APPROVED MINUTES
of the
THIRD MEETING FOR 2008
of the
CAPITOL BUILDINGS PLANNING COMMISSION

Thursday, June 5, 2008
Room 311, State Capitol
Santa Fe

The third meeting of the Capitol Buildings Planning Commission (CBPC) for 2008 was called to order by Arturo Jaramillo, secretary of general services, co-chair, on Thursday, June 5, 2008, at 1:45 p.m. in Room 311 of the State Capitol in Santa Fe.

Present
Arturo Jaramillo, Secretary, General Services Department (GSD), Co-Chair
Rep. Ben Lujan, Speaker of the House, Co-Chair
Rhonda Faught, Secretary, Department of Transportation (DOT)
Sen. Stuart Ingle, Minority Leader
Sen. Timothy Z. Jennings, President Pro Tempore
James B. Lewis, State Treasurer
Emilio Martinez, Designee for Stuart Ashman, Secretary, Cultural Affairs Department
Katherine B. Miller, Secretary, Department of Finance and Administration (DFA)
Arthur W. Pepin, Director, Administrative Office of the Courts
Dallas Rippy, State Land Office, Designee for Commissioner Patrick H. Lyons
Rep. Thomas C. Taylor, Minority Leader

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

Guests
The guest list is in the meeting file.

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

Thursday, June 5

Minutes

The minutes of the March 27, 2008 commission meeting were adopted, as amended.

Overview of Facilities Master Planning

Mr. Pollard presented the commission with an overview of a basic strategic facility planning process. The basic process consists of four steps: determining facility requirements for a state agency based on that agency's strategic plan for agency outcomes and operations; evaluating existing facilities for their current condition and ability to meet future facility needs; using life-cycle costing to choose new facility design, construction, acquisition and financing methods; and using the most cost-effective finance tools for required maintenance, renovation and new facility acquisition.

The first step of the process, which involves state agencies developing a three- to five-year infrastructure capital improvements plan (ICIP), has been improved in New Mexico during the past few years. State agencies are now required to submit their ICIPs to the PCD for review and coordination with other agencies before funding is requested through the DFA and the legislature. One drawback in the process is that there is no standard method to prioritize projects across agencies, which can result in state agencies having to compete with each other for capital project funding.

The second step of the facilities planning process includes taking an inventory of existing facilities of each agency and other state facilities, and then developing a plan for maintaining, replacing and disposing of those facilities, based on the needs developed in the first step. The third step, life-cycle costing of a facility, involves an economic evaluation of facility acquisition alternatives that considers all relevant costs associated with each facility alternative and provides a comparison to determine the alternative with the lowest life-cycle cost. The final step, determining a financing method, takes the results of the third step to calculate the best method of financing the facility, including options such as lease, lease-purchase, revenue bonds, general obligation bonds, cash appropriations, etc.

Mr. Pollard also discussed deferred maintenance at state buildings and described how buildings in Santa Fe and Bernalillo counties generally have a lower need for repairs than the rest of the state, which has far more deferred maintenance problems. He mentioned that state buildings in Santa Fe County have use of the Capitol Buildings Repair Fund, which is funded by distributions from state trust land income. The facility condition index (FCI) of all state buildings in Santa Fe County was 13 percent a few years ago, which means that the cost to repair those buildings is 13 percent of total replacement values of the buildings. Bernalillo County's FCI is 18 percent, which is still relatively low. The other 31 counties, however, have much higher FCI percentages.

Representative Taylor asked why Lincoln County has such a high FCI of 87 percent and whether that percentage represents the cost for complete renovation or just to make the facilities serviceable. Mr. Miller said that the FCI inventory used rule-of-thumb guidelines to generate repair costs and did not calculate the actual cost of fixing every deficiency. He said the FCI gives a good reflection of what it will take to bring the facility into compliance with current standards, including compliance with the federal Americans with Disabilities Act of 1990. Mr. Miller said that Fort Stanton, which accounts for Lincoln County's extreme FCI rating, would be prohibitive to repair. Mr. Pollard said that once an FCI rating for a building gets more than 40 to 50 percent, the agency needs to consider whether it would be more cost-effective to replace the building.

