

MINUTES
of the
THIRD MEETING IN 2009
of the
CAPITOL BUILDINGS PLANNING COMMISSION

Tuesday, June 23, 2009
Room 307, State Capitol
Santa Fe

The third meeting of the Capitol Buildings Planning Commission (CBPC) for 2009 was called to order by Speaker of the House Ben Lujan, co-chair, on Tuesday, June 23, 2009, at 1:45 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
Gary Giron, Secretary of Transportation
Sen. Stuart Ingle, Senate Minority Floor Leader
Sen. Timothy Z. Jennings, Senate President Pro Tempore
Emilio Martinez, designee for Stuart Ashman, Secretary of Cultural Affairs
Katherine B. Miller, Secretary of Finance and Administration
Katherine Moss, designee for Patrick H. Lyons, Commissioner of Public Lands
Patrick Simpson, Administrative Office of the Courts
Clarence Smith, designee for James Lewis, State Treasurer
Rep. Thomas C. Taylor, House Minority Floor Leader

Staff

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

Guests

The guest list is in the meeting file.

Handouts

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

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Minutes

The minutes of the May 6, 2009 meeting of the CBPC were adopted without changes.

Open Meetings Resolution

The open meetings resolution for the CBPC for 2009 was adopted.

Background and Recap of Recent Santa Fe Master Plan Process

Ms. Tackett made brief opening remarks about the Santa Fe master plan.

Overview of Santa Fe Master Plan and Campuses and Review of Site Options for Health and Human Services Project

Master planners John Petronis and Andy Aguilar from Architectural Research Consultants, Inc. (ARC), presented to the commission the results of their study of potential sites for the location of phase 1 of the health and human services (HHS) complex. A previous study in 2007 had been performed by another contractor, but since that study, several additional sites have been identified as possible locations for the complex.

The 2009 legislature authorized the lease-purchase acquisition of a building to house the Human Services Department (HSD) and the Children, Youth and Families Department. Up to \$80 million is available for financing the project, and another \$4 million is designated for land acquisition and design.

Mr. Petronis began with a review of the five existing state campuses in the Santa Fe master plan. Although some of the campuses have potential to house the HHS complex, most would not be able to accommodate the project in a timely manner. Locating the project at the south capitol complex would require demolition of at least one existing building, in addition to construction of a parking garage. One goal for the west capitol complex is the acquisition of property from the federal government that could provide space for the complex, but that property transfer has been stalled for the foreseeable future. The main capitol campus has been designated mostly for constitutional agencies, and there is no immediate space for the project at that campus. The Department of Public Safety (DPS)/Department of Transportation (DOT) campus was evaluated by the master planners for suitability, but was deemed not available within the time frame needed for the project.

The phase 1 development of the HHS complex would need a minimum of nine acres, and if phases 2 and 3 are constructed, between 13 and 29 acres would be required, depending on whether surface or structured parking is used. The master planners also assumed that the land would need to be available immediately for phase 1 development in order to be considered viable. After evaluating potential sites for size and availability, the remaining sites were then ranked according to a series of evenly weighted criteria. Criteria included proximity to an existing state campus; convenient access to its users, including commuter rail proximity and vehicle access; compatibility with state and local land planning policies, including promotion of a compact urban form, encouraging sensitive infill development, alignment with land use and

zoning plans and the potential for a mixed-use environment; and acquisition and site development costs.

Fourteen sites were evaluated, and after the first elimination round of size and immediate availability, six sites were further ranked. Those sites include the Onate property, using state land near the penitentiary; Las Soleras property; Oshara Village property; Rabbit Road/St. Francis property; College of Santa Fe property; and property south of the Onate site. The top three sites ranked according to this system were Las Soleras, scoring 25 points; Oshara Village, scoring 20.5 points; and the College of Santa Fe, scoring 20.5 points.

Mr. Petronis said that the top three sites all have potential and should be further investigated. The Las Soleras site stands out from the rest mainly because of its excellent access to a proposed commuter rail station. The conclusions reached by the master planners are in accord with the conclusions reached by the GSD separately, reported Mr. Petronis.

Senator Ingle asked about the time frame for completion of infrastructure at Las Soleras. Secretary Jaramillo said that a contract with Las Soleras would require the developer to develop sufficient roadway access and sewer capabilities within 270 days. All infrastructure, including paved roads and a Rail Runner station, would need to be completed within two years.

