support. Located in downtown ABQ, the location is visioned as a hub for research and technology. <http://www.innovateabq.com/>

⁷ Supporting Technology Transfer & Catalyzing Economic Development at UNM, or STC.UNM is a non-profit organization under the University of New Mexico focusing on developing and commercializing innovative technologies by providing connections between the University and the private sector. <https://stc.unm.edu/>

⁸ The Technology Research Collaborative, created by the State of New Mexico serves to establish advanced technology centers, develop and commercialize new intellectual properties, and support technology workforce programs.

At the same time as developing a larger investment strategy, the City of Albuquerque and its partners should continue to pursue increased service to international and domestic destinations via the ABQ Sunport. Business travelers and technology companies shipping expensive, highly time sensitive goods want the ability to travel and ship effectively to domestic and international destinations. As both short and longer term initiatives are undertaken, the COG and the City should ensure that progress is reported and used effectively to strengthen the business case to entice increased air service. As key businesses are recruited (or retained) in the region, the COG and City should work with these businesses to document the importance of air service (both passenger and freight). This can be undertaken through either a dedicated outreach action or rolled into a longer term strategic effort.

Assess Potential for Rail-Related Investment District

Over the past few years there have been a number of proposals and projects intended to capitalize on opportunities related to connection to the BNSF Transcon Line in Belen. Developers broke ground on one such project in December 2016, a rail spur to a planned 1,400 acre Central New Mexico Rail Park⁹. This industrial park has been certified by BNSF as ready for immediate development, and as such is a candidate to be the centerpiece of a rail-related investment district that could lead to additional industry attraction (and jobs) in the region. However, while there appears to be significant interest in this site among a number of national manufacturing companies, it will be important for the region to engage the right set of stakeholders, define in detail the specific supply chain targets and industry sectors that would be attracted to such a facility, and match potential investments to their specific market requirements.

Given the range of stakeholders involved in this opportunity - MRCOG, the Bernalillo and Valencia County Commissions, the Village of Los Lunas, BNSF Railway, Rio Real Estate, and a variety of potential property partners - MRCOG should immediately convene a strategy session that aims to:

- **Understand current plans and local/regional priorities**, i.e., what is the current state of thinking related to the rail park, how does the region align this opportunity within broader transportation and economic development strategies;
- **Identify initial, high level, industry sector targets**, i.e., what types of industries could be attracted to the park, what information is needed to begin building a business case;
- **Assess roles and responsibilities moving forward**, i.e., what agency/entity should take the lead, which agencies/entities should support or participate, and how should the region move forward.
- **Define clear public-private business investment strategy**, i.e., what opportunities are available, how does the region put plans into action and who should be involved.

Similar to the airport district proposition described above, one opportunity is for developing a rail-related collaborative investment program that would focus on identifying and cultivating opportunities for businesses that can take advantage of proximity to the rail lines. This could also incorporate or align with some of the long-term strategies for regional investment or site certification programs.

⁹ http://www.news-bulletin.com/news/ground-broken-for-central-new-mexico-rail-park-in-los/article_2dd13dbc-cd56-11e6-a149-375f1c5b3014.html

4.0 Longer Term Recommendations

Although this study and the short term recommendations serve as a baseline for enhanced economic development opportunities, there is additional work that can be done to refine and increase the effectiveness of economic development in the MRCOG region. MRCOG, along with its local governments and partners, should work collaboratively to identify and pursue opportunities for economic development. At the same time, steps can be taken to shore up infrastructure and industrial properties to entice businesses to the region. This requires a shift from traditional economic development thinking to a model that works both broadly and at a micro-scale to attract specific business types and businesses, and increases focus on retention of existing businesses. The following three strategies – focus and formalize partnerships; identify and pursue regional competitiveness-enhancing policies, processes and investments; and align transportation, workforce, infrastructure, and economic development programs – provide details on how to make this shift. In particular, the first recommendation to form a committee or entity within MRCOG to focus on economic development and freight-related issues, serves as a driving force to implement the recommendations that follow.

4.1 Focus and Formalize Regional Partnerships

MRCOG serves as a planning agency and convener for the region in both transportation and economic development, among other issues. Providing a forum for governments and communities to come together, MRCOG has experience identifying and enacting priorities in a diverse region. MRCOG has an opportunity to increase its role to serve as a regional, strategic leader and focal point on issues related to transportation and economic growth. Implementation of these recommendations will need strengthening - and in some cases formalizing - partnerships between the COG and regional players – both in the public and private sector.

