

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

**August 29, 2011
Room 311, State Capitol
Santa Fe**

The second meeting of the Capitol Buildings Planning Commission (CBPC) in 2011 was called to order by Secretary Edwynn L. Burckle, co-chair, on Monday, August 29, 2011, at 2:04 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 Church, Designee for Alvin C. Dominguez, Secretary of Transportation
Anne Greene-Romig, Designee for 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 New Mexico Supreme Court
Clarence Smith, Designee for James B. Lewis, State Treasurer
Rep. Thomas C. Taylor, House Minority Floor Leader

Absent

Richard May, Secretary of Finance and Administration

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Roxanne Knight, LCS
Tom Pollard, LCS
Douglas Carver, LCS
Cassandra Jones, LCS
Chuck Gara, Director, Property Control Division (PCD), General Services Department
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.

Monday, August 29

Welcome

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

Action Item: *Approval of agenda*

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

Action Item: *Adoption of June 14, 2011 minutes*

Ms. Olah moved to approve the minutes of the prior meeting. The motion was seconded by Mr. Church. Members of the commission voted unanimously in favor of the motion.

PCD Regional Updates; Full-Time-Equivalent Location Survey; PCD Lease Survey for Privately Owned Space; Los Lunas/Grasslands Campuses — Follow-Up

Updates:

Mr. Gara proceeded with the regional updates, guiding the members to a handout he provided titled "Regional Update from PCD". He noted that the new 45,000-square-foot Roswell Rehabilitation Center was completed and occupied by the Department of Health in April 2011. Several nonprofit groups are interested in the vacated (old) facility; however, there are needed renovations that have to be made.

The new Fort Bayard Medical Center that is leased from Grant County was completed and the Department of Health occupied it in March 2011. He indicated that the old Fort Bayard complex would need a fair amount of work in order to be used by another agency and the current annual operating costs exceed \$500,000. A disposition assessment and feasibility study is being conducted and is about 65 percent complete. Members of the commission noted that there is a not-for-profit organization interested in the complex, but it is not clear whether the organization would have funding for any operations.

The Las Cruces Workforce Solutions building in Las Cruces has recently completed renovation, and the J. Paul Taylor renovation project is approximately 80 percent complete. The state police district office in Las Cruces is now under construction. The Santa Teresa port-of-entry weigh station is moving forward, along with an agreement for a land exchange for the port.

The New Mexico Behavioral Health Institute's new Meadows Phase 1 project in Las Vegas is approximately 75 percent complete. Also, ground was broken on construction of the new state police district office in Las Vegas.

In Santa Fe, the new Motor Vehicle Division office opened in April 2011. The Bataan, Runnels and Lujan building renovations are continuing, and two sites are under design for demolition — one is the Quonset hut at the GSD surplus property site and the second is the old barracks on Tract O at the former College of Santa Fe site. The executive office building project is now under way with the process required to begin removal of buildings to clear the site.

Lease survey:

Mr. Gara directed the commission members' attention to the documents that summarize the state agency property leases surveyed by the PCD. A total of 321 existing leases, representing \$42.3 million in annual lease payments for 2.33 million square feet of space and housing 5,814 full- and part-time employees, were compiled. The average amount of square footage per full-time-equivalent position is 401 at an annual leased-space cost of \$7,282 per employee.

After evaluating and analyzing the leases, they were scored and 28 leases were identified for consideration of potential consolidation. According to the executive summary, these leases represent a potential lease cost savings of \$2.7 million per year; 146,252 square feet of space; 185 employees; an average leased-space cost per employee more than double the overall average of \$14,729; and an average space per employee of 791 square feet.

Additionally, it was recommended that leases with less than two years be carefully reviewed for potential consolidations. These include 89 leases representing approximately \$9 million in annual lease payments, some of which were already mentioned in the 28 leases above. There was a discussion regarding how different agencies could exit existing leases. Secretary Burckle noted that such cost metrics are important to the governor, who is interested in reducing the state's total cost of real estate. Mr. Gara noted that he wants agencies to comply with the space standards.

Grasslands:

Mr. Gara gave an update on the Grasslands area in Los Lunas, directing the members' attention to a handout that summarized information about the lease and details on the well and water rights. The area is currently leased for a five-year term commencing April 1, 2010 to the Wagner's Farmland Experience for the purpose of maintaining erosion control and preventing dust blowing across Interstate 25 and into nearby neighborhoods.

The property is comprised of approximately 288 acres with one well, repaired in 2010 by the state at \$46,000 and producing 700 gallons per minute. Lease of the water rights was waived for the duration of the five-year lease. The site has 600 acre-feet of diverted water rights. The Office of the State Engineer has granted authorization to drill a supplemental well. Costs for drilling have been estimated in the range of \$100,000 to \$225,000.

Members of the commission asked further questions of Mr. Gara concerning the well and water rights. He responded that the PCD has begun developing a database to track all water rights under PCD ownership.

Discussion:

Commission members inquired about whether or not there should be mandatory legislative action prior to agencies accepting real property donations.

Directions to Staff: Secretary Burckle asked to know what percentage of assets is spent annually on maintenance, and he asked for pros and cons of decentralized versus centralized asset management processes.

