

**MINUTES  
of the  
SEVENTH MEETING IN 2010  
of the  
CAPITOL BUILDINGS PLANNING COMMISSION**

**December 16, 2010  
Room 311, State Capitol  
Santa Fe**

The seventh meeting of the Capitol Buildings Planning Commission (CBPC) in 2010 was called to order by Secretary of General Services Arturo Jaramillo, co-chair, on Thursday, December 16, 2010, at 1:39 p.m. in Room 311 of the State Capitol in Santa Fe.

**Present**

Arturo L. Jaramillo, Secretary of General Services, Co-Chair  
Rep. Ben Lujan, Speaker of the House, Co-Chair  
Stuart Ashman, Secretary of Cultural Affairs  
Sen. Stuart Ingle, Senate Minority Floor Leader  
Sen. Timothy Z. Jennings, Senate President Pro Tempore  
Larry Kehoe, Designee for Patrick H. Lyons, Commissioner of Public Lands  
James Lewis, State Treasurer  
Rick Martinez, Designee for Dannette Burch, Secretary-Designate of Finance and Administration  
Patrick Simpson, Designee for Charles W. Daniels, Chief Justice of the Supreme Court  
Rep. Thomas C. Taylor, House Minority Floor Leader  
Max Valerio, Designee for Gary Giron, Secretary of Transportation

**Staff**

Roxanne Knight, Legislative Council Service (LCS)  
Tom Pollard, LCS  
Ric Gaudet, LCS  
Bill Taylor, Director, Property Control Division (PCD), General Services Department (GSD)  
Larry Miller, Deputy Director, PCD  
Lemoyne Blackshear, Staff Architect, PCD

**Minutes Approval**

Because the commission will not meet again this year, the minutes for this meeting have not been officially approved by the commission.

**Guests**

The guest list is in the meeting file.

**Handouts**

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

## **Thursday, December 16**

**Action Item:** *The minutes of the November 15, 2010 meeting of the commission were adopted without changes.*

### **Staff Reports**

Ms. Knight presented to the commission two information memoranda relating to questions raised by commission members at the November meeting. The first question was whether prevailing wage statutes, in statute as the Public Works Minimum Wage Act, would apply to construction projects financed through a lease-purchase arrangement. In most cases, that act does apply to lease-purchase agreements, especially if the state is integrally involved in the design and construction of the building and if the agreement is structured so that the state is clearly intended to be the occupant and eventual owner of the building.

The second question was whether counties have the authority to enter into lease-purchase agreements. The 2006 constitutional amendments allowed lease-purchase financing arrangements for the state and for school districts, but the amendments did not change existing law for counties or municipalities. As interpreted in the *Montano v. Gabaldon* decision, without the approval of the voters, a county or municipality cannot legally enter into a lease-purchase agreement for the acquisition of facilities.

### **Presentation of Interim Report**

Ms. Knight presented a draft of the commission's interim report for 2010. The report will be finalized by the end of 2010 and posted on the web site of the legislature. Printed copies of the report will be made available to commission members, if requested.

### **Lease-Purchase Agreement Review Process Guidance Document and Review of Web-Based Application**

John Petronis and Andy Aguilar, of Architectural Research Consultants, and commission master planners, presented to the commission the guidance document for lease-purchase agreement review and the associated web-based application to perform life-cycle cost analyses (LCCAs). Mr. Petronis said that the guidance document is almost identical to the document presented at the November meeting, except for some language clarifications and changing the initial review period of all proposed lease-purchases to the period 2011-2015.

Mr. Petronis led the commission through an example of a hypothetical LCCA to determine the facility option that would be the most cost-effective. Common alternatives include leasing or continuing to lease at prevailing local rates; constructing or purchasing a new facility using cash resources; lease-purchasing a facility from the private sector; and constructing or purchasing a facility using tax-exempt bond financing, including severance tax bonds, general obligation bonds, gross-receipts-tax-backed bonds and lease-purchase revenue bonds from the New Mexico Finance Authority.

The user agency would enter into the database a set of variables to determine the agency's

facility needs. Data entered would include the gross square footage of the proposed new facility, the desired occupancy date, the purchase price and gross square footage of an existing facility, current lease information, proposed lease-purchase costs and any other specialized costs not included in the general proposal. Controlled parameters include standard square foot construction costs by building type and location; costs for professional fees, contingencies and administration; standard operations and maintenance costs; replacement cost formulas; residual value calculation; and financial variable standards.

Mr. Petronis said that currently, the cost of acquiring buildings is generally less than the cost of constructing new buildings. The LCCA program could be used to explore the option of purchasing a building and renovating it for state use; however, building acquisitions would be subject to other master planning principles besides the LCCA.

Secretary Jaramillo asked if the LCCA program takes into account renovations of new facilities 20 years after initial construction and whether operating costs are factored into the program. Mr. Petronis said that the program is able to account for future renovations and operations and maintenance costs. PCD staff will need to provide input about accurate maintenance and operational costs of facilities and standard construction costs.

