

**MINUTES**  
**of the**  
**THIRD MEETING IN 2011**  
**of the**  
**CAPITOL BUILDINGS PLANNING COMMISSION**

**October 11, 2011**  
**Room 311, State Capitol**  
**Santa Fe**

The third meeting of the Capitol Buildings Planning Commission (CBPC) in 2011 was called to order by Secretary Edwynn L. Burckle, co-chair, on Tuesday, October 11, 2011, at 1:46 p.m. in Room 311 of the State Capitol in Santa Fe.

**Present**

Edwynn L. Burckle, Secretary of General Services, Co-Chair  
Rep. Ben Lujan, Speaker of the House, Co-Chair  
Tom Clifford, Secretary-Designate of Finance and Administration  
Alvin C. Dominguez, Secretary of Transportation  
Veronica N. Gonzales, Secretary of Cultural Affairs  
Sen. Stuart Ingle, Senate Minority Floor Leader  
Sen. Timothy Z. Jennings, Senate President Pro Tempore  
Elaine Olah, Designee for Ray Powell, Commissioner of Public Lands  
Patrick Simpson, Designee for Charles W. Daniels, Chief Justice of the Supreme Court  
Clarence Smith, Designee for James Lewis, State Treasurer  
Rep. Thomas C. Taylor, House Minority Floor Leader

**Staff and Interested Parties**

Raúl E. Burciaga, Director, Legislative Council Service (LCS)  
Roxanne Knight, LCS  
Douglas Carver, LCS  
Cassandra Jones, LCS  
Chuck Gara, Director, Property Control Division (PCD), General Services Department (GSD)  
Lemoyne Blackshear, Staff Architect, PCD

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other materials provided to the commission are in the meeting file.

**Tuesday, October 11**

**Welcome**

Secretary Burckle opened the meeting by welcoming members of the CBPC, staff and members of the public in attendance.

***Action Item: Approval of Agenda***

Ms. Olah moved to approve the agenda. The motion was seconded by Secretary Dominguez. Members of the commission voted unanimously in favor of the motion.

***Action Item: Adoption of August 29, 2011 Minutes***

Senator Jennings moved to approve the minutes of the prior meeting. The motion was seconded by Mr. Smith. Members of the commission voted unanimously in favor of the motion.

**Deferred Maintenance — (1) Review of Current Practices for Addressing Maintenance/Repair of Facilities; (2) Agency Capital Requests in Master Planned Areas**

***Cultural Affairs Department***

Secretary Gonzales spoke about the deferred maintenance issues facing the Cultural Affairs Department (CAD), working through three handouts she provided: 1) an overview of facilities management at the CAD; 2) a detailed spreadsheet of the CAD's draft five-year capital outlay plan; and 3) a draft five-year plan of statewide repairs and maintenance of the CAD's cultural assets. She noted how the CAD's facilities are critical to its mission of preserving, fostering and interpreting New Mexico's diverse cultural heritage and expression for present and future generations. She noted that preserving the state's patrimony is one of the CAD's primary responsibilities. Key to this is preserving and protecting the state's cultural assets, both collections and facilities. Secretary Gonzales noted that the CAD is not under the control of the PCD and thus is responsible itself for funding, planning for and implementation of all infrastructure, buildings, grounds and equipment. She further noted that the CAD's facilities have unique security and climate control requirements, and while the state provides a substantial foundation of support for the CAD's museums and monuments, the CAD also relies heavily upon private donors, gifts and grants, as well as earned income garnered from fundraising and facility rentals.

Secretary Gonzales stated that the CAD is responsible for 180 buildings, including 81 historic buildings, owns 1,000 acres (not including archaeological sites) and manages another 130 acres. Deferred maintenance creates hazards to visitors and threats to collections and reflects poorly on the state's ability to safeguard its arts, culture and history, creating a potential loss of earned revenue. She then directed the attention of the members of the commission to the spreadsheets showing the CAD's capital outlay priorities and the plan of statewide repairs and maintenance of the CAD's cultural assets.

Members of the commission asked how the CAD's cost estimates were developed. Secretary Gonzales replied that each division has done an assessment and determined its top

priorities. She then met with her senior management team and weighed the highest priorities, which are safety of employees, of the public and of the collections. She noted that the CAD in general does not do maintenance and repair. Secretary Gonzales then deferred to Patrick Salazar, facilities manager, for further details. He noted that he determines by examination what the needs are, develops a price estimate, brings in different companies to provide alternate estimates and then proceeds with a bid. He noted that some of the figures in the charts represent bids. He also noted that while some of the figures might seem high, such as for providing a door for a sculpture garden, the figures represent the specialized nature of much of the CAD's needs. Secretary Clifford expressed a need to know more about the CAD's process.