In response to a comment by Representative Taylor, it was noted that the station will be a "center-line" station.

Karl Sommer, representing the Las Soleras developers, said that there are currently roadways and utilities within the development very close to the proposed site. He reported that Las Soleras is willing to commit to completing all the infrastructure and expects everything to be completed within the two-year time frame. He also reported that the Rail Runner stop requires approvals from the Federal Highway Administration (FHA) and others, and he anticipates those approvals will occur within two years. An environmental assessment is required for the FHA.

Representative Taylor asked how much time the new station would take to complete. Lawrence Barreras, deputy secretary of transportation, reported that the federal approval process typically takes 18 months and construction of a station would take six months or longer. He said that the stop at Las Soleras has already been approved by the Santa Fe Metropolitan Planning Organization's (MPO) Transportation Policy Board (TPB); however, as previously reported, there are certain contingencies tied to the MPO approval.

Senator Jennings opined that the state will be increasing tremendously the value of Las Soleras' property and that perhaps the state should get some of the most valuable commercial property in addition to the site for the HHS complex. He asked about the ownership of the Las Soleras property. Mr. Sommer responded that five families own the property. He also said that the master plan, roadway plans and annexation by the city have been approved.

Senator Jennings expressed concern that there will be too many Rail Runner stops in Santa Fe, which will make the commute to and from Albuquerque very slow. He said that he is concerned about the cost to the state of the property, compared to the value Las Soleras will be receiving. He said the selection process needs to be much more transparent, especially in light of all the other scandals facing the current administration. There is sufficient doubt in the eyes of the public about this project, he said. Finally, he asked whether the state will need to make any more appropriations in the future for the project. Secretary Jaramillo said that the HHS project is to be funded by diverting the \$5.9 million in private lease payments toward the lease-purchase of the phase 1 facility. The New Mexico Finance Authority will probably issue bonds for the project. Other than the \$4 million appropriated and designated by the legislature to acquire land and to plan and design an HHS complex, no new money will be needed for phase 1 of the project. The HHS legislation only authorizes phase 1 of the project. If phases 2 and 3 are desired in the future, new legislation and funding sources will be needed, he said.

Secretary Miller asked who decided the location of the Rail Runner stop at Las Soleras. Secretary Giron said that the MPO made that decision. The distance between the NM 599 stop and the Las Soleras stop is sufficient to ensure efficient operation of the train, Secretary Giron reported.

Secretary Miller asked who is responsible for the cost of building the station. Secretary Giron said that the developer is responsible for all costs associated with the stop, regardless of whether the state builds an office building at the site.

Secretary Miller said that the current administration has been discussing the HHS complex for five years, and it is time to get the project moving.

Senator Ingle asked about the letter from the governor supporting Las Soleras as a Rail Runner stop location and as a location for the HHS. Secretary Jaramillo said that the CBPC has looked at Las Soleras since 2007. In its first analysis, the planning firm HOK scored Las Soleras the highest and recommended acquisition of property for the complex. The letter from the governor came after that analysis, since the GSD believed it was the best site in 2008.

HHS Site Presentation

Secretary Jaramillo gave a detailed presentation to the commission about the selection of and proposed agreement for the Las Soleras property. Getting a state building constructed is an incredibly difficult process, and the HHS complex has been on the drawing board for nearly a decade, he said. The master plan strategy is to consolidate operational, functional and logistical efficiencies among the HHS agencies, which are scattered in leased and state-owned office buildings throughout Santa Fe. Creating an HHS complex would foster collaboration between agencies at the administrative level; co-locate HHS agencies to maximize program synergy; improve public accessibility and eliminate multiple locations; realize economic efficiencies through economies of scale and infrastructure sharing; vacate private leased space and achieve substantial long-term savings; relieve existing crowded conditions; and make space available for other agencies in existing state-owned facilities.

In 2006, New Mexico voters approved a constitutional amendment allowing the state to lease-purchase assets. The 2009 legislature passed House Bill 728 (Laws 2009, Chapter 145), which authorizes the lease-purchase of an \$80 million HHS office complex. The legislation requires review by the CBPC prior to entry into any contracts. Secretary Jaramillo reported that the financial analysis allocated up to \$2 million for acquisition of land from the \$80 million. In addition, the legislature appropriated \$4 million for HHS land acquisition. House Bill 728 requires consideration of land trades for acquisition of the property, subject to final approval by the legislature.

