

**MINUTES
of the
SECOND MEETING FOR 2009
of the
CAPITOL BUILDINGS PLANNING COMMISSION**

**Wednesday, May 6, 2009
Room 322, State Capitol
Santa Fe**

The second meeting of the Capitol Buildings Planning Commission (CBPC) for 2009 was called to order by Secretary of General Services Arturo Jaramillo, co-chair, on Wednesday, May 6, 2009, at 1:25 p.m. in Room 322 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
Lawrence Barreras, Designee for Gary Giron, Secretary of Transportation
Dennis Garcia, Designee for Patrick H. Lyons, Commissioner of Public Lands
Sen. Stuart Ingle, Senate Minority Floor Leader
Sen. Timothy Z. Jennings, Senate President Pro Tempore
James Lewis, State Treasurer
Katherine B. Miller, Secretary of Finance and Administration
Patrick Simpson, Administrative Office of the Courts (AOC)

Absent

Rep. Thomas C. Taylor, House Minority Floor Leader

Staff

Paula Tackett, Director, Legislative Council Service (LCS)
Bill Taylor, Director, Property Control Division (PCD), General Services Department (GSD)
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 January 13, 2009 meeting of the CBPC were adopted without changes.

2009 Legislative Initiatives — Final Action

Staff presented to the commission the action taken during the 2009 legislative session on several pieces of legislation endorsed by the CBPC.

1. Executive Office Building (EOB), Main Capitol Campus, Santa Fe (Senate Bill 221; Laws 2009, Chapter 114) effective April 6, 2009. Authorizes the future intercept of gross receipts taxes to finance the construction of a state-owned office building on the main capitol campus, which will enable several state agencies currently in private leased space to relocate to state-owned buildings. The bill also extends the expenditure period for certain master planning funds and for the purchase of property on the west capitol campus.
2. Health and Human Services (HHS) Complex, Santa Fe (House Bill 728; Laws 2009, Chapter 145) effective June 19, 2009. Authorizes the initial phase of construction of the HHS complex to house the Human Services Department and the Children, Youth and Families Department and allows the state to enter into a lease-purchase agreement backed by the future diversion of currently budgeted private lease payments to finance the building.
3. CBPC-Related Legislation (Senate Bill 220; Laws 2009, Chapter 19) effective July 1, 2009. Provides for the CBPC to review proposed lease-purchase agreements for certain projects, allows the state treasurer and the secretary of general services to appoint designees to attend meetings on their behalf and directs the commission to work with the GSD on addressing deferred maintenance on state facilities and utilizing life-cycle costing in developing recommendations regarding the lease, lease-purchase or purchase of additional facilities.
4. Historic District and Landmark Act Changes (House Bill 360; Laws 2009, Chapter 23) effective June 19, 2009. Makes changes to the Historic District and Landmark Act by establishing a process for a state agency to carry out a capital outlay project in an historic district in a manner that is compatible with local ordinances.
5. Appropriations to the Public Buildings Repair Fund (PBRF) (House Bill 194; failed). Would have allocated two percent of appropriations exceeding \$100,000 for new construction or major renovation of buildings under the jurisdiction of the PCD to be directed into the PBRF for addressing maintenance and repairs of state buildings, particularly those outside of Santa Fe.
6. Endorsed Legislation from the GSD.
 - House Bill 358 (failed) would have required preventive maintenance plans to be developed for all state buildings under the jurisdiction of the PCD.
 -

- Senate Bill 429 (Laws 2009, Chapter 71) authorizes expenditure of \$5,000 to purchase land currently occupied by the Southern New Mexico Correctional Facility and the J. Paul Taylor Juvenile Justice Center.
- Senate Joint Resolution 7 and Senate Bill 546 (failed) would have authorized a lease-purchase agreement for a substance abuse treatment and training facility to be constructed on state land at the correctional site in Los Lunas.

7. Capital Outlay Within Master Planned Areas of New Mexico. Several state agency projects within master planning areas were endorsed or presented to the commission and received funding by the legislature, including \$2.7 million for the demolition, decommissioning and abatement of buildings; \$500,000 for statewide master planning; \$2 million for statewide repairs, renovations, deferred maintenance and infrastructure improvements; \$4 million toward the HHS complex; \$500,000 for infill and redevelopment of the south capitol complex; up to \$1 million in reauthorized money for master planning on the main capitol campus and, if necessary, for completing construction of the capitol parking structure; \$1 million for statewide repairs and maintenance of cultural assets; and \$3.7 million for cultural facilities project completion.

Speaker Lujan asked if a location for the HHS complex had been decided upon. Ms. Tackett said that the legislation only requires that the HHS complex be located in Santa Fe County. Speaker Lujan suggested that the College of Santa Fe (CSF) property should be evaluated as a location for the complex.