Members of the commission expressed their displeasure to Secretary Gonzales that the majority of state funding and support for cultural resources goes to institutions in northern New Mexico, specifically Albuquerque and Santa Fe, when there are plenty of other cultural dimensions to the state that are not supported or marketed. Secretary Gonzales noted that she is aware that this is a long-standing issue, and that is why when she began her tenure she conducted a statewide listening tour and met with every staff person in the CAD. She stated that she will continue to address this issue while she is in her position.

Secretary Gonzales, assisted by Anne Green-Romig of the CAD, explained the structure of the CAD's responsibilities, the difference between boards of regents, advisory boards and foundations with different museums and how the statutes that set up the various museums determine their governing structure. Secretary Gonzales also noted that it is important that museums have strong ties to their local communities. It was suggested by members of the commission that perhaps the CAD should consider streamlining the museums' structures.

Secretary Gonzales noted that the dollar figures in her capital outlay plan reflect the FY 2012 appropriation from the last regular session and that the recent special session appropriation was not deducted from the FY 2013 request. Members of the commission suggested that Secretary Gonzales work on lobbying the legislature harder. She closed by noting that the needs of the CAD are massive and that she appreciates any support that can be offered.

#### *GSD*

Mr. Gara and Ms. Blackshear presented the deferred maintenance needs for the PCD, providing a handout that outlines the PCD's special session request and FY 2013 request. Mr. Gara noted that the PCD is using the FacilitiesMax database (now known as AIM), plugging in the serial numbers of large components so that the PCD will know when a piece went into operation and can create a deferred maintenance program over the piece's life cycle. He noted that with current funding levels, only patchwork maintenance can be accomplished. He addressed the level of the Public Buildings Repair Fund, which is currently under \$1 million, which will mean trouble were there to be a major problem with a facility. He added that he would like a recurring revenue stream so that the PCD is not dependent upon annual funding for deferred maintenance. He noted that if the PCD requests \$10 million, it usually gets \$1 million to \$5 million, and it received no funding in the last regular session. He stated that deferred maintenance is used until such time as a building is replaced and that the state possesses 40-year-

old buildings that contain facilities that are 40 years old. He also noted that the state could be more efficient in how it uses buildings. Members of the commission suggested that the PCD set aside one percent of every budget for maintenance and building repair, which could generate \$50 million a year.

Ms. Blackshear directed the attention of the members of the commission to the PCD handout concerning capital outlay projects within the capitol buildings master planning area, and she noted that the agencies listed on the sheet are those under the control of the PCD. She also noted that the \$10 million statewide request was the first piece of a \$20 million project. She detailed some of the specific needs of the facilities on the project list, noting particularly that the needs of the Corrections Department are actually greater than what is being requested and the impact of the Cambiar Plan on the needs of the Children, Youth and Families Department.

Members of the commission suggested looking again at SB 193, which passed in the last regular session but was pocket-vetoed. When asked how the numbers on the handout reflect the money granted in the recent special session, Ms. Blackshear noted that the capital outlay bill from the special session has only just been signed, and that the estimates on the handout are over one year old. She also noted that as the GSD waits for funds, prices go up, and as the process progresses, the PCD finds more items that need to be fixed, which requires more funding. Members of the commission requested that the PCD update the figures in the chart for the 2012 session so that they reflect the special session appropriation and new estimates. Ms. Blackshear noted that the agencies under the PCD's purview are working to update the numbers in time for the capital outlay review in November.

***Staff Directive: Provide revised capital outlay request data.***

Members of the commission also wondered when the PCD anticipates bonds being sold and when bids will be advertised. Ms. Blackshear noted that many of the projects are ready to go to bid now. Members of the commission also wondered how long it would take, once bids are out, for construction to commence, as there is a serious need for jobs in the state. Mr. Gara noted that bonds will be available by the end of November or the beginning of December and will be issued at that time. Members of the commission and Linda M. Kehoe, capital outlay coordinator for the Legislative Finance Committee, discussed the scheduling of capital outlay projects.

Members of the commission asked about the building use fee enacted years ago. Agencies are not being charged for reasons that he has yet to determine. He also noted that operational maintenance is different from life-cycle maintenance and that currently these items are absorbed in the PCD budget, but this has put the PCD budget at the mercy of events out of the GSD's control, such as increases in electric prices and insurance rates. Ms. Kehoe provided some history to the user fee bill for the members of the commission. It was enacted years ago, but the state has never assessed the fees through the budgeting process.