Senator Jennings said that much of the private leasing undertaken by state agencies is merely a way of avoiding the restrictions of the Davis-Bacon Act, which mandates certain wages for public construction. That federal law has a New Mexico counterpart, known as the Public Works Minimum Wage Act, which Senator Jennings suggested might need to be repealed. Mr. Pollard noted that the purpose of the strategic facility planning process is to identify all of the costs and tradeoffs for acquiring a facility so that policymakers can easily make the most cost-effective decision. He agreed that, although a state-built facility may be cheaper to finance, because of tax-exempt bonds, savings may be offset by the wage requirements for public projects. Also, he said that it is much easier for state agencies to get funding to lease a building, which is an operational expense, than to get capital funding for construction of a state-owned building.

Representative Taylor mentioned that state agencies that enter into private leases for new buildings tend to pay much higher rents than necessary, because those leases tend to be for a maximum of eight years; thus, the owner of the building will amortize its construction costs over the shorter lease term rather than the more traditional 30 to 40 years of the building's expected life. Because state agencies tend to renew leases longer than the original term, the state ends up paying many times more than the building's original cost.

Secretary Miller reported that there is a national trend of state and local governments selling off some of their assets to the private sector and then leasing those facilities. She said New Mexico is often approached by private entities for such an arrangement. Mr. Pollard said that, in his opinion, the state should own an asset if it will save money over the life cycle of the asset and if the state commits to its maintenance. Otherwise, it might be better off leasing.

Secretary Jaramillo said that some facilities at Fort Stanton are being repaired, but no decision has been made about Fort Stanton's long-term future. He asked whether a state buildings repair fund exists for use outside of Santa Fe County. Mr. Taylor said that there is no such fund; yearly appropriations are made by the legislature for those repairs.

Secretary Jaramillo asked what the key factors are in determining whether the state should lease or own buildings. Mr. Pollard said that rents always increase over time, and debt service remains flat. As long as the state maintains an asset, the state saves money by owning it. He said it is almost never better financially for the state to lease if it plans on using the facility for a long time.

Senator Ingle asked what had happened to Senate Bill 509 from the 2008 regular legislative session. Mr. Pollard explained that the bill, which would have given the commission the power to review potential lease-purchase arrangements before submission to the legislature for approval, was pocket-vetoed.

Lease-Purchasing of Facilities Using Federal Funds

Joel Nolan, national director for costing services practice, MGT America, Inc., gave a presentation to the commission on the intricacies of federal reimbursement to states for rentals of facilities that states use to implement federal programs. The federal government reimburses states when they incur costs to house employees and programs mandated by the federal government. In the past, the federal government has typically paid for its fair share of the use of a building, whether that building is leased or owned by the state.

If the building is owned and financed by the state, however, the federal government reimburses states using a different method. The state usually has to depreciate the cost of the building for 40 to 50 years and request reimbursement from the federal government based on the depreciation schedule rather than on the shorter bond-payment schedule most states use to finance a building. Although the federal government will eventually pay its share of the use of a building, its payments will not necessarily match the cash-flow needs of states to make their bond payments.

The recent trend of states to finance buildings using a lease-purchase scenario, also called a "capital lease", is treated as a capital asset owned by the state for purposes of claiming federal reimbursements. As an asset, it needs to be depreciated according to the 40- to 50-year schedule rather than according to the terms of the lease. The federal government treats lease-purchases of state buildings as merely a semi-private mechanism for financing state-owned assets. Mr. Nolan said that many states have been hurt by lease-purchase agreements because, typically, the state will own the asset after the usual 15- to 20-year financing, but will soon be faced with large repair costs for that building.

