

MINUTES
of the
FIRST MEETING FOR 2009
of the
CAPITOL BUILDINGS PLANNING COMMISSION

Tuesday, January 13, 2009
Room 307, State Capitol
Santa Fe

The first meeting of the Capitol Buildings Planning Commission (CBPC) for 2009 was called to order by Secretary of General Services Arturo Jaramillo, co-chair, on Tuesday, January 13, 2009, at 1:20 p.m. in Room 307 of the State Capitol in Santa Fe.

Present

Arturo Jaramillo, Secretary of General Services, Co-Chair
Rep. Ben Lujan, Speaker of the House, Co-Chair
Stuart Ashman, Secretary of Cultural Affairs, and Emilio Martinez (sitting in at times) for
Secretary Ashman
Sen. Timothy Z. Jennings, Senate President Pro Tempore
Katherine B. Miller, Secretary of Finance and Administration
Rep. Thomas C. Taylor, House Minority Floor Leader
Lawrence Barreras, designee for Gary Giron, Secretary-Designate of Transportation
Joyce Pankey, designee for Patrick H. Lyons, Commissioner of Public Lands
Patrick Simpson, designee for Arthur W. Pepin, Director, Administrative Office
of the Courts
Clarence Smith, designee for James Lewis, State Treasurer

Absent

Sen. Stuart Ingle, Senate Minority Floor Leader

Staff

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

Guests

The guest list is in the meeting file.

Handouts

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

Minutes

The minutes of the December 17, 2008 meeting of the CBPC were adopted, without changes.

Ms. Tackett informed the commission of the death that morning of Mike Trujillo, former director of the PCD and friend to many members of the commission and staff.

Public Comment

Frank Katz, Santa Fe city attorney, asked that he and others be allowed to comment on CBPC 7 at the appropriate time.

Department of Military Affairs — Request for Capital Outlay

Kenny C. Montoya, major general of the Department of Military Affairs, presented the commission with the department's main capital outlay request for the 2009 session. Major General Montoya apologized for not having worked with the commission master planners until recently, which, he explained, was why the presentation to the commission came so late. Currently, the New Mexico National Guard occupies 300 acres of state-owned land in the southwestern part of the Santa Fe metropolitan area and is seeking acquisition of an adjacent parcel of 261 acres. Major General Montoya said that land for National Guard facilities needs to be purchased by the state, and then the federal government pays for any facilities on the property.

The new property is intended to house a tactical vehicle driving course, wind and solar power generating facilities, staging sites for state emergencies, space for physical training facilities, additional frontage road access, long-range facilities for the National Guard and a buffer area. The appraised value of the property is \$2.4 million, and the department is proposing to purchase the property at five percent below that value, for \$2.28 million. Major General Montoya said this figure represents a more accurate cost than the earlier Infrastructure Capital Improvements Plan (ICIP) request of \$2.8 million.

Senator Jennings congratulated Major General Montoya for his able leadership of the department and the New Mexico National Guard. He asked how much money would be needed to renovate and repair the existing guard barracks in Roswell. Major General Montoya said he would have to research that question and would provide Senator Jennings with the answer.

Secretary Jaramillo asked if the proposed land purchase is in compliance with the Santa Fe area master plan. Andy Aguilar of Architectural Research Consultants, Inc., (ARC) said that the department had been working with the master planners to comply with the plan.

2009 Legislation and Capital Outlay Requests

A. CBPC Proposed Legislation

Staff presented the proposed CBPC legislation, which included revisions resulting from member comments received after the December meeting.

CBPC 1. Executive Office Building (.174660.4)

Providing an additional \$150,000 gross receipts tax diversion to the State Building Bonding Fund for a new executive office building on the Main Capitol Campus.

Mr. Pollard said that the state will be able to use about \$1.8 million in annual lease payments toward debt service on the building bonds. Over a 40-year period, it is projected that the state will save about \$40 million, not including the value of the building it will own.

Secretary Miller requested that language be added to the bill clarifying that payments on the debt service will not be allowed prior to July 1, 2010.

CBPC 1 was adopted unanimously, with the requested revisions.