Mr. Gara stated that he would like to see a recurring amount in the Public Buildings

Repair Fund, and he reported that the Capitol Buildings Repair Fund receives on average about \$400,000 a month.

*Department of Transportation (DOT)*

Secretary Dominguez read from the memorandum to Paul Gray, DOT deputy secretary, from Richard J. Gomez, chief, General Services Bureau, DOT, concerning the department's capital improvement long-range plan and deferred maintenance, and then he discussed some of the details in the spreadsheet he provided concerning the DOT capital improvement project requests listed by priority. He noted that the plan has a mixture of requests, including repairs, upgrades, renovations, replacement and new construction for main buildings, patrol buildings, project offices, HVAC systems, roof repairs, wash bays, salt domes and storage structures for housing equipment.

Secretary Dominguez noted that the total request for FY 2013 was \$8.5 million and that most of the time, the DOT uses State Road Fund money for improvements and not capital outlay requests. He added that in the special session, the DOT received \$350,000 for one salt dome, and if emergency repairs are needed in the state, the DOT will have to scramble.

Members of the commission expressed concern that there was no discussion of roads or bridges in the secretary's presentation and in the spreadsheet from the DOT. Members of the commission also expressed concern that there was a disconnect after the former State Highway and Transportation Department was moved to the executive branch in that it seemed to have lost its connection to the people who vote on measures such as the gas tax. There was also discussion concerning why it took 10 years for a section of highway to be named after police officers who were killed. Members of the commission asked Secretary Dominguez how they could help the DOT, whether there are available sources of revenue that are being missed or a tax that was authorized but is not being implemented as it should be. It was noted by members of the commission that it is hard to bring businesses to New Mexico with the road infrastructure being in disrepair.

**Status Report — Federal Review and Environmental Assessment — Rail Runner Station at Las Soleras Location**

Secretary Dominguez gave a presentation to the commission concerning the possible Las Soleras Rail Runner station, reading from a prepared statement. He noted that the DOT has been advising and assisting the GSD on the processes necessary to have a new Rail Runner station constructed in the median of Interstate 25 (I-25) near the Las Soleras development. The station would be connected by an overhead pedestrian walkway to the Las Soleras Master Plan development site on the north side of I-25. The development was approved by the City of Santa Fe in 2009. The station would be privately funded by Beckner Road Equities, Inc., the development company of the Las Soleras development. Secretary Dominguez noted that the station will only be constructed if the property transactions necessary for the development are approved by the state and the development is constructed. The Santa Fe Metropolitan Planning Association has approved the development of the Rail Runner station and has approved a Santa

Fe Transportation Improvement Plan amendment that includes the Las Soleras station final design and construction.

Secretary Dominguez noted that as the station would be located in the right of way of I-25, it requires authorization from the Federal Highway Administration (FHWA). Three required reports have been prepared and reviewed by the pertinent agencies and the project stakeholders: a technical report on the proposed station's impact on traffic on I-25; an environmental assessment; and an analysis of potential station ridership.

After comment by the DOT and the FHWA, a final environmental assessment was submitted to the FHWA, which provided further comments that require further consideration by the DOT. Once these comments are addressed, the environmental assessment will have to be submitted by the DOT to the FHWA for signature. The environmental assessment will then be available for public comment for 30 days, during which time the public can request a public hearing. It is expected that when the comment period on the environmental assessment has closed, the FHWA will issue a finding of no significant impact. A final application and request will be submitted in conjunction with the approved environmental assessment. Secretary Dominguez concluded by noting that, although the proposed improvements are being privately funded, the application to the FHWA needs to be made by the DOT; it cannot be made by a private entity.

Secretary Dominguez added to his prepared statement that he has held additional conversations with the FHWA division administrator, who noted that there have been sight distance impacts with the Route 599 Rail Runner station, and, thus, more review of the environmental assessment and design would be required before the station at Las Soleras can be approved.

Members of the commission inquired whether there would be any property transactions required for the Las Soleras station, particularly whether there would be state property going to a private entity or vice versa. Secretary Dominguez noted that the DOT is not inheriting any property, but there is some private property on the north side of I-25, which creates issues regarding who will be responsible for maintenance of the walkway over the interstate and of what is planned to be a private parking lot for the station. He also noted that while there are memoranda of understanding with the City of Albuquerque and some pueblos, there are no Rail Runner stations that incorporate private property as would be done with Las Soleras. He stated that he hopes to get answers from the FHWA in six months, but the review process could take longer if a public hearing is required.