The proposed deal with the Las Soleras developers involves a \$6 million payment by the state; a trade of state-owned property on Galisteo Road and some portion of the Valdes property; and a contribution of land from the sellers to the state. The proposal also provides a five-year option to acquire an additional 6.9 acres adjacent to the acquisition site, which would allow for development of phases 2 and 3, if so desired. The state will pay the sellers \$6 million for at least 6.89 acres of the property, depending on the appraised value. At \$20.00 per square foot, which is the maximum amount the state will pay, the state would acquire 6.89 acres. If the appraised value is lower, the state will acquire proportionally more property. The state will also trade, on an equal basis, the Galisteo property and a portion of the Valdes property based upon the appraised values of the properties. Finally, if the total amount of land conveyed to the state from the cash sale and trades does not equal 20 acres, the seller will donate to the state the remaining portion of the property.

The state will retain the option to purchase an adjacent 6.89 acre parcel at the appraised value, subject to a five percent annual price increase.

The developer would be required to provide adequate access roads and utilities to the site within 270 days of closing. Within 24 months, Las Soleras would have to construct the finished roads to the site and complete a Rail Runner platform with a pedestrian bridge over the interstate.

Secretary Jaramillo described the selection criteria for the HHS complex, which were similar to the criteria used by the ARC master planners. Criteria included sufficient acreage for phase 1 development and the potential to accommodate future development; availability for timely phase 1 development; convenience of location; proximity to an authorized Rail Runner station; potential for supporting retail and commercial development to serve HHS employees; adequacy of timely installation of essential infrastructure; and compatible zoning for HHS infrastructure. The GSD and HOK examined 12 sites in 2007, and Las Soleras scored the highest. Since that study, the CBPC has heard testimony on the progress of that site for the complex, as well as other related land developments, including the elimination of the south capitol campus from consideration.

Senator Ingle asked about the appraised value for the Galisteo and Valdes properties. Secretary Jaramillo said those properties will need to be appraised. He has heard of comparables in the Galisteo Road area of \$6.00-\$7.00 per square foot.

Senator Jennings stated that phase 1 of the HHS complex will house 750 employees, approximately 30 percent of whom live in the Albuquerque area. Of that number, he wondered how many would actually use the train to commute. He said that his calculation of \$900,000 per acre at the Las Soleras site seems quite high. Other sites might have scored better if consideration of a train station were not part of the equation, he said. He suggested that the state should get more land in exchange for the deal.

Secretary Miller asked why the state wanted such a highly valued parcel when there are other parcels at Las Soleras that are valued lower. Secretary Jaramillo responded that the GSD initially negotiated for the acquisition of different Las Soleras parcels, but the users of the building indicated that the walk to the train station would be too far for employees.

Secretary Miller said that she wants to examine the details of the site selection more closely and asked for a list of all the owners of the other properties being considered. She asked that the top three sites be reviewed again prior to the July meeting of the CBPC. Secretary Jaramillo said that would be fine, but that the review needs to be done soon. He wants the HHS complex to go to bid under the current favorable construction climate.

Representative Taylor asked how the appraisal of the property would be performed and wondered how \$20.00 per square foot could ever be determined, especially given recent sales and the dependence of the value of the property on the state constructing the HHS complex. Secretary Jaramillo said that appraisers have standard practices they must follow, including transactions that involve complicated contingencies.

Senator Jennings said that Presbyterian Hospital recently purchased 40 acres at Las Soleras for \$15 million (equalling \$375,000 per acre, or \$8.60 per square foot), yet the state is about to pay twice as much per acre for property very close to the Presbyterian property. He estimated that two-thirds of the HHS complex users will travel by car, which makes proximity to a train station not very important and could create traffic issues. Secretary Jaramillo said that the Las Soleras developers think the property is worth \$20.00 per square foot; an appraisal will determine its actual value.

Speaker Lujan said that the state has been looking for a location for the HHS complex since 2004. The state needs to move soon on this project, now that interest rates and construction costs are low. He suggested that other property owners be invited to present possibilities before a final decision is made.