4.1.1 *Create a Committee within MRCOG to focus on Freight and Industry*

The MRCOG is led by a board of directors consisting of forty-eight elected and appointed officials from regional governments, and is tasked with addressing issues from a regional perspective. Under this group and the executive board, which serves as the administrative leadership, is a series of boards and committees focusing on issues in transportation, rural transportation, water resources, and workforce connection. Within the Metropolitan Transportation Board (MTB), which is tasked with setting policy for transportation issues in the urban area, is a Transportation Coordinating Committee (TCC) of staff-level representatives from local agencies and the New Mexico Department of Transportation. Currently under the TCC is a number of subcommittees on transportation programs, congestion management, and intelligent transportation systems. There is no committee or sub-committee specifically focused on goods movement, freight-related issues, or economic development.

This study identifies a number of freight, logistics and transportation-related industry opportunities to enhance the region's economic competitiveness. A committee should be created to guide and implement freight-related actions, economic development, and long-term strategic initiatives. This team, potentially housed within the TCC, would serve as technical advisors regarding economic development issues to the MRCOG and MTB boards, and liaison between the COG and other public and private sector partners, working to implement both long term strategic goals and short term actions. Finally, this team would serve as a voice for the project, working to direct energy and resources in the right direction. Establishment of such a committee would help elevate the importance of addressing freight and industrial-development issues within the region and provide a forum for MRCOG to identify and address freight issues in a cooperative and

continuous manner. The advisory group created as part of this plan could be a starting point from which to create the new committee.

This committee can also serve as a focal point for data and information to support regional economic development. There already exists in various forms a wealth of information to support decisions, prioritize and support initiatives, understand current and anticipated labor needs; and guide future economic development planning. This and other pertinent information could be housed within the committee to align and support economic development throughout the region.

4.1.2 Create a Regionally-focused Investment Agency

To support the strategic work of the COG and the economic development committee, there is a need for a regional entity with the mission and ability to actively invest in transportation and economic development projects that transcend City, County, and regional boundaries. One way to accomplish this is through the creation of a Joint Powers Authority (JPA). A JPA serves as an entity able to exercise powers of its members over a broad area, and is often used in California in development of transportation related projects, although they can also support other purposes. JPAs are able to facilitate economic development by taking advantage of economies of scale, reducing administrative burden on cities and counties, and making the process more straight forward for investors or developers by having a single entity responsible for planning, funding, financing, zoning, or other activities. The California Economic Development Authority (CEDA) is an example of a JPA focusing on economic development financing. CEDA issues bonds and loans to manufacturers and non profits, facilitating successful projects for bakeries, technology companies, and manufacturers, as well as schools and other community projects.¹⁰

There are other examples of similar agencies, in particular for transportation projects, which often transcend a single jurisdiction. In Northern California, the Transbay JPA was developed to design, build operate, and maintain an intermodal terminal, rail extension, and transit-oriented neighborhood. JPAs are also found in Mercer County and Sacramento, CA. Although not technically a JPA, the City of Albuquerque Metro Redevelopment Agency functions similarly to fund and build projects in areas designated as needing revitalization by the City Council; however the focus leans towards creating residential and commercial spaces and less on redeveloping industrial land for that purpose. JPAs can also serve non-development functions, such as the National Joint Powers Alliance which is a tool for governments and educational institutions to procure goods and services from suppliers or contractors.

The creation of JPAs is allowed under the New Mexico Statute – Section 5-10-7. Creation of a JPA in the MRCOG region would create a regional entity that can oversee and/or finance regionally focused transportation and economic development projects. As an initial step, MRCOG can take leadership of investigating the ability and appetite for creating this type of entity in the region.

4.1.3 Partner with Industry Associations

MRCOG should seek to enhance the visibility and effectiveness of industry associations by identifying and creating opportunities for these industries to partner or lead programs in support with the public sector. Efforts can be coordinated with existing programs such as the New Mexico Partnership (NMP), Manufacturing Extension Partnership (MEP), and the Small Business Development Centers (SBDC) and Small Business Administration offices serving central New Mexico. The COG should seek to build and maintain working relationships with associations that represent industrial businesses and developers

¹⁰ <http://ceda.caled.org/success-stories/>

including the New Mexico Association of Commerce and Industry (ACI), regional and state Chambers of Commerce, and the New Mexico chapters of NAIOP and the Urban Land Institute. An “information map” of government programs working to support business development and industry associations should be developed. This can be created and maintained by the COG, who ultimately will serve as a leader in building and facilitating working relationships.