### **Deferred Maintenance: Asset Management Best Practices**

John Petronis, commission facilities consultant, Architectural Research Consultants, Inc. (ARC), and Andy Aguilar, commission facilities consultant, ARC, gave a presentation to the members of the commission titled "Deferred Maintenance: Asset Management Best Practices". The printout of their slides was provided for the commission's review. The principal purposes of the presentation were to provide an asset management framework, to review the condition of

state-funded facilities in New Mexico, to review the magnitude of capital facilities renewal that is needed in the state, to compare processes in New Mexico with best practices from similarly situated states and to examine what next steps might be taken in New Mexico.

In discussing the asset management framework, Mr. Petronis spent a significant amount of time covering the total cost of ownership of a building noting that, over a 30-year period, personnel costs are the greatest costs of a building and that, not including personnel, the cost of operation and maintenance of a building is generally more than its initial construction cost. He also noted that once building systems or components have exceeded their service life expectancy but remain in use, the number of repairs and the overall cost of maintaining the building increase. This is why resources are needed periodically to renew building systems that reach the end of their life cycle and adapt to new requirements, a process known as capital facilities renewal. Mr. Petronis added that when maintenance system upgrades or repairs are deferred to a future budget cycle or postponed until funding becomes available (also known as deferred maintenance), building systems are run until they fail and costs are accelerated. He noted that one expert has calculated that if one defers maintenance, one can expect future expenses to be equal to or greater than the cost of the part squared, or 15 times the total repair cost. He cited the example of Hodgin Elementary School, whose central courtyard had a known drainage issue with an estimated repair cost of \$145,000, but as the problem was not addressed, heavy rain that caused repeated flooding has saddled the school with repair costs to its floors of over \$250,000 and counting. Mr. Petronis ended this part of his presentation by delineating some standard industry definitions for facilities management.

Mr. Petronis then turned his discussion to the condition of the state's facility assets and the potential magnitude of capital renewal facilities needs. He noted that the state has approximately 96 million total gross square feet (gsf), but the majority of that square footage is under control of higher education (24 percent, or 22.7 million gsf) and public schools (61 percent or 58.9 million gsf). Public schools have independent processes, and higher education has a mechanism to address ongoing capital facilities renewal. The remainder of Mr. Petronis' presentation concerned the 13.8 million gsf that is not under the purview of education.

Mr. Petronis said that there have been three recent studies assessing the condition of state facilities, one by 3Di from 2006 that looked at PCD buildings, another by 3Di in 2006 that reviewed all colleges and universities and an ISES Corporation study from 2011 of a portion of PCD facilities. Mr. Petronis noted that the studies did not address all state facilities, were done at different times and have similar, but not identical, methods and terminology, thus making direct correlation of their data difficult. He commented that the state does not know the current capital facilities renewal needs for all state-funded facilities, but available condition assessments indicate that the needs are significant. Based on the information available, Mr. Petronis said that the estimated needs in current dollars are approximately \$1.4 billion (without higher education), and an additional \$2 billion for higher education. He further stated that it is likely that 10 to 20 percent of the needs are high priority, with amounts of \$144 million to \$288 million (without higher education) and an additional \$209 million to \$418 million for higher education.

Mr. Petronis then discussed best practices in other states, focusing particularly on Arizona, Texas, Utah and Washington. He noted that these states' best practices include an inventory of assets, comprehensive assessment of the condition of facilities, identification of priorities in a way that separates needs from wants, centralization of management of state facilities and sites, preparation of a statewide plan that encompasses owned and leased facilities and provision of a dedicated source of revenue for capital facilities renewal. He briefly discussed the Utah State Building Board and the Texas Facilities Commission. He discussed how there are many examples of best practices to address building repair backlogs (deferred maintenance), which include recognizing and understanding the scale of the problem, quantifying and communicating the financial impact, conducting preventive maintenance and completing repairs promptly to avoid backlog redevelopment and prioritizing projects and developing a strategy to secure adequate funding.

Mr. Petronis discussed different models for budgeting for ongoing building renewal and noted that, depending on the model used, New Mexico would need \$80 million to \$109 million a year in dedicated annual capital renewal funding, not including higher education or public schools.

He also addressed the strengths and weaknesses of practices in New Mexico. He noted that good practices include that departments are required to prepare strategic plans as part of performance-based budgeting (required by Sections 6-3A-1 through 6-3A-8 NMSA 1978). Other good practices include the higher education dedicated capital facilities renewal revenues; the public schools capital and maintenance planning; the existing technical and specialized staff at the PCD; the DOT and the progress that has been made to date on the statewide inventory; and the capital project approval process through the State Board of Finance and the CBPC. The areas for improvement that he noted include fragmented ownership, responsibilities and procedures for managing facilities; the lack of a unified inventory; the lack of consistent assessment of facilities, outside of public schools; the lack of a unified process for strategic capital planning and budgeting; the lack of a consistent process for the disposal of assets; that there is no linking of strategic planning and capital planning; that there is no reliable source of funding; and the large backlog of capital needs.

