

LFC HEARING BRIEF

DATE: July 21, 2010

PURPOSE OF HEARING:

Current status of Lordsburg Port of Entry, Las Cruces State Police District Office, New Mexico State Veteran's Home Alzheimer's and Skilled Nursing Units, and the Albuquerque Business Incubator (WESST Corp)

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EXPECTED OUTCOME:

Informational

Statewide Regulatory and Enforcement Activities of Ports of Entry

- Safety inspections on commercial motor vehicles and drivers;
- Hazards materials inspections;
- Traffic Enforcement;
- Drug Interdiction;
- Undercover operations;
- Accident investigations and reconstructions;
- Crash reduction initiatives;
- Radiological and nuclear monitoring and detection; and
- Compliance reviews (safety audits)

BACKGROUND INFORMATION

The purpose of the brief is to provide members with a current status of four major ongoing capital outlay projects: Lordsburg Port of Entry, Las Cruces State Police District Office, the New Mexico State Veteran's Home Alzheimer's and skilled nursing units, and the Albuquerque Business Incubator known as WESST Corp (Women's Economic Self-Sufficiency Team). The update is based on LFC performance audit recommendations, and the capital outlay staff intentions to continue monitoring larger projects and periodically report progress to the committee.

The capital staff performed site visits and sought information from state and local entities and grantees to determine the status of projects and the reasons for delays. Typical of many state-funded projects, as the report will demonstrate, a lack of planning and inadequate funds caused project completion to linger over a number of years.

PROJECT UPDATES

Lordsburg Port of Entry. The Lordsburg Port of Entry (POE) District 4 headquarters serves Catron, Grant, Hidalgo, and Luna counties. District 4 is one of five statewide ports operating 24 hours a day, 7 days a week under the administration of the Motor Transportation Police Division (MTPD). The POE performs the duties listed in the side bar for all eastbound traffic entering New Mexico via Interstate 10 (I-10).

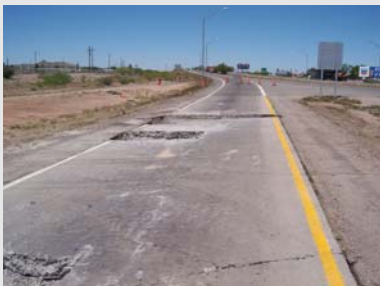
In March 1993, a commercial vehicle being pursued by Arizona law officials smashed into and demolished the Lordsburg POE. To temporarily replace the destroyed building, a 700 square foot modular building was purchased using insurance money. The temporary building was used from 1993 to 2006. Since 2006, a 2,000 square foot modular building purchased with federal forfeiture funding has served as the POE. According to the Motor Transportation Division of the Department of Public Safety, when the new Lordsburg POE is completed, the existing modular will be moved to the Clayton POE to provide a larger space for their operation.

To date, the Legislature has appropriated \$11.5 million in general fund and severance tax bonds to construct a permanent 9,000 square foot POE in Lordsburg. The year, funding, and purpose is as follows:

Construction Site



POE Eastbound On Ramp

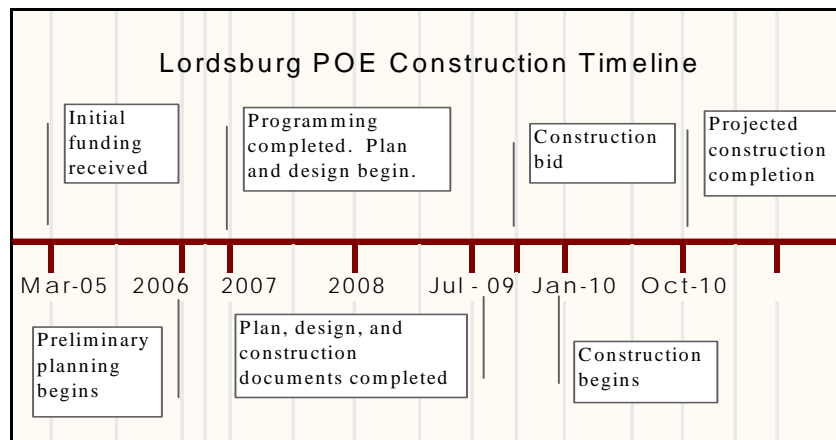


- 2005 - \$500,000 to plan and design;
- 2007 - \$2 million for land acquisition, site development, and construction;
- 2008 - \$7.5 million for construction; and
- 2009 - \$1.5 million to equip, furnish, landscape, and a spur road.