Senator Ingle asked which areas of the state will be affected by the changes to the Historic District and Landmark Act and whether state projects would be delayed in order to comply with the new law. Ms. Tackett explained that only those municipalities or counties that have enacted a historic district ordinance and that have enacted an ordinance specifically dealing with state agency projects will have any say in the design process of state buildings. She said that 10 local governments have enacted an historic district ordinance: Albuquerque, Columbus, Deming, Las Vegas, Lincoln County, Santa Fe, Silver City, Taos, Belen and Mesilla. The collaboration with local governments should occur before and during the design phase of the project and should not delay a project.

Final Inventory of Statewide Owned and Leased Property

John Petronis and Andy Aguilar of Architectural Research Consultants (ARC) presented the commission with the statewide inventory of state-owned and -leased property. The state occupies about 40.8 million gross square feet (gsf) of building space. Excluding educational uses, the state occupies 18.8 million gsf of owned and leased space. The state pays for "leasable" square feet (lsf), which does not include certain common areas otherwise included in gsf measurements. The state leases 3.4 million lsf, which, for calculation purposes, is approximately equal to 4.3 million gsf. In addition, counties provide 1.6 million gsf to the state.

The master planners used several data sources in performing the inventory: the Risk Management Division (RMD) of the GSD tracks all state-owned facilities; the PCD tracks

building information on all of the buildings under its jurisdiction, and the division now has its FacilityMax database operational; and the PCD tracks leases for all executive agencies except for land controlled by the State Land Office. ARC gathered data from counties for the inventory, but no agency is currently tracking county-provided space.

Of the 12.8 million gsf owned by the state (excluding educational entities), more than one-half are located in Santa Fe and Bernalillo counties. Executive agencies account for 93 percent of state-owned space, and the remainder is occupied by legislative and judicial agencies. Of the executive agency space, 56 percent, or 6.7 million gsf, is controlled by the PCD.

The state leases 3.4 million lsf, which costs the state \$63.7 million annually. Ninety-one percent of the leases is for office space. Most leased space occurs in Bernalillo County (28 percent), Santa Fe County (25 percent), Dona Ana County (6.7 percent) and Valencia County (6.2 percent).

Finally, the master planners presented data on space provided to the state by counties, mostly to house district courts, district attorneys and public health offices. Statewide, counties provide 1.6 million gsf to the state, or nine percent of the total occupied by the state. The master planners reported that there are many significant space issues in county-provided facilities.

Senator Ingle asked who typically pays for repairs at buildings leased by the state. Mr. Taylor said that the PCD enters into leases for nearly all state agencies. Those leases contain very specific language regarding maintenance responsibilities. The building owners have usually done a good job of maintaining buildings, he said.

Senator Ingle asked about the practice of automatic increases in base lease amounts. Mr. Taylor said that new leases entered into by the PCD may only provide for operational and maintenance increases but not the base rent amount. Previous leases still in effect may have automatic increases, but those leases will be phased out in the next few years.

Senator Jennings commented that counties usually provide for magistrate courts, with help from a court fee fund the state maintains, but in Bernalillo County, the state ended up paying for the new Bernalillo County Metropolitan Courthouse. The court fee fund, which was intended to support all county courthouses, is now paying for that courthouse. He also said that money returned to the state from the recent courthouse scandal criminal convictions should be returned to the same fund, rather than the general fund. Secretary Miller agreed and said that, although the Attorney General's Office (AGO) initially said the money should go to the general fund, she believes that the money needs to be deposited into the debt service fund to repay the bonds for the courthouse. She said that the AGO and the New Mexico Finance Authority are reviewing bond documents. Mr. Simpson said that the AOC's position is similar and that the money needs to be deposited into the debt service fund.

Senator Jennings said that standards for district courthouses need to be compared with GSD standards and that there should be uniformity statewide for courts. In response to a question, Mr. Petronis said the estimate for a new district courthouse in Bernalillo County is \$100 million.

Preliminary Findings and Recommendations for Statewide Master Planning

The master planners discussed barriers to and preliminary recommendations for statewide master planning. Barriers include: no unified source of data for all state facilities; no unified coding system to categorize and rank buildings; the existence of some data discrepancies between data sources; no method to easily track staffing patterns and needs at sites; limited agency long-range capital planning; no tracking of county-provided space; no space standards for county-provided space; limited capacity of counties to provide facilities for the state; private facilities that are not tracked; no comprehensive database on state-owned land; no comprehensive system to track water rights on state lands; and no comprehensive policies for acquisition and disposal of state-owned properties.