Mr. Petronis concluded with a set of recommendations. The first is to adopt a strategic asset management model, which would include completing an inventory and database of state facilities and sites; conducting a comprehensive and consistent assessment of state facilities; preparing departmental and agency master plans linked to strategic plans; centralizing ownership and management of state facilities; preparing a statewide plan that encompasses owned and leased facilities; and identifying a dedicated source of revenue for capital facilities renewal. Next steps include identifying and recommending a dedicated and reliable funding source for capital facilities renewal for state-funded facilities and developing legislation to centralize management of state facilities.

Members of the commission questioned Mr. Petronis concerning some of the details of his calculations. Members of the commission also inquired whether being a right-to-work state

versus a union state affects the way state assets are managed. Members of the commission commented that the legislature does more planning than it is given credit for, and any changes in these processes should safeguard the legislature's responsibilities. Members of the commission also questioned whether state buildings and offices could not be spread more widely across the state, bringing jobs and acting as a magnet for businesses statewide, rather than being focused on Santa Fe and Albuquerque.

***Staff Directive: Members of the commission requested that ARC provide details on the geographic spread of state buildings in the comparison states.***

***Action Item: Recommendations Regarding Deferred Maintenance***

Members of the commission had an active discussion concerning which of the recommendations in ARC's presentation should be taken on as a next step. There was general agreement that the completion of the inventory and database of state facilities and sites and the conducting of a comprehensive and consistent assessment of state facilities need to be accomplished before any of the other steps, such as the centralization of processes, can be undertaken. Members of the commission discussed the use of the state severance capacity as a possible source of a revenue stream, but they determined that that issue should also be postponed until the fundamental steps are taken. Concern was expressed about removing funding sources from the legislature by having too much dedicated revenue.

***Staff Directive: Members of the commission expressed the desire that staff report back to the commission on the linkage of departmental and agency master plans to strategic plans and on the prioritization criteria that would undergird any centralization and management of state facilities.***

Ms. Knight briefly discussed the new request for proposals (RFP) for the master planning contract, with a deadline for submissions of October 17, 2011. She also mentioned SB 193 (2011) and support for reauthorization of master plan funds, noting that the present contract ends in December 2011. She said that part of the RFP is the continuation of the database work, which can only be accomplished if funded with master plan dollars. She noted that the CBPC does not have a budget but pulls together borrowed staff from the PCD and the LCS.

***Staff Follow-Up: She stated that staff will develop concrete ideas regarding how to utilize staffing at the other agencies.***

***Action Item:*** Speaker Lujan moved to adopt as next steps the completion of the inventory and database of state facilities and sites and the conducting of a comprehensive and consistent assessment of state facilities, with staff informing the members of the commission how these steps would be accomplished and what resources would be required. The motion was seconded by Senator Ingle. Members of the commission voted unanimously in favor of the motion. The commission decided to table action on the other recommendations and, in particular, until staff presents proposals for financing the recommendations.

### **Staff Reports**

Ms. Knight provided the members of the commission with a handout that discussed SB 193, the five-year facilities master plan bill, which was pocket-vetoed after the last regular session, and capital outlay requests within master-planned areas of the state. She noted the various items that were funded in SFC/SB 10 during the special session. She also stated that ARC is still trying to get the life-cycle analysis tool available on the internet and that staff would report back on progress with that initiative in November. She also repeated that the master planning RFP deadline is October 17, 2011, with a deadline of October 31, 2011 to create a shortlist. She stated that the committee staff reviewing the RFP would report back to the commission at its November meeting.

*Staff Directive: Members of the commission asked Ms. Knight to have staff look into the use of the dedicated gross receipts tax, what the status is and whether there is any potential balance. Ms. Knight replied that the State Building Bonding Fund is up to \$115 million and that there is a dedicated intercept for the executive office building and other facilities. She stated that she would get the required information for the commission by the next meeting.*

### **Public Comment**

No members of the public present wished to make any comments.

### **Next Meeting**

Secretary Burckle noted that the next CBPC meeting will be on November 8, 2011. The CBPC might also meet on December 6, 2011 if necessary to complete its business for the year.

### **Adjournment**

There being no further business, the commission adjourned at 5:30 p.m.