Construction of the facility commenced in January 2010 and will house personnel for administration, collection enforcement, and transportation inspectors. The facility will also provide space for indoor truck inspections, training, booking, drug seizure and other evidence, and exercise rooms. The construction will include installation of three license plate readers at exits 20 and 24 on I-10 and the eastbound ramp.

The license plate readers are operated through an electronic system to inspect passing trucks for compliance with safety and security regulations and to ensure fees are collected for use on New Mexico roads. The state requires permits for oversize and overweight cargo and trip and caravan taxes. Proceeds from the permits and taxes are deposited into the state road fund.

As demonstrated in the timeline below, the project is currently 65 percent complete and projected to be completed by October 2010.



Issues. The project plan did not originally include needed improvements of the east bound on and off ramps providing access to the POE. The weight of the commercial motor vehicles has caused significant wear and tear to the ramps and requires complete repaving of the ramps. The New Mexico Department of Transportation (DOT) has made 16 temporary fixes costing \$23,000 over the last two years. As of July 1, 2010, a memorandum of understanding (MOU) between

**Current District Office
Detainee Holding Location**



the Property Control Division of the General Services Department and DOT to repave the two ramps is under negotiation. The current contractor estimates the cost to repave the ramps is \$527,417. The funding source to cover the cost is unknown at this time but will be identified within the final MOU.

Las Cruces State Police District Office. The Las Cruces State Police District 4 office serves Dona Ana County and the southern region of Sierra County. The current district office was constructed in 1973 on 1.6 acres of land leased from New Mexico State University. The facility was originally built for 12 civilian and uniformed officers, but now exceeds its capacity and houses 26 employees. The district also leases an additional 4,000 square feet of office space for 40 to 45 officers assigned to specialty units--criminal investigations, narcotics, and special investigations. The design for the new District 4 office was based on the conceptual design of the recently constructed State Police District Office in Gallup. The sidebar lists several design alterations made to accommodate the programmatic needs of the district office in Las Cruces.

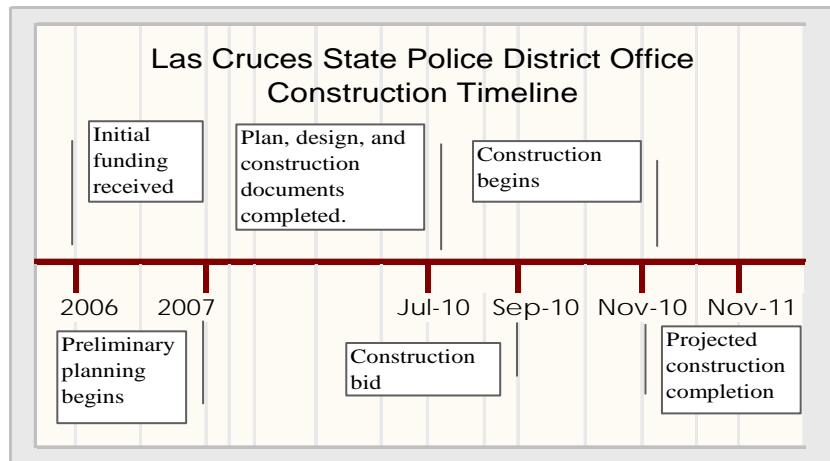
**Design Modifications for the
Las Cruces State Police
District Office**

- Increased security;
- Dispatch unit and administrative space away from public areas;
- Space for Homeland Security and Narcotic and Investigation Units;
- Space for community meeting room to serve as an incident command post;
- Future expansion capability; and
- Helipad (if funding allows).

To date, \$6.1 million in general fund and severance tax bonds has been appropriated to construct the new state police district office. The year, funding, and purpose is as follows:

- 2006 - \$10,000 to plan and design;
- 2007 - \$2.5 million for land acquisition and to plan, design, and construct;
- 2008 - \$3.3 million to construct, furnish and equip; and
- 2010 - \$285,000 for information technology infrastructure.

As demonstrated in the timeline below, construction will commence in November 2010 and is projected to be completed by November 2011.



Las Cruces State Police
District Office
Construction Site



Issues. In August 2008, LFC staff visited the “proposed” site for the district office located east of the current facility and adjacent to the New Mexico Farm and Ranch Heritage Museum. The proposed site was located in a major drainage system and lacked the necessary infrastructure. In March 2009, an alternative site was identified and selected for the district office. The five-acre site is located on Sonoma Ranch Road off US Highway 70 and is owned by the federal Bureau of Land Management (BLM). The BLM will sell the land to the state for \$2,000, but will not consummate the sale until the land site improvements and construction is completed.

