

**MINUTES
of the
FIFTH MEETING IN 2009
of the
CAPITOL BUILDINGS PLANNING COMMISSION**

**Wednesday, September 23, 2009
Room 322, State Capitol
Santa Fe**

The fifth 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, September 23, 2009, at 1:48 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
Gary Giron, Secretary of Transportation
Della Gutierrez, 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 B. Lewis, State Treasurer
Rick Martinez, Designee for Katherine B. Miller, Secretary of Finance and Administration
Patrick Simpson, Deputy Director, Administrative Office of the Courts
Rep. Thomas C. Taylor, House Minority Floor Leader

Staff

Paula Tackett, Director, Legislative Council Service (LCS)
Roxanne Knight, LCS
Tom Pollard, LCS
Ric Gaudet, 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.

Wednesday, September 23

Review Process for Lease Purchases — Agency Letter

Mr. Pollard and Michael Northrup, PCD, discussed with the commission a review process for the CBPC to evaluate proposed lease-purchase agreements for state agencies. Mr. Pollard began by reviewing a draft letter to be sent to all affected state agencies detailing new statutes requiring CBPC review of proposed lease-purchase agreements. For the initial year of the process, state agencies seeking legislative approval of a lease-purchase agreement must submit their proposals by November 15, 2009 to the CBPC. That will allow staff and the commission to review the proposals and make recommendations to the legislature in January 2010. The letter to state agencies also describes information that agencies should submit to the CBPC, including demonstration of the need for the leasehold property, the suitability of the additional property, a sound life-cycle costing justification and estimates of the operational budget impact. Mr. Pollard mentioned the current ambiguity in New Mexico statutes regarding the legislature's approval of lease-purchase agreements.

Mr. Northrup then described for the commission the process the PCD is developing for its agencies to use in evaluating a potential lease-purchase agreement. The process is divided into phases in order to avoid spending too much state money on projects that are not deemed viable. The first phase, development of a business case for a possible lease-purchase arrangement, is further divided into several steps. The first step is resource evaluation, which identifies alternative locations and development opportunities; considers departmental programming in relation to the proposed acquisition; evaluates the cost of renovation of existing facilities against new acquisition; and performs market studies. The next step, due diligence, analyzes various financing models to determine the best acquisition strategy, including build-to-suit, public-private partnerships, general obligation bond issuance or other market opportunities. The next step establishes a baseline cost model for the facility, including deferred maintenance costs over the life of the facility. A space needs assessment is then performed, which includes a comprehensive study of current and future space requirements for the agency. The PCD then develops building performance specifications and a proposed transaction structure for the facility's acquisition.

Deputy Secretary Martinez asked about the number of lease-purchase agreements on which the PCD is working. Mr. Northrup said that currently there is none. Senator Jennings asked whether there are any requirements that prevailing wages be paid to workers constructing a lease-purchase building. Mr. Northrup said he believes that the building would not be owned by the state until after the term of the lease-purchase contract, so prevailing wages would not be required. Senator Jennings said that this exemption is an unfair loophole. He said that the state would save money, but cities and counties would still be required to pay prevailing wages. Mr. Pollard said that the CBPC could take prevailing wages into account in its review of proposed lease-purchase agreements. Speaker Lujan said that he would support a bill that mandates the use of prevailing wages in the construction of lease-purchased buildings for the state.

On a motion by Deputy Secretary Martinez and second by Speaker Lujan, the

commission approved the content of the staff letter to be sent to state agencies.

Minutes

On a motion by Speaker Lujan and second by Secretary Giron, the minutes of the August 19, 2009 meeting of the CBPC were adopted without changes.

Public Comment

Carolyn Agard, representing the Candlelight Neighborhood Association in Santa Fe, said she came to the meeting to express concern about possible increased traffic at Zia Road and St. Francis Drive should the health and human services (HHS) complex be located at the proposed Zia Rail Runner station. She said that traffic studies have concluded that the intersection is a failing intersection, and the state would seriously need to consider traffic issues if the HHS facility is to be located at the station.

Mark Bertram, representing the Zia station, thanked Secretary Jaramillo and the CBPC master planners for further investigating the feasibility of locating the HHS complex at the Zia station. He provided extensive information about the location and said he hopes that will result in a fair evaluation of the site. In addition, referring to the lease-purchase letter being sent to state agencies, he said that the private sector will need to be involved in the lease-purchase process eventually.