When states consider whether to lease or own a building, said Mr. Nolan, they often make the mistake of assuming that they should put the federal programs in leased facilities because they assume that federal reimbursements for programs will be reduced if a program is housed in a typically cheaper state-owned facility. In reality, said Mr. Nolan, almost all federal reimbursements are paid according to a formula, and if the state can save money by owning its own building, the federal payments to the state will not change. The state can use any savings according to its own needs. The caveat to that scenario is that states have to comply with the myriad rules and restrictions regarding the reimbursements.

One method states are most likely to employ will result in a quicker reimbursement from the federal government by allocating costs of a new building into various components. The structural core of the building gets depreciated on the usual 40- to 50-year schedule, but the cost of most of the components (e.g., roofing, flooring, lighting, mechanical and interior walls) can be recovered on an accelerated schedule, based on the expected life of each component. The state then sets up occupancy rents for its tenants, based on the various depreciation schedules. As long as the rent charged to the federal government is allocated equitably to all of the other tenants in the building using the same method, the federal government will pay the prevailing rate for its portion of the building. Although the state technically would also be charging rent to its own state agencies for the use of the building, that is merely an accounting issue that can easily be remedied in agency budgets, said Mr. Nolan.

None of this accounting will benefit the state, said Mr. Nolan, if the state does not plan for regular maintenance of the facilities being financed. Agreeing with Mr. Pollard, Mr. Nolan said that if a state cannot make a long-term commitment to maintaining a building, the state is better off leasing. Although the state will be better off financially by maintaining its assets, the federal government will not reimburse states for maintenance reserve funds. It will, however, reimburse states for actual renovations to its assets.

Senator Ingle asked what the best method is for states to keep their prisons maintained. Mr. Nolan said that a deferred maintenance fund would be best, but none of the states he works with has such a fund for its prisons.

New Mexico Finance Authority Role in Lease-Purchase Financing for State Buildings

William Sisneros, chief executive officer, and Mark Valenzuela, director of governmental affairs, both of the New Mexico Finance Authority (NMFA), described for the commission the various funding mechanisms the NMFA can use to help the state finance and acquire facilities. The NMFA is allowed by statute to own and lease buildings, and the GSD is allowed to enter into leases with the NMFA. The NMFA can issue revenue bonds to build a state building, lease it to the state and, at the end of the lease, sell the building for a nominal amount to the GSD. The NMFA would work with the GSD on the construction of the building. The term of the lease could also provide for future maintenance of the building.

Mr. Sisneros contrasted NMFA financing of state buildings with the state entering into lease-purchase agreements, which was recently approved by New Mexico voters. In this scenario, a private third party would finance and construct the facility, and the state would gain equity in the building during the term of the lease; however, the building would typically cost more due to the profit margin needed by the developer; the more complex legal and financial consulting services needed; and lower credit rating and higher interest rates than the NMFA can get.

The least expensive option for financing state buildings is having the NMFA issue state building bonds, which are backed by a monthly general fund distribution. Each project requires legislative authorization; the GSD controls the entire design and construction process; and the state owns the facility from the beginning. After several state projects were authorized, including the purchase of the PERA and Coughlin buildings, the construction of the legislative parking garage and the state laboratory, no available bond capacity remains in the State Building Bonding Fund for additional projects. If the state wishes to finance any more state buildings using state building bonds, another revenue source will have to be identified. The most significant benefit is the fixed rate cost of construction.

Secretary Faught asked whether, since state agencies typically have difficulty maintaining their buildings, a building maintenance fee could be included in bond payments to the NMFA. Mr. Sisneros said that could easily be arranged.

Mr. Pepin asked what the repayment source for NMFA-issued bonds for state agency buildings would be. Mr. Sisneros said that, usually, lease payments to the NMFA provide the revenue bonding source. Mr. Pepin then wondered why the state would ever bother entering into a lease-purchase agreement with a private developer when the NMFA can do essentially the same thing for much cheaper. Mr. Valenzuela said that if the state intends to occupy a building for 30 years, then tax-exempt financing through the NMFA would be beneficial.