Public Comment

Alan Hoffman, founder of Oshara Village, said that Oshara is a much better site for location of the HHS complex for several reasons. First, Oshara has already received final approval of its master plan, which includes 1.3 million square feet of commercial development. Vehicle access is easy, both from Richards Avenue and Rabbit Road. The interstate can be reached in only four minutes from the center of the village. The Oshara developers are

attempting to get the MPO to reconsider its selection of Las Soleras as a train stop in favor of a stop at Richards Avenue.

Mr. Hoffman criticized the station selection at Las Soleras as a "chicken and egg" situation, meaning that the site would not have been chosen for a rail stop if the HHS complex would not be located there. He said that the Las Soleras stop is too close to the NM 599 stop and it has no vehicle access. Bus service from Richards Avenue is also much better than at Las Soleras.

Next, Mr. Hoffman said that the Oshara project is ready to go and is already under construction. Roads in the village are mostly complete. He said that after an initial conversation with Bill Taylor, Oshara has not been contacted by anyone from GSD. He said that Oshara would negotiate a better price than the proposed deal with Las Soleras.

Oshara Village is an ideal green village concept with very affordable lot prices. He said that state employees who work at the HHS complex could afford to buy a house in the village. Oshara also works very closely with Santa Fe Community College and is very close to the campus.

Secretary Miller asked about the proposed location of the HHS complex with Oshara. Mr. Hoffman said that he envisions the complex being about 1,200 feet from Richards Avenue and the proposed Rail Runner station. He said that Oshara does not own the adjacent parcel of land that would provide the quickest access to those places, but negotiations with the current owner are underway.

In response to questions, Mr. Sommer said that the \$20.00 per square foot price is actually a price cap and the actual price will be determined by an appraisal. He also said that Las Soleras is paying for the construction of the station, which would otherwise not be built for the foreseeable future. Finally, he said that a Rail Runner station at Las Soleras will serve a larger community than at Richards Avenue. Mr. Hoffman responded by saying that Oshara would consider paying for a station at Richards Avenue.

Property Control Division Updates

Mr. Taylor, gave a brief update to the commission about PCD activities.

- Executive Office Building (EOB). The PCD has issued a request for proposals (RFP) for a design consultant for programming and design criteria for a design-build delivery method. The PCD is working closely with LCS staff and the Santa Fe Historic Review Design Board. The building will house the Department of Finance and Administration, which will allow the Secretary of State's Office to vacate the Capitol North building.

- Capitol Parking Structure. The structure is scheduled to be complete in August 2009.

- Los Lunas Grasslands. The PCD has issued an RFP for the grasslands site in order to remedy an emergency situation. The site is free of vegetation, and dust from the property often creates a hazard for vehicles on the adjacent Interstate 25. The RFP is for short-term agricultural uses.

- Los Lunas Substance Abuse Treatment Center. The PCD and HSD are currently in the selection process for the design-build team.

- Valdes Park. The Motor Vehicle Division field office project will go to bid soon.

Speaker Lujan asked whether the Corrections Department would be interested in using the grasslands site for farming. Mr. Taylor said that he will contact the department to see if it wants to expand its current farming operation.

Representative Taylor suggested that commission members visit the top three sites for the HHS complex. Mr. Simpson agreed, but cautioned against having a quorum present during a tour, since it could possibly violate the Open Meetings Act. Staff was directed to organize site tours.

There being no further business, the commission adjourned at 5:20 p.m.

Addendum: July 16-17 Site Visits of Potential HHS Locations

On July 16 and 17, members of the commission, staff and members of the public toured several sites under consideration for the location of the HHS facility. Site visits included the College of Santa Fe, the Rabbit Road property, Oshara Village, the New Mexico 599 interchange property, property near the National Guard, the Pavilion property, Las Soleras and the Valdes property.

On July 16, commission members attending included Senators Ingle and Jennings, Speaker Lujan and Secretaries Jaramillo and Miller. Staff attending the tour included Ms. Tackett, Ms. Knight, Mr. Pollard, Mr. Petronis, Mr. Aguilar and Mr. Taylor. On July 17, commission members attending were Representative Taylor, State Treasurer Lewis and Secretary Jaramillo. Staff included Mr. Taylor, Ms. Knight, Mr. Pollard, Mr. Taylor, Ms. Blackshear and Mr. Petronis. Additional attendees were David Abbey, Linda Kehoe, David Archuleta and Kyle Burns from the Legislative Finance Committee, Marty Dallman and Kathleen Magee from the GSD and Jessica Dyer from the *Albuquerque Journal*.