The master planners made several recommendations for the commission's consideration:

- create a consistent and comprehensive database of state assets and leased properties, which would include assigning a single agency to compile, consolidate and update occupancy data; resolving discrepancies from various data sources; and expanding the FacilityMax system to include consistent data for all state assets and leased properties, including data for location, agency owner, size, condition, occupants, replacement value and water rights;
- require state agencies to develop long-range capital master plans;
- establish policies for acquiring and disposing of state assets that include an analysis of costs and benefits, considering compliance with the CBPC master plans, long-term uses and mission requirements and total costs of ownership and operation; and
- develop space standards for state functions provided by counties.

Secretary Jaramillo suggested that representatives of counties be consulted in the development of space standards in county-provided buildings. He also said that any agency assigned the responsibility of creating the comprehensive database would need additional staffing. Ms. Knight said that CBPC staff will review agency impacts of the recommendations.

Action Taken: The recommendations of the master planners were approved unanimously by the commission.

Al Duran from the RMD reported that over \$300 million in construction is occurring and that there are some issues with insuring facilities. He said that Court of Appeals staff told the RMD that it did not have jurisdiction over the court's buildings.

Property Control Division Updates

Mr. Taylor provided the commission with an update on the PCD's activities.

Location of HHS Complex

With the passage of House Bill 728 (Laws 2009, Chapter 145), the next steps in the process include developing a request for proposals (RFP) for bidders to develop a design-build or lease-purchase agreement; however, a site for the complex needs to be identified before any planning documents can be created. Mr. Taylor said that the Las Soleras site, which ranked very high in a study two years ago, is still the most likely choice for the complex. Additional sites have been evaluated by the GSD recently, but have not ranked as well as the Las Soleras site. Mr. Taylor estimated that between 10 and 40 acres would be needed for a complete HHS complex; however, he said 10 are needed for the first phase that was funded.

West Capitol Complex

The City of Santa Fe has indicated its long-range plan of vacating its properties on Siringo Road in its process of relocating many of its functions to the Siler Road area. The GSD is interested in extending the west capitol campus to Siringo Road and purchasing city property. Other developments in the area include the possible acquisition of land at the CSF, as well as a potential reauthorization of a \$5 million appropriation for purchase of federal land in the west capitol complex, to be redirected toward the purchase of the CSF.

Halpin Building

The City of Santa Fe and the Middle Rio Grande Council of Governments are interested in acquiring from the state the Halpin Building, located on Montezuma Street adjacent to the Santa Fe Railyard train depot. Currently, that building is used by the Cultural Affairs Department (CAD). Mr. Taylor said that the PCD is awaiting a proposal from the interested parties before proceeding.

Relocations of Agencies

Santa Fe:

- the Building Services Division of the GSD is moving from the south capitol campus to the T-187 building at the west capitol campus;
- the Motor Transportation Division of the Department of Public Safety (DPS) is moving from the south capitol campus to the Fleming Building at the west capitol campus;

- the Public Employees Retirement Association (PERA) will vacate the PERA building on the main capitol campus and move June 1 into its new building located near Cerrillos Road and Interstate 25;
- the Public Regulation Commission will vacate leased space at Marion Hall and at San Mateo Road, and move into the PERA building at the main capitol campus; and
- the Coughlin Building on the main capitol campus is scheduled for demolition in September to make way for construction of the EOB. That building is currently being used by the American Recovery and Reinvestment Act of 2009 (ARRA) program.

Albuquerque:

- the Adult Probation and Parole Division of the Corrections Department now occupies the Turquoise Lodge facility on Isleta Boulevard; and
- the HSD desires to vacate its southeast Bernalillo County facility and warehouse.

Los Lunas:

- there has been interest from local schools and the county extension office to use land on the Grasslands site. Speaker Lujan expressed interest in including Valencia County and the Village of Los Lunas in future discussions about the site; and
- the Department of Health may vacate private leased space and re-occupy state-owned buildings on the old hospital campus.

Las Cruces:

- the DPS will relocate its New Mexico State Police district office when construction is completed in 2010.

PCD "Stimulus Package"

Although not part of the federal ARRA program, the PCD is opening bids on several projects this summer that will create jobs around the state, including:

- the Las Vegas Meadows Hospital phase 1;
- the Lordsburg port of entry;
- the Roswell Rehabilitation Center;
- the Motor Vehicle Division's new Santa Fe office at Valdes park;

- upgrades and replacements to heating and cooling systems at the Southern and Central New Mexico Correctional Facilities; and
- the J. Paul Taylor Juvenile Justice Center gymnasium in Las Cruces.