Michael Bodelson, former New Mexico staff architect, currently representing Vistas Caja del Rio, discussed with the commission the offer to donate up to 30 acres of land to the state for the HHS complex, with an additional five acres being reserved for future state use. The Caja site, off New Mexico Highway 599 (NM 599) and adjacent to the existing Department of Game and Fish headquarters, is a 120-acre parcel for retail and office space in addition to the HHS complex. While some people dismiss the location as being "way out there", Mr. Bodelson said that the entire area is being developed rapidly, and now is a great opportunity for the state to acquire prime land for free. The donated land will be able to accommodate a four-story building and three three-story buildings plus 1,200 parking spaces. He stated that all utilities will be in place by 2011.

Secretary Jaramillo said that in exploring the possibility of the Caja location, the lack of availability of a regional sewer system is a major factor in it not being deemed the best location. Mr. Bodelson said that an environmentally friendly bio-packing treatment plant will be constructed, which will allow discharged water to be used for irrigation in the surrounding city athletic fields. Solids would be hauled from the plant every six months, he said. The system would require a standard discharge permit from the Department of Environment, and its size would be 25 feet by 100 feet. The wastewater treatment option was selected, according to Mr. Bodelson, because the nearest sewer connection is a mile away. The cost for the plant is estimated to be \$75,000 to \$200,000.

Speaker Lujan asked how much the proposed bio-packing plant would save over connecting to an existing wastewater system more than a mile away. Mr. Bodelson said he

could provide an analysis for the commission of the cost tradeoffs.

Questions were asked about what type of system will be used at the nearby Cultural Affairs Department (CAD) archaeology facility. It was confirmed that a wastewater treatment system is planned at that location.

James Wheeler, representing the Pavilion development off NM 599, gave a presentation to the commission about its proposal for the HHS complex. While the original offer to the state was to sell 25 acres to the state at \$5.50 per square foot, the Pavilion is willing to donate an additional five acres, bringing the net per-square-foot cost to \$4.58, said Mr. Wheeler. In addition, approximately 19 acre-feet of water rights are included in the purchase price, an approximate \$600,000 savings to the state, according to Mr. Wheeler.

Speaker Lujan asked about the status of the proposed NM 599/Jaguar Road interchange. Mr. Wheeler said that the interchange has been approved and that construction is expected to begin in April 2010. The developers will pay for the design and construction of the interchange. He also mentioned a letter from the manager of the Santa Fe Municipal Airport, which said the Pavilion development and infrastructure would benefit the airport and the general public.

Secretary Giron said that the Department of Transportation (DOT) has had preliminary discussions about the location of the interchange but that no final decisions have been made, either at the department level or by the State Transportation Commission, which has the final say on highway projects. He said there is a formal process that the DOT must perform with the Federal Highway Administration in order to approve a highway interchange. Scott Hoelt of the Santa Fe Planning Group said that the developers started discussions with the DOT about the interchange and that the April 2010 date was suggested by the department in order to complete all the necessary approvals.

Phil Sena, co-owner of the Pavilion property, said that he is willing to sell the state 40 acres of property for the original purchase price of \$5.98 million, which would bring the per-square-foot price even lower, effectively to \$3.44. Mr. Sena said that Secretary Jaramillo told him in a previous meeting that the final authority to choose a location for the HHS complex rests with Secretary Jaramillo and that the CBPC is only a recommendatory body. Mr. Sena urged the commission to not make any decisions based on politics.

Mr. Sena said that once 400,000 square feet of office space is constructed, the developer will construct a light rail system from the Interstate 25/NM 599 Rail Runner stop through the Pavilion and to the airport. Transportation to the site is very easy, including for those traveling from north of Santa Fe. Finally, he claimed that 25 acres at Las Soleras is not enough land for a 686,000-square-foot facility.

Secretary Giron asked if the Pavilion developers have priced a light rail connection to the Rail Runner. Mr. Sena said that provisional estimates indicate that it would cost \$18

million after the federal government helps pay for a portion of the cost. He said that if enough office space is constructed, the federal government will help pay for a light rail system. Speaker Lujan said that he does not believe a light rail system will be necessary for the development.