4.2 Identify and Pursue Regional Competitiveness-Enhancing Policies, Processes, and Investments

To bolster the economic competitiveness of the MRCOG region, the COG, local governments, and partners, should identify opportunities that enhance regional competitiveness. Cross-jurisdictional initiatives are a key part of supporting growth in any region; with the relatively small size and isolation of the Albuquerque metro area, investments throughout the region (or even outside its borders) can support the overall economic development efforts and help achieve regional goals.

MRCOG is a strategic leader for regional and comprehensive economic development and transportation efforts. Through the Comprehensive Economic Development Strategy (CEDS), MRCOG has developed a baseline for a regional economic development strategy. To enhance these efforts, MRCOG should proactively develop policies, processes, and investments that support regional economic competitiveness and job growth. The COG can use its planning capabilities and regional leadership to help in capital planning for investment projects, addressing state and local impediments to growth, and supporting development of policies and programs that support regional growth.

4.2.1 Position for Freight-related Grant Programs

In planning for freight-linked development, MRCOG should position itself to take advantage of federal funding opportunities for freight-related investments. By making a strong case linking investments and jobs, New Mexico, as an economically challenged, mostly rural state is an attractive potential grantee. The TCC and/or a freight and logistics-related subcommittee should be a leader in identifying and positioning projects to take advantage of these programs, described below.

The *Fixing America’s Surface Transportation (FAST) Act* allocates federal funds to State and local infrastructure projects. A portion of formula funds are designated for freight-related improvements, and will be distributed to states for improvements on the Primary Highway Freight System, Critical Urban Freight Corridors (CUFC) and Critical Rural Freight Corridors (CURC). NMDOT may designate up to 101 miles of urban roads as CUFCs as eligible for this funding. The TCC should work with NMDOT to ensure that this designation is aligned with projects identified to support freight and economic development.

Additionally, there are two USDOT discretionary grant programs for freight-related investments. The FASTLANE program, a provision of the FAST Act is designed to appropriate about \$800 million per year through 2020 to “nationally significant freight and highway programs”. The *Transportation Investment Generating Economic Recovery (TIGER)* program, initially established to spur recovery from the 2008 recession, focuses on funding transportation projects with demonstrable economic benefits. Numerous freight-related projects have been funded through both programs. New Mexico has been awarded TIGER grants for road safety and transportation efficiency projects with potential economic development opportunities, such as Torreon Road rehabilitation in Sandoval County, the Santa Teresa Border Plan, and Bridge Boulevard Corridor Redevelopment Plan in Bernalillo County. In 2016, the Village of Los Lunas, with support from MRCOG submitted but did not receive funding from the TIGER or FASTLANE programs for the Los Lunas I-25 Interchange program. The TCC, its subcommittees, and ultimately MRCOG should take

responsibility to work with partner agencies to position these or other projects for future rounds of funding opportunities.

4.2.2 Support Policy and Legislative Reforms

Public policy and regulations at the federal, state, and local level impact the ability of MRCOG to attract and retain businesses. State issues, such as the tax structure, laws limiting public investment, and NMDOT's ongoing rail challenges impact the competitiveness of the region. Although it has enhanced its business climate over recent years, such as restricting business taxes and reducing barriers for manufacturers exporting goods in 2013¹¹, New Mexico can do more to continue to remove or reduce impediments to private sector investment.

In particular, the MRCOG region could benefit from state-level public-private partnership (PPP) legislation. Joining the 33 states that have enacted PPP legislation for development of transportation infrastructure would allow the state and the region to leverage private sector expertise and resources for transportation infrastructure or other capital investment projects. PPP enabling statutes can cover a combination of design, build, operate, finance, and maintain options for private companies. Historically, there has been unease in New Mexico about PPP legislation; however the program can be structured in a way that limits PPPs to certain types of projects, such as transportation infrastructure. Even though transportation PPPs are often thought of simply as "toll roads", they actually allow for many options to fund new and enhanced facilities. This is an action that will have to be undertaken by the NM State Legislature, but could be supported by MRCOG and agencies in the region. Resources, best practices, and guidance on PPP legislation is available from the USDOT Federal Highway Administration (FHWA).¹²