CBPC 2. Health and Human Services (HHS) Building (.174821.4)

Authorizing the New Mexico Finance Authority (NMFA) to issue bonds for an HHS building and authorizing the PCD to enter into a lease-purchase agreement for the facility. The building would house the Children, Youth and Families Department and the Human Services Department (HSD), and the bill would have no immediate fiscal impact. The building would have a 216,000-square-foot design and would be built in the Santa Fe metropolitan area.

Secretary Jaramillo said that several sites have been evaluated by the department's consultants for locating 686,000 square feet of buildings for the entire HHS complex. The Las Soleras site has the most viability for a project of that size. It is also being considered for a Rail Runner train station. Ms. Tackett said that the bill includes language allowing for the purchase of land for the building, if necessary.

Karl Sommer, representing Las Soleras developers, said that the property is currently being annexed by Santa Fe. Las Soleras is interested in having the entire HHS complex on that site and will work to make that property attractive to the state for development.

Secretary Miller asked if federal reimbursement funds could be used for the lease purchase. Mr. Pollard said they can, but that they will be applied toward the depreciation of the building, according to federal regulations.

Secretary Miller asked about the fiscal impact of the bill and how money would be allocated to pay the NMFA bonds. Mr. Carlson said that each agency that is housed in the HHS building receives in its operating budget money for its portion of the lease of the building, which will be transferred by the Department of Finance and Administration (DFA) to the debt service

account. There would not be a net fiscal impact after the planning phase.

Senator Jennings suggested that a 15-year lease-purchase term be investigated to see if the state would save more money. Mr. Pollard said the state would save some money that way, but it may not be able to meet its debt service payments on that accelerated schedule. Mr. Pollard said that he will investigate whether the state could finance the HHS building using a 15-year term.

CBPC 2 was adopted by the commission unanimously, subject to any necessary technical adjustments.

CBPC 3. Extension and Change in Certain Appropriations (.174664.2)

Extending the time for expenditure of the current appropriation to the LCS for funding the CBPC and master planning process until 2012; extending the time for expenditure of a \$5 million appropriation for purchase of property at the West Capitol Campus; and reauthorizing \$500,000 from a mostly unused appropriation for the Department of Public Safety crime laboratory to the LCS for the next phase of CBPC master planning statewide.

Representative Taylor, referring to an existing severance tax bond appropriation in law that is being proposed to be extended, said that the state should be spending general fund dollars, rather than borrowed bond dollars, for master planning.

Secretary Miller said she believes that the \$500,000 reauthorization toward master planning is already slated in the governor's solvency plan to be reverted to the general fund, so she unfortunately had to oppose the bill. Also opposing the bill were Secretary Jaramillo, Emilio Martinez and Lawrence Barreras.

The commission adopted CBPC 3 by a vote of 6-4.

CBPC 4. \$500,000 Appropriation for Master Planning (.174765.1)

Appropriating \$500,000 to the LCS for funding the CBPC master planning process for statewide state facilities.

Since CBPC 3 had been adopted, CBPC 4 was withdrawn from consideration.

CBPC 5. Expansion of CBPC Duties (.174662.1)

Expanding CBPC duties to include developing a long-term statewide strategic facility management plan.

CBPC 5 was withdrawn and incorporated into CBPC 9, which relates to several CBPC issues.

CBPC 6. Review of Lease-Purchase Agreements (.174663.1)

Provides for CBPC review of proposed lease-purchase agreements prior to legislative ratification.

CBPC 6 was withdrawn and incorporated into CBPC 9.

CBPC 7. Zoning Jurisdiction for State Buildings (.174666.2)

Clarifying the application of the Historic District and Landmark Act to state capital outlay projects. This bill enacts into law the practice recently put into place with the capitol parking garage by which a state agency collaborates with local governments and community members before designing a new building located in a historic district. The bill clarifies that, although there is no local approval power for state projects, the state needs to work with the community during the pre-design process.

Mr. Katz of the City of Santa Fe said that the city has had excellent results working with the state to ensure that buildings fit in with the historic character of Santa Fe. The city wants to preserve its historic character, which makes it an attractive tourist destination, generating gross receipts tax revenue for both the city and the state. He said that if the city is able to provide input on projects before they are designed, the results will be beneficial to both parties.