Mr. Martinez asked if the state can use a lease-purchase agreement for renovations. Mr. Sisneros said that it can, but the state needs to have equity in its buildings. It is more a question of what option to take in the long term or short term, he said.

Secretary Faught said that many states are selling their highways to the private sector. She wondered whether, if New Mexico was faced with such a necessity, it could sell highways to the NMFA instead. Mr. Sisneros said that would be possible.

Final Recommendations—Initial Albuquerque/Los Lunas Area Master Plan

John Petronis and Andy Aguilar of Architectural Research Consultants (ARC) presented the commission with the initial Albuquerque Area Capitol Buildings Master Plan. The principles underlying the master plan include locating state agencies to achieve functional, operational and logistical efficiency; promoting convenient public access to government services; providing equitable and adequate space while realizing economic efficiencies; and protecting long-term asset values of state property.

The basic plan for the Albuquerque/Los Lunas area includes:

- developing a high-density "super block" complex of state agencies at the current location of the Youth Diagnostic and Development Center (YDDC) in Albuquerque;

- relocating most of the YDDC to a new location in Los Lunas;

- developing the old Los Lunas hospital site to support local state agency field offices;

- developing the southern Los Lunas site for specialized secure and therapeutic uses; and

- keeping the Los Lunas grasslands site for future development.

In Albuquerque, the state currently leases 860,000 square feet of mostly office space. By redeveloping the YDDC site into a state office complex, the state can transition much of that currently scattered leased space into a centralized area, allowing for easier public access and potential long-term savings to the state. The master plan identifies 21 state agency offices in Albuquerque that could be relocated to the super block site without affecting the services they provide. ARC interviewed each of those agencies about expected future staffing and space needs. The plan calls for redeveloping the northern part of the YDDC site into three different density and use areas and keeping the southern portion for the short- to mid-term in its current secure uses.

In Los Lunas, the master plan addressed three areas: the grasslands site, the southern Los Lunas campus and the Los Lunas hospital site. The 288-acre grasslands site was recommended for long-term development with short- to mid-term leases. Additionally, it is imperative that the water rights on the grasslands site be maintained, and a study is being done on ways to achieve the beneficial use of water there.

The southern Los Lunas campus consists of approximately 1,200 acres of state-owned land, some of which is currently used for correctional purposes. The master plan recommends relocating the YDDC to this location, maintaining agricultural buffer areas for future growth, leasing a portion of the property along State Highway 314, as well as continuing existing leases there, and developing a public safety area near Interstate 25. A new interstate interchange may need to be developed in order to access the area better. Secretary Faught offered her assistance with the transportation issues.

The Los Lunas hospital site consists of approximately 184 acres, 50 of which are currently leased to local governmental entities. The master plan proposes maintaining the current leases; consolidating local state offices in 30 acres of the site; preserving a few buildings and 60 acres of open space in order to create linkages to local parks and further recreational opportunities; and potentially leasing 44 acres for residential use in this rapidly growing area. The current site has many buildings that should be demolished because the cost to repair them would not be economically wise.

Secretary Jaramillo asked whether the master plan is a final recommendation to the commission. Ms. Tackett said that, conceptually, it is, but the plan does not yet have an implementation plan. Time frames and budgets would still need to be developed once the basic concept is adopted by the commission.

State Treasurer Lewis asked whether officials from Los Lunas have been involved in the master planning process. Mr. Petronis said that there has been much contact with village officials, but on an informal basis. The village is very interested in collaborating with the state in developing the sites. State Treasurer Lewis asked whether ARC has reviewed the Los Lunas master plan. Mr. Petronis said it has, and he pointed out that all Los Lunas sites are actually outside of village boundaries.

Speaker Lujan suggested that the Los Lunas sites not slated for immediate development could be used by the Corrections Department for agricultural purposes. He said the department could use low-security inmates to manage alfalfa fields, which could, in turn, be a good revenue source for the department. Mr. Petronis said that at the southern Los Lunas site, the state currently leases property to local farmers, who, in turn, hire inmates from the correctional facility to manage the fields. Mr. Aguilar said that using the grasslands site for agricultural purposes would be consistent with that site's short-term plan.