4.2.3 Evaluate and Invest in Export Promotion Programs

An important part of increasing manufacturing and outbound freight will depend on the ability for the MRCOG region to grow existing industry, particularly as it relates to the growth of out-of-state or international sales. This is particularly relevant to New Mexico's small business food and niche product manufacturing sectors. Export promotion programs exist throughout the country to provide international business education and direct export assistance to help small-to-medium sized businesses expand into international markets. The New Mexico Office of International Trade and the Albuquerque-Bernalillo County Trade Alliance are the two main export promotion programs serving the MRCOG region. However, the programs are relatively small compared to other regions around the country. For example, the State of Minnesota Trade Office has a \$4 million annual budget, whereas the New Mexico Office of International Trade and the Albuquerque-Bernalillo County Trade Alliance have a combined annual budget of \$400,000, or about one tenth of what is spent by Minnesota.

The MRCOG region should examine the current viability of and, if warranted, increase the region's support and involvement with export assistance programs. This recommendation also complements the MRCOG region's proximity to Mexico as a means to create opportunities to strengthen cross-border trade. The current viability and effectiveness of both state and regional programs should be examined, and, if

¹¹ Associated Press. "Lawmakers give tax bill last-minute approval, avert special session." *Santa Fe New Mexican*, March 16, 2013. http://www.santafenewmexican.com/news/legislature/article_67950e03-b27c-56a0-b284-34b02dce1c81.html (accessed June 16, 2016)

¹² <https://www.fhwa.dot.gov/ipd/p3/>

warranted, steps should be taken to increase funding and scope. This will allow better leveraging of New Mexico’s trade advantages and opportunities.

4.3 Align Transportation, Infrastructure, Economic Development, and Workforce Programs

The region must grow and diversify its industrial economy to reach a scale of economic activity and supply chain efficiency that fully utilizes the region’s freight assets. At the same time that economic development efforts are focused on supporting, retaining, and attracting industries, complementary efforts should ensure the availability of robust and high-quality industrial infrastructure sites, workforce, and connections in the region. Options such as “Cargo Oriented Development”, or COD, have been undertaken by municipalities in Chicago, the Twin Cities, and in other regions to increase the overall quality and effectiveness of the industrial facilities, while maintaining quality of life. Aligning all of these programs provides a strong base for economic development efforts in the region.

4.3.1 Leverage Workforce Programs to Support Economic Development Initiatives

Currently there are a number of programs through the COG and other agencies for workforce development in the region. As new and more targeted initiatives are undertaken, these programs should be leveraged, and updated as needed to support the needs of economic development efforts and the next generation workforce. Specifically, programs should be customized to meet industry/company requirements. This may involve formalizing partnerships, expanding existing workforce development efforts, including workforce program-employer communications, and proactive development of skill certificate programs in growing industries.

On the basis of current employment demand and policy priorities, the MRCOG region’s workforce program maintains a short list of “First Tier” industries for which services are currently prioritized. The current list includes Commercial Construction, Healthcare, and Green Energy. A somewhat longer list of “2nd Tier” industries is determined with each county. However, it is understood that as currently structured, workforce programs cannot support extensive training for any industry in which there is not tangible current demand. Options for developing proactive programs for key industry sectors should be explored. Advanced, customized programs in industry-specific training can be a factor in capturing growth, especially in high-tech industry sectors.

Workforce development should be seen as a critical factor in implementing economic development strategies, and workforce agencies should be engaged as partners throughout the process. The region’s wealth of existing resources and programs should also be leveraged whenever possible, such as the extensive workforce development data currently used and tracked by MRCOG. This includes quarterly reports of employment levels and job opening announcements, hiring and demand by specific companies and by occupational skills and certifications required. Partnerships with entities such as Innovate+Educate, and tools such as *ACT Workkeys* are critical to helping employers articulate their labor needs and prospective workers’ ability to meet these requirements. Business Career Centers operated by the COG provide a local office where job seekers and employers can conveniently make use of workforce development services. Each of these resources, and others, should be considered and leveraged where possible.