Richard Ellenberg, a Santa Fe attorney, said that he also applauds the collaborative process that occurred between the city and state in designing the capitol parking garage. He expressed concern that a few phrases in the proposed bill would weaken the historic design community's ability to influence the outcome of a design. "Reasonable budgetary constraints" and "preserving essential functionality" could be used by less cooperative future agency heads to derail any real collaboration between the city and state, he said.

Marilyn Bane, chair of the Old Santa Fe Association, suggested a different approach to the issue. She said the city could create a state capitol subdistrict in which the Main Capitol Campus would have its own special zoning guidelines. She said that Santa Fe Mayor David Coss has agreed to look into that idea.

Secretary Jaramillo said state projects sometimes conflict with local zoning standards, but that early collaboration between the parties can minimize conflicts. He said the proposed bill will provide some objective standards for the state and a municipality with which to work. He said that the "reasonableness" language in the bill is important because it sets an objective standard.

Mr. Katz said the most crucial issue for the Santa Fe historic zoning community is building height. If the proposed executive office building is a six-story office building, that will ruin the character of the downtown area of the city. It may be more economical to build a tall building, but that building does not belong downtown, he said.

The commission adopted CBPC 7 unanimously, with technical adjustments.

CBPC 8. Commission Member Designees (.174740.1)

Allowing the state treasurer and the secretary of general services to appoint a designee.

CBPC 8 was withdrawn and incorporated into CBPC 9.

CBPC 9. Consolidated Commission-Related Bill (.175341.2)

Allowing the state treasurer and the secretary of general services to appoint a designee; expanding CBPC duties to include working with the GSD and other state agencies in developing recommendations for addressing state facility needs; reviewing proposed lease-purchase agreements prior to submission of the agreements to the legislature for ratification.

Senator Jennings suggested that the commission could be expanded to include more legislative members, which would make it a more balanced body and make it more likely that the legislature would support its recommendations.

The commission adopted CBPC 9 unanimously without changes.

B. General Services Department Proposed Legislation

GSD 1. Purchase JP Taylor Facility Land (.174772.2SA)

Appropriating \$5,000 to the Capital Program Fund for the PCD to purchase land currently occupied by the Southern New Mexico Correctional Facility and the JP Taylor Juvenile Justice Center.

The commission adopted GSD 1 unanimously.

GSD 2. Ratification of Lease Purchase of a Substance Abuse Facility (.174773.2SA)

Granting approval to the HSD to enter into a lease-purchase agreement for a building for use as a substance abuse treatment and training facility at the correctional site of the Los Lunas Campus. This facility would be in compliance with the master plan for the Los Lunas area.

Senator Jennings said the GSD should be the lessor of the building, not the HSD. The agency that deals with buildings every day should decide how the lease-purchase agreement should be structured and how the building should be designed. That agency is the GSD, he said. Every time the state deviates from standard procedures, the state ends up with a poor outcome, he said, citing as an example the Department of Health's Fort Bayard facility.

Secretary Jaramillo agreed with Senator Jennings' assessment and said that the HSD has deferred to the GSD to draft the lease-purchase agreement. Mr. Taylor said the PCD is currently drafting a rule that will regulate future state agency lease-purchase agreements.

Mr. Simpson said he also agrees that the GSD is better suited to be the lessor than the HSD, but he said it is important that the state not lose any federal lease reimbursement revenue.

Ms. Tackett said the GSD could enter into the lease-purchase agreement on behalf of the HSD, which would answer that concern.

The commission adopted GSD 2 unanimously.

GSD 3. Lease Purchase of an HHS Facility (not drafted)

GSD 3, which had not been drafted, was withdrawn from the commission's consideration since CBPC 2 is similar in nature.

GSD 4. Agency Preventive Maintenance Plans (.174774.2SA)

Requiring agency preventive maintenance plans for public buildings as a prerequisite for new construction. The bill also provides for a web-based facility maintenance information management system.

Mr. Martinez asked what impact the bill would have on the Cultural Affairs Department. Mr. Taylor said the bill only applies to facilities under the jurisdiction of the PCD. Eventually, he would like to see a maintenance standard for all state agencies.

Speaker Lujan, speaking in favor of the bill, said the bill would put into place a standard similar to that already in place for public schools.

The commission adopted GSD 4 unanimously.

GSD 5. Building Replacement Value Appropriation Requirement (.174775.2SA)

Requiring an appropriation be made each legislative session to the Public Buildings Repair Fund (PBRF) equal to 1.1 percent of the replacement cost of PCD buildings.