CBPC Review; Sale of West Capitol Property to Santa Fe Community College — HJR 9 (2011); Transfer of Certain Los Lunas Campus Property to the Los Lunas Public School District — SJR 11 (2011)

Mr. Gara discussed property transfers requiring CBPC review. He began with the sale of former College of Santa Fe land to Santa Fe Community College for \$1.5 million. Mr. Gara provided copies of HJR 9 (2011) and the retail purchase agreement for review by members of the commission. There was some discussion with members of the commission regarding this sale, with Mr. Gara noting that the land had originally been purchased with PCD appropriations.

Mr. Gara discussed the transfer of the Katherine Gallegos Elementary School site in Los Lunas to the school system, and he provided members of the commission with a copy of SJR 11 (2011), a copy of the quitclaim deed for the transfer and a map showing the location of the site. Commission members discussed why this site was transferred at no cost while the Santa Fe site had been sold. Mr. Gara noted that the Katherine Gallegos site had been leased by the schools for years. Ms. Knight added that the sale of the Santa Fe site had occurred after a vote on a local bond issue to finance the land purchase.

Mr. Gara then discussed the transfer of the Camunez Building in Las Cruces. There was discussion regarding the history of the building and why it was donated rather than sold. Ms. Knight noted that for both of the donations (in Las Cruces and Los Lunas), there was a clause in each resolution requiring that if the donees no longer had use of the property, it would revert back to the state at no cost.

Action Item: *CBPC moved adoption of final review for HJR 9 sale and SJR 11 transfer.*

Senator Ingle moved to approve the final review for the HJR 9 sale and the SJR 11 transfer. The motion was seconded by Mr. Smith. Members of the commission voted unanimously in favor of the motion.

Staff Reports; Acquisition and Disposition of Property by New Mexico Governmental Entities and Commission Discussion

Staff Report:

Ms. Knight noted LCS staff changes to the CBPC and reviewed some administrative matters. She also discussed a master planning request for proposals to be issued in September. She noted that there would be CBPC meetings in October and November but that there probably would not be a need for a December meeting.

Acquisition and Disposition of Property:

Ms. Knight, accompanied by John Petronis and Andy Aguilar of Architectural Research Consultants (ARC), reported on the process of acquisition and disposition of property by the state. Ms. Knight then walked the members of the commission through a detailed handout titled

"Acquisition and Disposition of Real Property" and explained the various processes the state has for acquiring and disposing of property. She reviewed the statutory mandates of the CBPC as listed in Section 15-10-1 NMSA 1978 and discussed a flow chart showing how planning fits in with the differing government entities. Ms. Knight explained how the steps required for acquisition or disposal of property depend, in part, upon who the initiating authority is. She discussed the governing authority for each entity and the important role played by the State Board of Finance in many of these transactions. Ms. Knight indicated that this discussion was intended both to provide information to members of the commission and to provide a starting point for consultants so that they could make suggestions for how to improve the state's property management practices and statutes.

Mr. Petronis discussed a handout providing a broader overview of acquisition and disposal issues and deferred maintenance. Some charts were presented showing at least 96 million gross square feet of state-funded facilities, including higher education and public schools. He noted that ARC wishes to understand the magnitude of deferred maintenance in state facilities and to locate best practices in other states that might be useful as a model for New Mexico. He noted that the state does not have a clear and unified process for the acquisition and disposal of assets, and he suggested an overall asset management framework for the commission to consider. He also indicated that the separation in New Mexico between acquisition and disposal and deferred maintenance is not the norm elsewhere in the country. He presented charts to the members of the commission that show the distribution of state-funded facilities and compare New Mexico's relatively decentralized process with the more centralized process in Utah. He noted that in New Mexico, there are many statutes and rules affecting its agencies, but there is no unified asset management process. He stated that central financial control for many, but not all, processes is held by the State Board of Finance, resulting in some redundancy and inefficiencies in levels of approval. He concluded by citing the public schools process in New Mexico as an in-state example of good practices, including: (1) comprehensive planning at the school level and with the state; (2) implementation tied to dedicated funding; and (3) the development of consistent implementation procedures for school districts accepting state funding.

In response to questions from members of the commission, Mr. Petronis noted that deferred maintenance delayed for a period of time can evolve into a capital expense. Ms. Knight also discussed problems with the processes surrounding the acquisition of property through gifts, especially those given to the Cultural Affairs Department. These properties often have significant additional maintenance expenses. Members of the commission added that properties given as a gift to the state can at times occur through legislative action or separately through the executive branch. Mr. Gara noted that the PCD is discussing the ability of an agency to have a plan in place for an old property before a new building is constructed or purchased. The PCD intends to also review acquisition of properties through donation to state governmental entities.

Mr. Aguilar indicated that ARC hopes to have its comparative study completed and recommendations ready for the commission by the October or November meeting. Secretary Burckle said that he looks forward to the results of the analysis and ARC's recommendations.

He encouraged ARC to look at states beyond Utah and to focus on the pros and cons of a centralized system versus a decentralized system. Speaker Lujan noted the importance of providing capital for proper maintenance of facilities, and he hopes that this could become established henceforth.

Public Comment

No members of the public wished to make any comments.

Next Meeting

Secretary Burckle noted that the next CBPC meeting would be October 11, 2011.

There being no further business, the commission adjourned at 3:28 p.m.