Senator Ingle asked whether other states have a system to evaluate facility acquisition options. Mr. Petronis said that other states have similar systems, but none that are as simple to use as the one developed for New Mexico. He said that most states perform this kind of analysis at the staff level. The New Mexico system is designed to provide quick financial analyses of possible options for all state agencies and other users. Controlled parameters will be uniform, which will make comparison of different projects reliable.

Senator Jennings said that contractors tend to overcharge state and local governments for capital projects. Potential bidders already know how much money has been allocated for a project, and construction bids tend to reflect that information. Mr. Petronis said that the LCCA program is intended to give a general idea of how much a particular project will cost. Construction bids, however, are based on an actual design of a building, and the bidding process tends to be competitive.

**Action Item:** *The Lease-Purchase Agreement Review Process Guidance Document was adopted by the commission unanimously.*

## **Preliminary Updates to and Discussion of all Metropolitan Area Master Plans**

### Capitol Buildings Master Plan Update

Mr. Aguilar reported to the commission on the progress of the update to the Capitol Buildings Master Plan (CBMP) for the state. The update is expected to be completed by the master planners by April 2011. The updated CBMP will be a comprehensive listing of the state campuses and will reflect the most recent activities and plans for each campus. The CBMP will also unify into one plan the existing master plans for all state campuses. Recent changes to state

assets include the state capitol parking garage; the new Public Employees Retirement Association building; the archaeology center facility; the Motor Vehicle Division (MVD) field office in Santa Fe; the scientific laboratory facility; the court of appeals facility; the substance abuse treatment center in Los Lunas; replacement and additions to Department of Health facilities in Las Vegas, Roswell, Fort Bayard and Truth or Consequences; the spaceport; land acquisitions at the west capitol campus and Los Luceros; and planned developments for the health and human services (HHS) complex and the executive office building (EOB).

The updated CBMP will include the history of state master planning initiatives, a summary of overall state holdings, notable master plan achievements, planning principles and a discussion of ongoing master planning challenges. Detailed descriptions of all area master plans will also be included.

### Planning Principles

Mr. Petronis reviewed master planning principles that have been developed by CBPC and PCD staff as part of the CBMP update and planning guidelines for state agencies to follow. General development principles include the following.

- Plan for future growth and change with flexibility to meet changing needs.
- Realize economic efficiencies by reducing long-term lease expenditures by gradually relocating agencies from leased space to state-owned space; promoting economies of scale and asset-sharing among agencies; promoting sustainable office environments; and reducing operating costs.
- Protect long-term asset value by providing sufficient resources for maintenance and periodic facility renewal; disposing of property only when expected benefits exceed its long-term value; maintaining and protecting critical infrastructure; and maintaining a strategic land bank for future use.
- Encourage co-location and consolidation of state agencies into single or adjacent sites that achieve functional, operational and logistical efficiency; promote convenient public access to government services; provide equitable and adequate space; meet functional needs; provide efficient space organization; and provide a quality environment for state employees.
- Coordinate state resources and strategies with local development efforts when siting new state facilities.
- Establish a framework for campus development, including land use and density, infrastructure development and management and architectural character.

Each campus will have its own master plan and specific design guidelines based on general development principles. Land use and siting guidelines should establish appropriate uses for each site based on the surrounding context, function, site availability and public access

requirements; establish a framework for future circulation, parking, building sites and landscape planning; provide guidelines for density, building coverage and building height; and adopt incremental development strategies that consider the long-term development vision, make the most efficient use of the site, promote integrated and structured parking and avoid dependence on long-term acquisitions for implementation. Vehicular and pedestrian movement strategies should separate vehicles from pedestrian movement systems, establish clear entry and exit points to each campus and identify areas for deliveries and employee drop-offs. Safe pedestrian routes should also be established between buildings. A consistent visual and architectural character for each campus should be established, and open space features should be developed.

Mr. Kehoe asked which entity would decide whether a proposed building project fits within the CBMP and campus master plan. Mr. Petronis said that the commission could make that determination after the initial agency-level planning process.

Mr. Simpson asked if a design-build project that fits within the CBMP would be better received by policymakers than a project that does not comply. Mr. Miller said that he hopes that any state agency contemplating a capital project will direct its planning consultants to follow the CBMP and its principles.

Speaker Lujan said that the CBMP should serve as a guidance document for agencies and project developers. The state is providing a valuable service to private entities that construct state buildings. He said that if a project were developed that was inconsistent with the CBMP, the commission would probably not endorse it.

Secretary Jaramillo said that an emerging issue in the development of state building projects is the interaction between the state and local governments. The state probably needs a unified position in how it deals with local governments when projects are being planned. The state should not be required to go through a local building code review process for state capital projects. Mr. Petronis said that the state usually accepts local ordinances without yielding sovereignty to local governments.