Mr. Pepin asked whether the state would have to terminate its leases in order to move into the Albuquerque super block location. Mr. Petronis said that the state has the ability to end its leases as long as the entity leasing the facility relocates to a state-owned facility.

Secretary Faught said that she would like to meet with ARC representatives to discuss her concerns regarding the DOT property at the super block site in Albuquerque. Secretary Jaramillo asked whether the current super block idea, which would require the DOT relocating some of its facilities elsewhere, is compatible with the department's plan. Secretary Faught said that the master plan conflicts with the DOT's use of the land. Currently, the DOT has a variety of uses on the property.

Secretary Miller asked about costs and time frames for developing the plan. Mr. Petronis said that will be the next step in the plan, which will analyze the financial impacts of leasing, lease-purchasing or state-financing buildings. Mr. Petronis said that relocation of the YDDC would probably be the first major part of the process, along with demolition of certain buildings on the sites.

Secretary Jaramillo asked what percentage of Albuquerque-based state agencies that are currently leasing space would be located at the state-owned super block site. Mr. Petronis said the new complex would take care of about 40 percent of the office space needs in the city. The remaining 60 percent may need to stay in leased space. ARC has started looking for another centralized location that could be used for state office consolidation. The Bank of the West property on San Mateo and Central is high on the list of possible sites, he said.

Ms. Tackett said that staff would like general direction from the commission on whether the proposed master plan is on track or whether a change in direction is desired. Speaker Lujan moved preliminary approval of the master plan, subject to future modifications after discussions with the DOT.

Secretary Miller asked whether the Corrections Department has been involved with the development of the Los Lunas area master plan. Mr. Petronis said that there have been discussions with the Corrections Department and other agencies in developing the plan. Secretary Miller asked that the motion be expanded to include any other state agencies' concerns.

Speaker Lujan asked about the Corrections Department's involvement in development of the master plan. Mr. Aguilar said that there have been discussions with the department regarding the department's long-range plans, including direct communication with Secretary Joe Williams. Deputy Secretary of Corrections Jolene Gonzales said that her department has just received the proposed master plan and is still reviewing it. Ms. Tackett said that it is important that each affected state agency be comfortable with the master plan before it progresses.

Action Item: The motion to give preliminary approval of the Albuquerque Area Capitol Buildings Master Plan was approved without dissent. Secretary Jaramillo directed staff to provide all affected state agencies with copies of the master plan for comment and to meet with the agencies to address their concerns.

Secretary Faught said the DOT would be glad to work with ARC and the commission with transportation issues regarding the master plan, including the possible interstate interchange in Los Lunas.

Speaker Lujan asked about the status and plans for the four-acre piece of property at Los Lunas that is owned by the state but is nearly surrounded by land used by New Mexico State University (NMSU). Mr. Aguilar said that parcel is currently used by the NMSU Agricultural Science Center and that NMSU desires to acquire the property from the state. Mr. Petronis said that the state could possibly trade that property for land in Las Cruces.

Current Santa Fe Area Master Plan—Background for South Capitol Campus

Mr. Petronis reviewed the history and current status of the master plan for the south capitol campus in Santa Fe. The 1999 master plan designated the campus for administrative and support functions, encouraged the state to own rather than lease buildings when it is in the state's long-term interests and recommended relocating the DOT headquarters to another location in Santa Fe.

Since the plan was adopted, however, the property has undergone significant changes with the proposed Rail Runner train station, a potential public-private development and new headquarters for the DOT on the DOT-controlled portion of the campus, primarily to the west of the railroad tracks.

Meanwhile, the GSD contracted for a study to assess consolidating key agencies into state-owned buildings in accordance with the master plan, including development of a health and human services (HHS) super complex (formerly called the Super Complex) that would bring several agencies together for easier customer access. The plan would require between 500,000 and 700,000 gross square feet of building space. The HHS plan would move many state agencies from leased land to state-owned land, which would potentially save the state $120 million over the next 30 years.