Speaker Lujan asked if the neighboring Tierra Contenta association supported the Pavilion development. James Hicks, executive director of Tierra Contenta, said that the association is excited about the development because residents will have access to NM 599. In addition, state employees working at the HHS complex would have almost immediate access to housing. Speaker Lujan asked whether the homeowners associations within Tierra Contenta have discussed the Pavilion project. Mr. Hicks said that the Pavilion project, which is located on the other side of NM 599, has not been discussed, but that there has been a longstanding desire for a connection from Tierra Contenta to NM 599. He said he would be very surprised if there were much opposition to the project from residents of Tierra Contenta.

Deputy Secretary Martinez, who lives about one mile from the proposed development in La Cienega, said he had not heard about the proposal until very recently. He asked if La Cienega residents have been consulted. An engineer working with the Pavilion developers said that traffic affecting La Cienega was identified 10 years ago as the biggest potential problem resulting from development of the area. The Pavilion design has incorporated significant buffer areas separating it from the historic community, and he also stated that traffic in La Cienega will not increase due to the development.

Master Planning Activities Update

Statewide Capital Asset Inventory

John Petronis and Andy Aguilar, master planning consultants, Architectural Research Consultants, Inc. (ARC), gave the commission an update on their activities. Mr. Petronis began by discussing the ongoing development of a statewide inventory of the state's capital assets. The master planners have met with the major state departments that manage state assets, including the PCD; the Building Services and Risk Management divisions of the GSD; and the DOT. Other state agencies will be consulted in the near future. In order for a statewide inventory database to be completed and kept up to date, there may be a need for additional technical support for GSD agencies for data entry and report generation. In addition, money may be needed for an interface with the state's accounting software, known as SHARE.

State Records Center and Archives (SRCA) Study

Mr. Petronis reported on the needs assessment study of records and archives centers statewide. The results of the study will be presented to the commission at a future meeting. Part of the study includes surveying various government agencies to gain a better understanding of why they do or do not use the SRCA and the potential demands for the SRCA's services.

HHS Sites — Supplemental Information

Mr. Aguilar reported to the commission additional information requested by commission members about three potential HHS sites. First, he said that the New Mexico School for the Deaf requested that its property no longer be considered for acquisition by the state. Next, Mr. Aguilar discussed details of the Zia station site. The property is designed to be a mixed-use, transit-oriented development and consists of approximately 21 acres in three developable parcels. The developers envision a mix of retail office and residential uses totaling over 600,000 square feet of constructed space. There would be about 1,600 parking spaces, 800 of which would be below grade. The property includes a Rail Runner stop and will house a restaurant and coffee shop.

Currently, most of the land on the property is vacant, and the land is within the City of Santa Fe. Various zoning, general plan and master plan amendments will be necessary to allow development, which means that construction could start by late summer 2010, said Mr. Aguilar. He said that a traffic study is currently in progress.

Mr. Aguilar then discussed the property located adjacent to the Interstate 25/NM 599 interchange, owned by the DOT. The property is adjacent to a Rail Runner station and lies mostly within a freeway interchange roundabout. Mr. Aguilar also presented maps detailing ownership of surrounding properties, including lands that are vacant, and land use zoning. Currently, the site is within Santa Fe County's planning and zoning jurisdiction, but the area is slated to be annexed by the city in the next few years.

Senator Jennings asked why the GSD did not issue a request for information (RFI) to identify potential sites for the HHS complex. Secretary Jaramillo said that acquisition of property falls outside of the normal procurement processes of the Procurement Code. He said that CBPC contractors have been looking at potential HHS sites for a few years. The recently enacted House Bill 728 (Laws 2009, Chapter 145), which authorizes acquisition of land and the lease purchase of an HHS complex, requires that the CBPC review the plan to ensure that it is cost effective and that it complies with applicable state master plans. Secretary Jaramillo said that the GSD has never issued an RFI for land acquisition. The GSD has looked into all other offers for the HHS site, and Las Soleras remains at the top of the list. He said he cannot recall any other state acquisition that has undergone such scrutiny.

Senator Jennings said that the selection process for the HHS complex has not been the best process, and he said that adding 2,800 cars daily to Cerrillos Road will make traffic concerns worse than they already are. He expressed concern that the state might not be getting a very good deal from Las Soleras and said the many other offers currently on the table need to be looked at more seriously.

Senator Ingle said that the authorizing legislation tasks the commission with ensuring that the agreements are the most cost-effective method of acquiring the asset and that the building and its proposed use are within the scope of the commission's master plan.