Los Lunas Substance Abuse Center

After failing to receive legislative approval to lease-purchase a facility, the PCD is proceeding to construct the previously approved portion of the state-owned facility using a design-build process. The RFP will be issued in mid-May.

Capitol Parking Structure

The scheduled completion date for the structure is early August. There were weather-related and delivery delays to the project during the winter. A possible increased liability to the City of Santa Fe in impact fees is no longer an issue.

GSD 2009 Legislative Initiatives

In addition to the listing of GSD and CBPC legislation detailed previously in these minutes, one piece of legislation endorsed by the GSD passed:

- approval for the PCD to sell surplus state land on the former Walker Air Force base in Chaves County.

Speaker Lujan asked about the scope of the proposed lease at the Grasslands site in Los Lunas. Mr. Taylor said that there is some concern that the proposed lease would be too long because the state wants to use that land in the long term.

Senator Ingle expressed concern that the HHS complex will follow the usual trajectory of state-financed buildings: that the state starts construction on a project it does not really have sufficient funding for, and then the legislature is forced to fund huge cost overruns. He said that projects the state builds tend to cost 30 percent more than in the private sector. Mr. Taylor said that PCD and CBPC staff have discussed this issue at length. This is the first large-scale lease-purchase for the state, and it is essential that the project be completed within its budget. The entire project, except for a \$4 million appropriation for land acquisition, planning and designing, is to be financed using current budgeted lease payments.

Senator Ingle asked how big the property needs to be for the HHS complex. Mr. Taylor said that for phase 1, 10 acres could work. He said that the complex needs to be within a transit-oriented development or near a train depot.

Senator Ingle asked for a list of all the different site locations for the HHS complex, and GSD staff said they would supply it. Secretary Jaramillo said that the GSD and a contractor have looked at 10 different sites. The GSD is currently narrowing the choices for the site. The legislature appropriated \$4 million to the GSD for land acquisition for the HHS complex, and

there is room to use some of the \$80 million lease-purchase money for land acquisition. Secretary Jaramillo said that everyone involved in the project is aware that this project cannot cost more than the approved amount; otherwise, the legislature will probably never approve another lease-purchase project. Secretary Jaramillo said that the GSD is interested in having an option to purchase land, based on the results of the RFP process, for the entire project. That way, the GSD can confirm that the project will stay within budget before making commitments.

Secretary Ashman inquired about the CSF property.

Secretary Jaramillo gave an update on the CSF property. He said that the governor asked the GSD to study the possibility of reducing the debt owed by the CSF and provide a benefit of equal value to the state. Without the City of Santa Fe issuing bonds to cover much of the CSF debt, there would have been little that the state could have done. Now, however, the state may ask the legislature to reauthorize \$5 million currently allocated for the purchase of federal land adjacent to the west capitol complex for the CSF, in addition to other money that may be available. Regarding the purchase of federal property, Secretary Jaramillo said that of the two parcels the state has been trying to purchase, the federal General Services Administration property could be traded for state land near the Fort Bayard Cemetery. Secretary Jaramillo suggested that the U.S. Forest Service property is turning out to be too expensive for the state to acquire because the Forest Service wants the state to build a replacement facility in exchange for the property. With both of these developments, it may be a good idea to reauthorize the money toward the acquisition of the CSF property.

A portion of the CSF property, consisting of nearly 20 acres bordering Siringo Road and near Santa Fe High School, could be acquired by the state. Secretary Jaramillo suggested that the property could then be developed by the state for a higher education center at which state universities could establish specialized programs. In addition, the Higher Education Department eventually could be relocated to the property, and the state library also may be a good fit.

The goal of the GSD is to be able to acquire \$5 million worth of property from the CSF, said Secretary Jaramillo.

Speaker Lujan, speaking about the HHS complex, asked if the intention is to use current lease revenues to finance the entire project. Mr. Pollard said that is the intention. The calculation of the cost includes possible use of \$2 million, if necessary, for land acquisition. The project will save the state millions of dollars over the life of the building, Mr. Pollard said.

Discussion of Next Steps

Ms. Knight presented a list of activities for CBPC staff to begin working on, due to recent legislation, including:

- development of the Las Cruces master plan;

- implementation of the Albuquerque area master plan;
- notification to local governments with historic districts of recent changes to the Historic District and Landmark Act; and
- development of criteria for the acquisition and disposal of state assets and for the review of proposed lease-purchase agreements.

Action Taken: The commission adopted the staff directives.

Tentative Meeting Dates

Staff presented a list of meeting dates for the commission during the 2009 interim. The next meeting is scheduled for June 23, 2009 at the State Capitol.

There being no further business, the commission adjourned at 3:25 p.m.