**Staff Directive:** *The master planners were directed to add language to the planning principles that asserts state sovereignty and were directed to delete language referring to local political concerns.*

#### Implementation Strategy Update

Mr. Petronis gave an update on recent master planning implementation strategies. Although CBMP principles focus on the long-term fiscal benefits to the state from state ownership and consolidation of agency space, the current economic climate may shift some priorities to short-term fiscal concerns. There are some opportunities that the state could consider that would benefit the state both in the short term and long term. The state should continue to fully develop existing state facilities to maximize space use instead of entering into new leases. However, the recession has impacted local commercial real estate markets, and buildings currently have high vacancy rates. The state should renegotiate existing leases whenever possible and look for

opportunities to acquire existing facilities. In light of the current economic situation, acquiring and renovating a building may be less expensive than new construction.

Mr. Petronis recommended that existing planned developments proceed, including the HHS and EOB facilities and implementation of the first phase of the south capitol campus. The superblock campus in Albuquerque is still fiscally viable, but the state should also look for new opportunities of acquiring existing commercial buildings. Las Cruces commercial buildings may be similarly attractive for state acquisition.

### **Review of Land Exchange for Santa Teresa Port of Entry**

Mr. Taylor presented to the commission the land exchange being made between the state and Verde Realty for the completion of the Santa Teresa port of entry. Senate Joint Resolution 9 in 2010 and Senate Joint Resolution 9 in 2006 granted the PCD the authority to trade land for the project. The 2010 legislation also required review by the commission before the trade can proceed. The state is trading three parcels of state land consisting of 17.36 acres for two privately owned parcels consisting of 21.2 acres. Land the state is trading consists of the existing port-of-entry land and land immediately adjacent to the Pete Domenici Highway. Land the state is acquiring is immediately north of the international port of entry. It will be used to construct the state's new port-of-entry facility. Final archaeological surveys need to be completed before the land exchange can proceed. Mr. Taylor said he expects the transfer to occur in January 2011.

Mr. Valerio said that the Department of Transportation has been working on this project in collaboration with the Department of Public Safety and the PCD. Mr. Taylor said that the current location of the state's port of entry does not work very well and is a safety hazard. The state has been losing revenue from commercial vehicle fees because many vehicles do not stop at the port of entry. When the new facility is completed, vehicles leaving the international port of entry will drive directly into the state's port of entry. The 3.8 acres the state is acquiring directly south of National Avenue is needed for drainage purposes. After initial schematics for the facility were completed, it was determined that there was not enough land on the 17.4-acre parcel north of National Avenue, and the legislature in 2010 gave approval to acquire additional land.

**Action Item:** *The commission approved the review of the Santa Teresa land exchange unanimously.*

### **PCD Regional Updates**

Mr. Taylor updated the commission on PCD projects.

#### Santa Fe

- The state purchased property on the former College of Santa Fe campus in November.

The City of Santa Fe is assuming responsibility for the asbestos remediation and demolition of the barracks on the property. Mr. Taylor reported that the GSD plans for Tract C of the property to be sold by the state to Santa Fe Community College if appropriations are authorized. (This is not part of the approvals for the west capitol campus master plan.)

- The new MVD office is scheduled for occupancy on March 1, 2011.
- The Las Soleras land acquisition for development of the HHS facility was approved by the State Board of Finance in November.

Mr. Simpson asked about the current status of the EOB. Mr. Taylor said that the project is still in the programming phase, and construction will not begin for at least one year. He said that negotiations with the City of Santa Fe regarding the casitas on the site could stall the project even longer.

#### Los Lunas

- Demolition has been completed of four buildings on the old hospital campus.
- The substance abuse treatment facility will be completed in January 2011.

#### Fort Bayard

- The Department of Health has vacated the old facility and is occupying the newly constructed facility. The PCD is preparing to enter into a contract to study the potential uses for the old facility.

#### Las Cruces

- The City of Las Cruces is proceeding with legislation to grant the PCD the authority to transfer title of the Camunez building to the city. The 6,000-square-foot building is located within the Las Cruces Main Street Downtown Tax Increment Development District.

Ms. Knight noted that the master planners have not evaluated the donation of the building with reference to the Las Cruces area master plan. She said that the CBPC is charged with reviewing how property dispositions are handled.

Mr. Miller said that the Camunez building shares a wall with the Rio Grande theater, which is an integral component of the revitalization project. There is no surrounding land associated with the building. He said that it makes sense for the city to acquire the building because the PCD does not have any current need for the building.

Speaker Lujan asked whether the building has been appraised. Mr. Taylor said that it has not yet been appraised. Speaker Lujan said that the donation of the building to Las Cruces needs

to be reviewed by the CBMP master planners. The state should consider trading the building for other property the state may desire in order to implement the Las Cruces area master plan. Mr. Taylor agreed, and said that there were discussions about property trades when the building was originally proposed for acquisition by the city.

Secretary Ashman said that if a state-owned property qualifies for historic preservation status, it cannot be demolished.

There being no further business, the commission adjourned at 3:32 p.m.