The delay in negotiating the land purchase from BLM was partly due to the slow progress of the architect completing the utility site plan. Utility site plans provide information for successful project planning, design, and installation of utilities allowing projects to proceed without unnecessary delays. The site plan was completed and submitted to BLM in late May 2010. Preliminary approval has been granted by BLM to move forward to construction.

In Spring 2009, the Property Control Division (PCD) provided LFC staff with a project status report that included concerns regarding connectivity to the communication towers used for public safety. PCD was informed by the Department of Information Technology (DoIT) that a new communication tower was needed to communicate with existing infrastructure located at the current district office. DoIT was not involved in the initial planning process leading to insufficient amounts budgeted for information technology infrastructure. The funds for the tower connectivity were appropriated in 2010.

New Mexico
Veterans Home



The project may require additional funds in 2011 for furniture, fixtures, and equipment (FFE) to accommodate officers moving from leased space to the new district office. However, the costs won't be determined until the construction bid is accepted. The agency plans to seek federal funds for FFE for the dispatch portion of the office.

State Veterans Home Alzheimer's and Skilled Nursing Unit. The New Mexico Veterans Home was constructed in 1937 on 16 acres in Truth or Consequences. The Veterans Home serves honorably discharged veterans, spouses of veterans, and Gold Star Parents. The 92,000 square foot building houses up to four individuals per room in most areas.

According to the programming documents, the state's Alzheimer's population is expected to increase by 39 percent, or 4,577 veterans, between 2010 and 2025. The current facility is unable to meet the projected increase of Alzheimer patients. The facility currently

New Mexico State Veteran's Home Program Services

- Alzheimer's
- Assisted Living
- Intermediate Care
- Skilled Nursing

Projected number of residents with Alzheimer's disease in New Mexico

- 2010 – 31,000
- 2020 – 37,000
- 2025 – 43,000

operates at 97 percent capacity with a wait list of over 15 patients for the Alzheimer's unit alone.

The project consists of two phases. The most immediate need is to complete a 39-bed Alzheimer unit and a 20-bed skilled nursing unit. The facility will include office space, meeting space, and support areas including laundry and staff lockers.

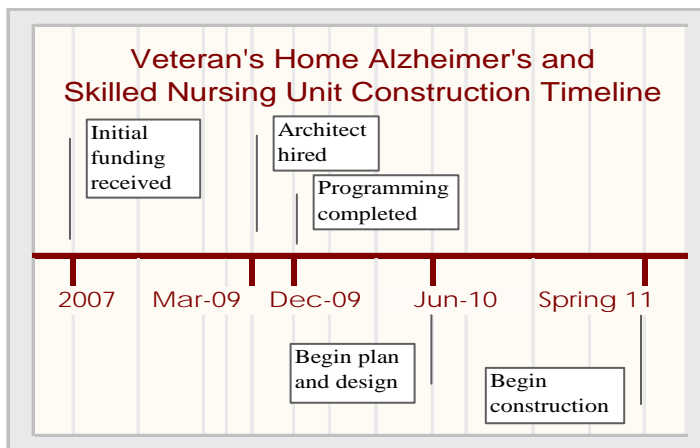
The United States Department of Veteran's Affairs (USDVA) funds up to 65 percent of the cost of state extended care facilities, and the state must provide a 35 percent match. The administrator of the New Mexico Veterans Home has applied for \$15 million from USDVA to match the state's \$8.3 million. If federal funds are awarded, it is expected USDVA will notify the Veteran's Home by August 2010.

To date, the Legislature has authorized \$8.3 million in cigarette tax revenue and severance tax bonds for phase I of the project. The year, funding, and purpose is as follows:

- 2007 - \$1 million to plan and design the Alzheimer's unit;
- 2008 - \$6.5 million – for construction; and
- 2009 - \$840,000 to plan and design the skilled nursing unit.

Phase 2, proposed for the future, is a 51-bed domiciliary unit to provide housing and services for more independent residents who require an assisted living level of care. The vacated space in the current facility would be used for rehabilitation, physical therapy, occupational therapy, and aquatic therapy.

As demonstrated in the timeline below, programming has been completed, design will begin in June 2010, and construction will commence in Spring 2011.