Update on the HHS Facility

Secretary Jaramillo gave the commission an update on the HHS facility. First, he addressed some issues that arose during the public comment period of the meeting. The GSD has been looking at HHS sites for three years and has gone through an exhaustive process to choose the best site. The Pavilion site, although it has excellent potential for future development, did not even exist as a concept eight months ago. Next, he said that 20 acres is plenty of land for the first phase of the HHS complex based on expert advice from the master planners and others. He said that Las Soleras was chosen because it ranks the highest on several scoring evaluations, including one performed by ARC. Many of the other sites currently being offered are too far from the city center for efficient government operations, and most of them are still in the beginning phases of their development. Finally, he said that the only role the governor has played in the decision is to agree with Secretary Jaramillo's choice of Las Soleras as the best site; Las Soleras was not pre-selected, he said.

Addressing the Interstate 25/NM 599 location, Secretary Jaramillo said that it is not a good idea to put a massive office building in the middle of a high-speed interchange loop. Further, there are too many adjacent landowners surrounding the property to ensure adequate commercial and retail development. Third, the location is not pedestrian-friendly for its users. Finally, and perhaps most important, the land is controlled by the DOT, which has not indicated whether the land is even available for GSD use.

Secretary Jaramillo next spoke about the Vistas Caja del Rio property, which he agreed has some of the best views in the county. However, it is located three miles to the nearest sewer plant, and he said he is not going to invest millions of dollars of state money for a building that is serviced by a septic-type sewage system. He said that he will look into the system being proposed by the Caja developers. Perhaps more important than wastewater facilities is the fact that the site works against operational efficiencies that the HHS complex is trying to achieve because the location is remote and it is without retail shops or a place for employees to eat lunch in the area.

Regarding the Pavilion property, Secretary Jaramillo said that while it is a great property for possible future state projects, it will not be ready in time for the HHS time line. He has not heard that the project has received any final approvals from governing bodies, including the all-important approval for the Jaguar Road/NM 599 interchange.

Secretary Jaramillo then discussed the Las Soleras property and the status of the proposed contract to acquire property for the HHS complex. He said that questions have arisen in the past few months about how much the per-square-foot acquisition cost actually will be. The appraisals are currently underway, and he will have an actual cost to present at the next CBPC meeting. He said that he anticipates a draft contract for commissioners' review within one week or so.

Secretary Jaramillo said that the HHS complex will fit the 20 acres Las Soleras is offering, and if phase 2 is built, the state has the option of purchasing additional acreage for the same price. He said the Las Soleras property is the right property for the project; it is the

most cost-effective option; the developer is ready to proceed; and the property is close to crucial support services. While he believes that placing the HHS complex at the Zia station would overwhelm an already failing intersection, the Las Soleras traffic plan, including a state office complex, has been approved already by city traffic engineers.

Secretary Jaramillo, addressing Senator Jennings' criticism, said that he is not asking for a rubber-stamp approval of his choice. He has tried to answer all questions from commissioners and said that if Las Soleras is shown not to be the best choice for the HHS complex, he will be the first to admit it.

Deputy Secretary Martinez inquired about which sites would require bus or van transportation, to which Secretary Jaramillo responded that only Las Soleras would not need additional transportation.

Senator Jennings countered that in the best-case scenario, only one-third of the state employees at the HHS complex will use the Rail Runner for transport, which still leaves 2,000 cars daily commuting to Las Soleras. In addition, development of the other 520 acres at Las Soleras will bring in even more traffic. He said that the state should not pay more for property at Las Soleras than Presbyterian Hospital paid at the same approximate location. Although the Rail Runner and the HHS complex increase the Las Soleras property values tremendously, the state should benefit from that increase rather than pay for it. Finally, he said that although Las Soleras may indeed be the best location from an operational point of view, other properties might be better if the state has to pay exorbitantly for the Las Soleras property. Secretary Jaramillo responded that the state will be getting a better deal from Las Soleras than Presbyterian Hospital received.

Senator Ingle said he is still trying to explain to his constituents how the Rail Runner and the New Mexico Spaceport were approved when highway projects around the state still do not have sufficient funding. If the state pays \$20.00 per square foot for land at Las Soleras, that will be even more difficult to explain, he said.

Speaker Lujan said there will be more time for public discussion of the project at future meetings. He asked Mr. Sena to respond to Secretary Jaramillo's comments. Mr. Sena said that he expects to have all necessary approvals for the Pavilion project in October 2009. He also said that he does not believe that Las Soleras has received approval for its master plan.