Secretary Miller asked that the bill be clarified to specify how the replacement value of buildings is determined. She said that singling out one specific area of capital outlay needs for appropriation is not a good idea.

GSD 5 was withdrawn from the commission's consideration.

GSD 6. Extending Water Nonforfeiture Provisions to GSD (.174776.1SA)

GSD 6 had been withdrawn since it had been deemed to be unnecessary.

C. CBPC Staff-Proposed Legislation

Staff 1. Unified State Agency Capital Planning Process (.174661.5)

Providing for a unified capital planning process for state facilities; creating the Facilities Planning Bureau within the PCD; providing for an annual state facility plan that uses an objective, weighted ranking system to prioritize state facilities; and providing for a facilities management database and facility maintenance plans.

Mr. Taylor said the PCD supports the intent of the bill, which he estimates would require three to four additional full-time-equivalent employees to carry out its provisions. He said the PCD is already doing many of the functions described in the bill, but not to the extent mandated by it.

Secretary Jaramillo also spoke in favor of the bill, but said that with no extra money in the budget this year, it seems unlikely the bill would pass.

Staff 1 was withdrawn from the commission's consideration.

Staff 2. Reinstate Building Use Fees

Staff 2 had been previously removed from the commission's consideration due to budgetary constraints.

Staff 3. Two Percent Allocation to the PBRF from Certain Capital Outlay Projects (.174997.1)

Allocating two percent of all appropriations for major renovation or construction (over \$100,000) for PCD buildings to the PBRF.

The commission adopted Staff 3 unanimously.

Endorsement of Capital Outlay Requests in Master Planning Areas

The following list includes all capital outlay projects as originally requested in the presentations to the CBPC. The agency projects went through the ICIP and planning processes. The commission took action on projects most likely to affect the metropolitan area master plans in Santa Fe, Albuquerque (including Los Lunas), Las Cruces and statewide.

<u>Capitol Buildings Planning Commission</u>	<u>Request</u>	<u>CBPC Recommendation</u>
● Demolition/Abatement Funds for Los Lunas Campus Buildings	\$ 2,650,000	\$ 2,650,000*
● Las Cruces State Office Bldg—Plan, Design and Land Acquisition	\$ 4,000,000	combined below**
● Statewide Master Planning Funds for CBPC	\$ 500,000	\$ 500,000

General Services Department

● Statewide Repairs, Deferred Maintenance	\$10,000,000	\$ 5,000,000
● HHS Complex Land Acquisition (\$8M) and Design/Development	\$ 9,000,000	\$ 9,000,000
● Statewide Demolition/Decommissioning ** (Demolition Incl. Los Lunas, Roswell, Hobbs; the ARC Est. for Only Los Lunas Demolition/Abatement Is \$2.6 million)	\$ 2,100,000	combined above *
● Statewide Building Energy Efficiency	\$ 6,000,000	no action
● South Capitol Complex Infill, Phase I	\$ 3,000,000	\$ 1,500,000
● Las Cruces State Office Bldg/Land Acquisition/Design	\$ 9,000,000	\$ 5,500,000**
● Central (Main) Capitol Campus Master Plan/Expansion	\$ 1,500,000	\$ 1,500,000
● Statewide Planning and Design	\$ 1,000,000	\$ 1,000,000

State Records and Archives

(GSD/PCD indicates funds are available now to do the study)

● Feasibility Study—Assess Space Needs and Financing Alternatives	\$ 60,000	withdrawn
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Cultural Affairs Department

(CAD reports top two are highest priority)

● Statewide Repairs and Maintenance of CAD-wide Cultural Assets	\$ 8,426,000	\$ 8,426,000
● Cultural Facilities Project Completion	\$ 8,320,000	\$ 8,320,000
● Cultural Facilities Expansion	\$ 2,400,000	no action
● Cultural Facilities and Equipment Upgrades	\$ 2,221,000	no action
● Purchase of Cultural Assets	\$10,000,000	no action

Department of Military Affairs

● Santa Fe Land Acquisition, 261 Acres	\$ 2,280,000	\$ 2,280,000
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Adjournment

There being no further business, the CBPC adjourned at 3:50 p.m.