4.3.2 Enact Industrial Site Certification Programs

The MRCOG region, and in particular Bernalillo County, has dozens of vacant or severely under-utilized, industrially zoned sites proximate to rail, highway, and air transportation that can be leveraged to attract new business to the region. Over 1,500 acres of industrially zoned land in 27 sites as well as five proposed industrial park projects (totaling more than 4,200 acres) have been identified as suitable for Cargo-Oriented Development, which is a type of compact, transportation-focused, minimally invasive industrial growth. Other sites in the region could also be made more attractive to future industrial investors. A “certified ready” industrial site program or “precertification program” can help expedite development and raise the profile of the region’s industrial properties. Certified site programs also give local governments a tool to direct development to places where they would like economic growth to occur in order to achieve public goals such as the creation of jobs in low-income neighborhoods, the reduction of truck mileage to achieve environmental objectives, the restoration of brownfields into productive land, or the realization of local land use plans.

Certification or pre-certification programs help mitigate the flaws that many sites currently have, especially in older industrial districts, which make it difficult for private firms to redevelop them. Many of these sites, with proactive action, could return to the market as strong candidates. These include properties without clear ownership title, properties that are suspected of having or actually contain environment contamination, or properties fragmented into numerous small parcels. By establishing an inventory of certified ready sites, the region’s economic development officers will be able to respond immediately to many corporate searches and other industrial attraction opportunities as they arise. Certification programs are becoming more popular as a tool for public agencies to cultivate and direct economic development. Minnesota’s Department of Employment and Economic Development (DEED) has certified over 30 sites statewide since 2009 through a program that includes planning, zoning, surveys, title work, environmental studies, soils analysis and public infrastructure engineering.¹³ Indiana¹⁴ and North Carolina,¹⁵ as well as other states also offer certified site programs. Class I railroads, including BNSF, have existing site certification programs¹⁶; however the focus of these programs is more narrowly defined for rail-served uses.

A certification program at the regional (or state) level in New Mexico should be developed in alignment with strategic economic development initiatives in logistics, manufacturing, and high-tech industries. The certified site program could also be used in conjunction with the alternative site FTZ framework to create an inventory of properties that could be designated as elements of the FTZ. This has been done successfully in other cities, including in the Dallas – Fort Worth area’s industrial hub in Alliance, Texas, which has incorporated over 9000 acres into its FTZ.¹⁷ Similar to creation of a JPA, the first step is for MRCOG to investigate the potential for creating this type of program in the region.

4.3.3 Ensure Transportation Connections for Workers

As the MRCOG region’s population grows and companies locate outside of the central metro area, access to employment is critical to support growth. Albuquerque and some areas have adequate roadways and public transit connections; however many locations do not have either roadway or transit connections to support

¹³ Minnesota Certified Sites Program: <https://mn.gov/deed/government/shovel-ready/>

¹⁴ Indiana Site Certified Program: <http://www.in.gov/ocra/sitecertified.htm> and http://www.in.gov/ocra/files/2.26.16_Indiana_Site_Certified.pdf

¹⁵ North Carolina Certified Sites: <https://www.nccommerce.com/business/certified-sites>

¹⁶ <http://siteselection.com/issues/2016/may/shovel-ready-sites.cfm>

¹⁷ <http://www.alliancetexas.com/>

large workforce increases. For example, the recent Facebook Data Center construction project requires over 700 workers to daily travel to the site, mostly on Route 6, greatly increasing congestion and wear and tear on that route.

As the region grows, more focus needs to be placed on transportation connections, including integrating public transit and transportation planning with economic development programs. Two basically different types of planning are needed for urban and non-urban areas. Within the region's urban core, the bus network of ABQ Ride provides some connectivity between industrial and residential areas. Regional mobility and quality of life are anticipated to improve and become significantly more convenient with Albuquerque Rapid Transit (ART), the city's new bus rapid transit system, which will provide faster connections and multi-modal opportunities along Central Avenue, the spine of the city's bus system. The viability of this service, as well as the underlying roadway connections between residential and job centers should continue to be monitored to ensure it adequately serves commuters. In addition, the livability and quality of life of the metro area is expected to increase tremendously, making the Albuquerque region more attractive to existing and new workers.

For industrial jobs outside of the urban core, roadway connections between areas should also be monitored. For transit riders, the Rail Runner is available as an option between metro areas. Los Ranchos Station is centrally located to Sandoval County's major industrial area, and the Los Lunas and Belen stations have ten to twenty-minute drive times to emerging industrial centers in Valencia Counties. In each of these cases, first- and last-mile connections via bus or shuttle service need to be made. The provision of the connecting shuttle service should be planned and its costs potentially shared between local governments coordinated by MRCOG and new industrial district employers coordinated through a transportation management association (TMA). As an augmentation to transit line-shuttle connections, programs to systematically organize car or van pooling to exurban job sites should be considered.