WESST Enterprise Center



Designed by Studio Southwest Architects and constructed by Gerald Martin General Contractors

Current WESST Member Companies

- Agavue – IT services
- Biomoda – Medical technology services
- Brivea – financial services
- Great Livin’ – housing services for developmentally disabled
- Intellicyte – Medical technology services
- Kosh Solutions – IT services
- Medical Practice Solutions – Medical billing services
- RoofCare – Roofing services

Issues. The governor’s cancellation of all capital grant agreements and spending freeze did not impact the programming phase of the project, however, PCD identified the project as a potential candidate for solvency and placed a hold on continuing the plan and design because the project was ranked 52nd on the USDVA and appeared to lack sufficient funding for completion. However, in April 2010, the administrator for the State Veterans Home requested USDVA leave the project on the priority list and provided a certification of state matching funds. USDVA anticipates awarding 40 projects in this year’s funding cycle and the Alzheimer’s and skilled nursing project may be ranked as high as 12th and could potentially be awarded the \$15 million grant.

On May 12, 2010, LFC staff met with the Veteran’s Home administrator to discuss the funding shortfall and status of the project. Staff was made aware of USDVA grant application, ranking, and the critical timeline that must be met in order to expend federal grant funds. At a meeting with LFC, DOH, and PCD staff it was agreed completion of the plan and design was critical. ASA Architects is currently working on the plan and design. Construction documents for the project are expected by January 2011.

Albuquerque Business Incubator (WESST Corp).

The new WESST Enterprise Center, a 37,000 square foot business incubator center, opened its doors in January 2009. WESST Corp has operated as a non-profit organization for the last 21 years. WESST main objective is to provide support to young businesses during the vulnerable start-up period by providing coaching and mentoring services and discounted infrastructure services to help entrepreneurs grow their businesses within the community.

Businesses renting space within the facility are provided with high speed internet connections, receptionist services, telephone systems, server space, printers and copiers, conference rooms, and access to consulting services. The facility is currently operating at 70 percent capacity and occupied by the entities listed in the side bar.

The total cost of the facility is \$10.3 million. In addition to state funds totaling \$4.5 million in general fund and severance tax bonds, WESST has received \$1.5 million from private funds, \$2 million from the City of Albuquerque, and \$2.3 million from a federal Economic Development Administration grant. The year, funding, and purpose of state funding is as follows:

- 2006 - \$2.9 million to plan, design and construct a business incubator;

WESST Fee Structure for Monthly Space Rental

- 1 – 2 people - \$599
- 3 – 5 people - \$749
- 6 – 9 people - \$999
- 10+ people - \$1,300
- Black box studio - \$1,900
- Single light manufacturing - \$999
- Double light manufacturing - \$1,399

POTENTIAL STATE FACILITY SITE VISITS FOR SEPTEMBER UPDATE:

- Western New Mexico Correctional Facility
- New Mexico Behavioral Health Institute (Las Vegas)
- Espanola State Police District Office

- 2007 - \$1.2 million to construct, equip, and furnish; and
- 2008 - \$355,000 to construct, furnish and equip, including informational technology.

Issues. Approximately 6,500 square feet of the facility is shelled space. When completed, the space will provide additional offices and a digital media room. To date, the City of Albuquerque was reimbursed for expenditures authorized by 2006 state funds. However, four reimbursement requests to the Department of Finance and Administration (DFA) dated between May 2008 and November 2009 were denied due to anti-donation issues. The total pending reimbursement for the project is nearly \$1.4 million.

The DFA legal counsel held several discussions with the previous city administration to resolve concerns. To resolve the anti-donation issue to ensure fair market value of the center, DFA recommended the funds be awarded to WESST Corp under the conditions required by the Local Economic Development Act (LEDA).

On June 4, 2009, DFA once again informed the city of anti-donation concerns and encouraged WESST Corp to complete the required application for qualifying as an entity under LEDA. The application was sent to the city for their review on May 18, 2010, and the city is in the process of reviewing the application. The city's response to WESST Corp is expected by the end of July 2010 and may go before the Albuquerque Development Commission for an approval hearing by August 18, 2010. Once the LEDA process is approved, and the city returns a signed grant agreement to DFA, WESST can move forward and complete the center's shelled space.

NEXT STEPS

The capital staff will continue monitoring and reporting on other major projects for the next Quarterly Report update in September, 2010. The \$1 million or greater projects may include appropriations or balances authorized in earlier years, but left in place during the search for funds to address solvency issues. The continued monitoring will assist policymakers and staff in determining if other projects can be voided. Potential project reviews may include: clean energy/energy innovation, film initiatives, economic development capital fund, mainstreet, and other state-owned facilities.

LMK:JL:KB/SEC