Mr. Petronis said that ARC still believes that the best location for the HHS complex is at the south capitol campus because of the existing critical mass of state agencies at the site, the high cost of acquiring other lands, the central location and ease of customer and employee access and the close proximity to the Rail Runner station, particularly for commuters. ARC recommends that the DOT and GSD cooperate on jointly developing the campus to support the general state administrative office uses, including a new DOT headquarters and an intermodal transportation center; however, Mr. Petronis said, if a cooperative arrangement cannot be reached, ARC recommends that the state move forward to develop GSD-owned lands that would redevelop some of the current low-density uses and incorporate a parking garage to make room for additional buildings on the site. Mr. Petronis said that there is room on the GSD land to include the health and human services super complex without infringing on DOT-controlled land.

Mr. Taylor said that the PCD has contracted with an architect to develop the HHS super complex. He said that another location for the super complex may, in fact, be appropriate. The Department of Environment and the Department of Information Technology have submitted plans to the PCD to renovate and expand their current space on the campus.

Secretary Miller asked about the other suitable locations that were identified for the super complex, including the Las Soleras site near Richards Avenue and Interstate 25. She wondered if other state agencies on the south capitol campus will have enough room to expand if the HHS complex is developed there. Mr. Petronis said that the south capitol campus is the ideal location for the complex, especially with the Rail Runner station right there. He said the entire HHS complex idea may not be possible there, but that the area needs and can sustain more development. Secretary Miller said that there probably will be another Rail Runner station on Richards Avenue, close to the Las Soleras site.

Speaker Lujan asked about using the Valdes Park property for the HHS complex. Mr. Taylor said that site did not rank very high when the study was done. He said the property is too small for the super complex, especially since the new Motor Vehicle Division office constructed there reduces the available space to about 11 acres. Speaker Lujan asked that the Valdes property be reexamined for suitability for the super complex development.

Senator Jennings said that he is concerned about the impact on roads and access once several thousand more people start going to the south capitol campus every day. Speaker Lujan agreed that it is not desirable to put so many people downtown, which is why he advocates a location further south. The speaker indicated that the HSD could fit at the south capitol campus. He also expressed interest in using the Valdes site. Senator Jennings expressed concern that the Valdes site was too small, but that land by the National Guard or near the penitentiary would also be close to a new Rail Runner stop.

Secretary Jaramillo said the HHS complex is by design an integrated concept that needs many state agencies in the same location to function efficiently. He believes there is not enough room on the south capitol campus or the Valdes Park property to house the super complex. He said it should be located in the southern part of Santa Fe on a larger property.

Senator Jennings asked if the state owns the Las Soleras property. Secretary Miller said that the land is privately held, but that the developer expressed interest in possibly donating some acreage to the state in exchange for a Rail Runner station there. Senator Jennings suggested that the state penitentiary lands (the Onate Site) be investigated for suitability for the HHS complex site.

Ms. Tackett said that staff had wanted some direction and that staff would revisit the south capitol campus plan.

State Property Updates and Project Status

Mr. Taylor briefed the commission on ongoing PCD projects.

Capitol Parking Structure

The parking structure will not be complete before the start of the 2009 legislative session. The contractor anticipates beginning construction in July if Public Service Company of New Mexico is able to remove power lines from the site in time. The PCD is working with the contractor to have parking on one level of the structure available for the legislative session.

Department of Public Safety Crime Laboratory

Nims Calvani Architects was selected to perform the initial programming phase of the project. At the conclusion of Phase 1, the results will be presented to the legislature.

Old Metro Court; SJR 16 (2007)

The PCD is currently in lease negotiations with Bernalillo County to execute a five-year lease for use of the old metropolitan court building as a community charter school outreach program and substance abuse treatment program. The county may also use the building to house its sex offender registration program. Commission review of a long-term lease, sale or trade is required before it can proceed.

