



## Capitol Building Planning Commission: Financing Options for Proposed Executive Office Building

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# Presentation Overview

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- The Capitol Buildings Planning Commission (CBPC) requested staff to work with the Director of the Legislative Finance Committee (LFC) and the New Mexico Finance Authority (NMFA) to develop potential financing options for a proposed Executive Office Building (EOB).
- The overview includes cost assumptions, funding options, and next steps.



# Cost Assumptions

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- The proposed financing options for consideration by the CBPC are based on cost estimates developed by the Facilities Management Division of the General Services Department and master planning consultants, ARC and Dekker/Perich/Sabatini.
- The estimated cost to plan, design and construct the EOB is between \$150 million and \$195 million, depending on the size and features of the building.



# Potential Funding Sources

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## Potential Financing Scenario (in millions)

<b>Sources</b>	<b>Current Statute</b>	<b>Potential Range</b>
State Building Bond Capacity	\$43	\$65 to \$135
Nonrecurring General Fund		\$50 to \$70
Capitol Building Repair Fund Bonding Capacity		\$10 to \$15
<b>Total Sources</b>	<b>\$43</b>	<b>\$150 to \$195</b>

Sources: NMFA and LFC



# State Building Bonding Act

## State Building Bonding Act Summary of EOB Options

	No Legislative Changes to Act	Legislative Change to Bond Ceiling	Legislative Changes to Bond Ceiling and GRT Revenue Constraint
Amount for EOB Project	\$43 million	\$65 million	\$135 million
Total Outstanding Par Bonds	\$115 million	<b>\$140 million</b>	<b>\$195 million</b>
Annual State GRT Revenue Distribution	\$8.16 million	\$8.16 million	<b>\$11.6 million</b>
New Maturity of Portfolio (25 year EOB Bonds)	2047	2047	2047

Source: NMFA



# Nonrecurring General Fund

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- The LFC revenue tracking as of March 2021 indicates that reserve balances may be five to seven percentage points (\$350 million to \$480 million) greater than the 21.6 percent estimated in the post-session report.
- A higher reserve balance allows for nonrecurring General Fund spending.
- An estimated \$50 million to \$70 million could be considered and made available for the project.



# Capitol Buildings Repair Fund (CBRF)

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- In 1999, the CBRF was used to finance the construction (\$9.3 million) of the Capitol North building.
- Proceeds from CBRF bonding capacity are estimated to provide an additional \$10 million to \$15 million.

Sources: NMFA and LFC



# Next Steps

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- Determine need for and size of the Executive Office Building within the Santa Fe Master Plan.
- Narrow potential financing ranges.
- If executive and members decide funding and construction of EOB is to move forward, next steps will require executive request for funding and legislation to amend State Building Bonding Act.