Cultural Affairs Department — Master Planning and Capital Requests

Secretary Ashman presented to the commission the CAD's list of capital requests based on its master planning efforts. The list of projects requested by the department includes:

- statewide repairs and maintenance of CAD cultural assets — \$7.6 million, to

include life and safety compliance, utility infrastructure, property preservation and general repairs;

- cultural facilities project completion — \$5.7 million, to include Museum of New Mexico educational enhancements; National Hispanic Cultural Center (NHCC) projects; archaeology center equipment; history museum conservation laboratory projects; Farm and Ranch Heritage Museum exhibits; Bosque Redondo State Monument exhibits; and New Mexico Veterans Museum land acquisition and construction;
- cultural facilities equipment — \$940,000, to include equipment for the Museum Resources Division, the Historic Preservation Division, the NHCC, the Museum of Natural History and Science and the history museum;
- cultural facilities expansion and renovation — \$2.5 million, to include projects at the Space History museum, the NHCC, the museum's NM 599 campus, the Museum of International Folk Art, the history museum and the Fort Stanton property; and
- cultural assets acquisitions — \$3.4 million, to include property acquisition at Jemez and Fort Selden state monuments, collections development for museums statewide and purchase and renovation of the Edgar Irving Couse historic site.

Transit-Oriented Development — Mid-Region Council of Governments (MRCOG)

Chris Blewett, director, transportation and planning services, MRCOG, gave the commission a brief primer on transit-oriented developments (TODs). TODs typically center around rail assets and have a mix of uses from retail and commercial to residential. TODs have been developed around the country, but none has yet been developed in New Mexico. The area surrounding a rail station about one-half mile in radius usually is affected by the TOD's presence, including significantly increased land values. In addition, property usage in TODs is usually more dense than surrounding areas. In New Mexico, each Rail Runner stop is a potential TOD, including several good prospects in Santa Fe. The MRCOG is encouraging capitalization on rail investments in Los Lunas, Belen, the Santa Fe Railyard and the South Valley of Albuquerque. Mr. Blewett said that although TODs can help traffic congestion by using rail to transport people, they can also attract more cars to the area. This makes traffic engineering for TODs difficult, he said. Finally, Mr. Blewett said that many public entities around the country are using TODs as a method of generating revenue.

Senator Jennings said that the state should recoup some of the increase in property value that occurs as a result of a train stop being constructed.

Forensic Laboratory — Department of Public Safety

Bob Calvani and Tina Sanchez, NCA Architects, presented to the commission the results of a study to determine whether Albuquerque or Santa Fe is the best location for a new

Department of Public Safety (DPS) forensic laboratory. The current laboratory facilities in Santa Fe are antiquated and are severely lacking in space, and the DPS commissioned the location and site analysis study as part of the process of constructing a new facility. In addition to the Santa Fe laboratory, there are facilities in Las Cruces and Hobbs that provide some services to law enforcement agencies. However, the Santa Fe laboratory is the only facility that currently provides DNA and firearms forensic services.

The NCA study compared Santa Fe to Albuquerque in two matrices: a location analysis matrix and a site analysis matrix. The location analysis matrix scored general factors between the two cities, using such variables as demographics, socioeconomic aspects, location preference of employees and clients, educational and training opportunities, technical factors and financial factors. In this matrix, Santa Fe scored slightly higher than Albuquerque.

The site analysis matrix compared two specific sites chosen for the forensic laboratory. The Santa Fe location that was studied is on the Valdes property owned by the state, near the current DPS headquarters. The Albuquerque location that was studied is at the "super block" site near Candelaria and Interstate 25. The NCA consultants compared factors, including site suitability, functionality, opportunities and constraints, sustainability and cost differentials. In the site analysis presented, Santa Fe scored significantly better than Albuquerque. In conclusion, the NCA study recommended siting the DPS forensic laboratory in Santa Fe.

Senator Ingle said he did not understand why Albuquerque scored so poorly in areas such as education and training. Noreen Purcell, forensic laboratory supervisor, DPS, said that Santa Fe has better forensics training than Albuquerque. There are no forensics degree programs in New Mexico, but Santa Fe Community College offers forensics courses.

Senator Ingle suggested that the location for the forensic laboratory was predetermined before the study was performed. Mr. Calvani said that his firm has no preconception of what was the best location. He agreed that the matrices involve some subjectivity, but changing how some of the items are ranked would not affect the outcome.

There being no further business, the commission adjourned at 5:17 p.m.