

# The Manzano Mesa Subdivision

## MANAGEMENT OF PUBLIC PROPERTY FOR ENTERPRISE PURPOSES

by Charles O. Atwood

As is the case with most profit-motivated enterprise, risk in an inherent factor in doing business. This is not unusual in itself. However, when a public school district decides to become a land developer and assumes risk for the sake of making profit, the decision is both unusual and enlightening.

Albuquerque Public Schools is the largest school district in the state of New Mexico and is the 25th largest public school district in the United States. Approximately one-third of the public school students in New Mexico are educated by Albuquerque Public Schools. The school district educates more than 91,000 students and employs more than 10,300 teachers and other professionals. It operates 121 schools. The school district's annual operating budget exceeds \$349 million. The estimated replacement value for school-owned buildings (more than nine million square feet) is \$739 million. Albuquerque Public Schools is a major economic and educational force in New Mexico.

In addition to its other property assets, the school district owns more than 870 acres of vacant, undeveloped land. This includes the Manzano Mesa subdivision. The subdivision is located in Albuquerque's southeast heights region near Kirtland Air Force Base and Sandia National Laboratories. It includes more than 390 acres of the school district's vacant land inventory.

Interestingly enough, the property was secured for both education and land speculation purposes. In 1953, Dr. John Milne was superintendent of schools. Dr. Milne has long been recognized as an innovative educational leader. He served as superintendent of schools for 45 years, finally retiring in 1956.

One of Dr. Milne's pet projects was the acquisition of vacant land for speculative investment and school purposes. He purchased the property later renamed the Manzano Mesa subdivision in 1953 from the New Mexico State Land Office for \$132,000, or \$275 per acre. Even by 1953 standards, this was a far-sighted but politically outlandish proposal. Dr. Milne was clearly purchasing the property for the purpose of "banking" the land to engage in land speculation—but he couldn't say that. In review of the records, Dr. Milne states his reasons for purchasing the property were to create a "space for the driver training program and parking." In addition, he refers to assisting the federal government in the time of national emergency by providing "warehouse space and airfield space." This is a reference to the school district's role in assisting Kirtland Air Force Base during World War II.

Whatever Dr. Milne's reasons, his decision was approved, and the land was purchased and banked.

In 1960, the property was master planned for a residential subdivision but never developed. In 1980, a large

portion was programmed for sale to Lockheed Aircraft Company contingent upon Lockheed's decision to relocate a portion of its manufacturing operation to Albuquerque. Lockheed decided to stay in California.

Over the years, development of the Manzano Mesa property languished due to a lack of financial motivation to act. More significantly, subsequent school administrations lacked the real estate development expertise needed to dispose of the property in a business-like manner.

New Mexico was entering its fourth consecutive year of a farm/ranch and mining industry recession. Both industries are critical to New Mexico's economic well-being. This was followed by a real estate depression in 1987. New Mexico, Texas, Colorado and Arizona were devastated by the failure of numerous financial institutions such as banks, and savings and loan associations. This business cycle continued until early 1992, and now appears to be over. However, the New Mexico farm/ranch and mining industries have never recovered through their pre-1981 levels.

At the same time, the state legislature was confronted with increased demands for educational funding for public schools. Needless to say, the state's tax base had eroded considerably. In an effort to cause school districts to be more creative and less dependent upon the state legislature, it requested Albuquerque Public Schools to

evaluate its land holdings and dispose of excess real property.

At the time of my arrival to Albuquerque Public Schools in January, 1986, and that of my technical assistant, Ms. Stella Lucero, the school district had just completed a comprehensive inventory of its land holdings. Our work began immediately to identify and dispose of vacant land being held in excess of future school construction needs. This was a particularly challenging assignment in view of the declining economic situation in New Mexico. However, the school district was successful in this effort and sold several excess properties. The proceeds were applied to other capital construction projects.

By board of education policy, land sale proceeds are directed to the school district's capital fund. These monies are used for the construction of new schools, building additions and renovations, and the purchase of school sites. Sale proceeds are not used for employee salaries, utility payments, equipment purchases or other recurring expenses.

In July, 1987, the board of education agreed to market up to one hundred acres of the Manzano Mesa subdivision contingent upon its review and approval of an updated land-use master plan.

In Albuquerque, this means securing the city of Albuquerque's approval of a zoning map amendment for mixed land-use development. City approval of a subdivision is always made contingent to its approval of a bulk land plat, or subdivision plat, and the prior negotiation of a subdivision improvement agreement for construction of utility, roadway and drainage improvements. In making the decision to develop the Manzano Mesa property to its highest and best economic use, the city came to regard the school district as a private land developer. Therefore, the city gave the school district no special consideration for securing development approval. In fact, at times it appeared the school district was being held to an even higher standard than a private developer.

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It took considerable time and patience to secure the city's approval. In addition, the school district received an intimate education in the trials of the Albuquerque land development process. We also came to understand how costly land development can be.

Fortunately, the school district had secured the consulting expertise of the A. Wayne Smith and Associates land use planning firm. During the process, which lasted two and one-half years, Mr. Smith elected to retire and sold the firm. The Manzano Mesa project was assigned to two of his employees, Ms. Karen Marcotte and Mr. Jim Strozier. Ms. Marcotte and Mr. Strozier formed their own firm, Consensus Planning, and continued the project without any loss of continuity or momentum. Both

individuals deserve credit for helping the school district to navigate through the complexities of the city's development process. Further, recognition of the school district's engineering consultants, Brasher Engineering and Jeff Mortensen and Associates is merited. These firms assumed the responsibility for project engineering upon abandonment of the project, and quite literally the community of Albuquerque by the original engineering consultant. The Brasher and Mortensen firms stepped in and picked up the assignment.

In reference to the land-use project, the time lines to secure approval were incredible. Board of education approval to market the property was originally secured in July, 1987. City approval of a final bulk land plat was in-

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