Secretary Jaramillo said that the state was not planning to charge the county for rent because the county will be providing services to the state in lieu of rent. The county would make improvements to the property. John Dantis, Bernalillo County deputy manager for public safety, said that the county will spend money to renovate the building and may also house a drug court there.

Senator Jennings asked how the state ended up in possession of the court building. Mr. Miller said the legislature authorized the property transfer when it financed the new metropolitan court building.

Ms. Tackett asked if Bernalillo County would be interested in receiving title to the property if the state has no use for it. Mr. Dantis said the county would be interested.

Speaker Lujan asked if the sale of the property could be acted upon without getting further legislative approval. Ms. Knight said that the resolution allowing the lease also allows for the sale or trade of the property after commission review. Mr. Taylor said that an appraisal has been performed, and the value of the property could be offset by the services the county provides for the state at the property.

After more discussion about the technicalities of executing a sale, Secretary Jaramillo moved that a five-year lease be approved by the commission until the details of the sale to Bernalillo County are resolved. The motion was adopted without dissent.

Galisteo Street Property; HJR 8 (2007)

The PCD only received one response to use the property, which was an offer to lease one-fourth of an acre for a cell phone tower. No other parties have expressed interest in buying or trading the land. The PCD recommends holding the property for a possible land exchange. No final action can be taken until reviewed by the CBPC.

DeVargas Street — Old Labor Department Building

Speaker Lujan asked Mr. Taylor about the status of selling the former Labor Department building. Mr. Miller said that the new Workforce Solutions Department (WSD) is considering developing the property into a one-stop shopping center for its clients. Secretary Jaramillo said that the federal government, which helped pay for the building, claims it needs to recoup money from the sale of the building unless the proceeds are used to acquire another labor building.

Mr. Taylor said the WSD has a different policy direction from the old Labor Department and suggested the department present its new capital and strategic plan to the commission before further action is taken. Staff was directed to contact the agency.

Workers' Compensation Administration Land in Las Cruces; SJR 13 (2007)

GSD reported that the property will be sold to the City of Las Cruces for its fair market value of $400,000 after city approval. The money will be returned to the project fund for the state office building in Las Cruces. No action by the CBPC is required.

Penitentiary of New Mexico (PNM) Wastewater System; HJR 13 and SJR 10 (2008)

Both legislative initiatives failed. They would have allowed the state to enter into a 99-year lease with Santa Fe County for the county to operate the PNM wastewater treatment facility. Although the resolutions failed, the PCD was encouraged at legislative hearings to pursue shorter leases that did not require legislative approval.

Speaker Lujan asked why the county wants to operate the system. Mr. Taylor said that development in the area is forcing the county to provide wastewater services in that part of the county. It could either develop its own treatment facility or join with the state to expand and operate the facility for state and county users. He said the state does not have the expertise or interest in operating utilities, but the county does. Speaker Lujan said the county should develop its own wastewater system, rather than risk losing the lease after 25 years.

Secretary Jaramillo said that the state owns this large wastewater system, which the Department of Environment will soon require to be upgraded in compliance with new regulations. The lease to the county was viewed by the GSD as a method of solving the expensive upgrade issues, which the county would pay for, as well as helping the county with its needs.

Speaker Lujan asked if the wastewater treatment plant is currently being used. Mr. Taylor responded that it is being used by PNM, the county correctional facility and the National Guard.

Ms. Tackett suggested putting this item on the commission's next meeting and inviting Santa Fe County representatives to the meeting. Staff was directed to meet with county representatives before putting them on the agenda.

<u>Taos County Land Transfer; SJR 13 (2008)</u>
The City of Taos is preparing a new survey for the land transfer.

Public Comment

Jason Marks, chair, Public Regulation Commission (PRC), requested that the PRC be allowed to present to the CBPC at its next meeting regarding the PRC's space needs at the PERA Building. Staff was directed to meet with Chairman Marks to obtain necessary background information.

There being no further discussion, the commission adjourned at 5:35 p.m.