

MINUTES
of the
FIFTH MEETING FOR 2008
of the
CAPITOL BUILDINGS PLANNING COMMISSION

Tuesday, September 30, 2008
Room 317, State Capitol
Santa Fe

The fifth meeting of the Capitol Buildings Planning Commission (CBPC) for 2008 was called to order by Arturo Jaramillo, secretary of general services, co-chair, on Tuesday, September 30, 2008, at 1:40 p.m. in Room 317 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
Sen. Stuart Ingle, Senate Minority Floor Leader
Sen. Timothy Z. Jennings, Senate President Pro Tempore
Katherine B. Miller, Secretary of Finance and Administration
Rep. Thomas C. Taylor, House Minority Floor Leader
Oscar Arevalo, Designee for Arthur W. Pepin, Director, Administrative Office
of the Courts
Gary Giron, Designee for Rhonda Faught, Secretary of Transportation
Emilio Martinez, Designee for Stuart Ashman, Secretary of Cultural Affairs
Joyce Pankey, Designee for Patrick H. Lyons, Commissioner of Public Lands
Clarence Smith, Designee for James B. Lewis, State Treasurer

Staff

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

Guests

The guest list is in the meeting file.

Handouts

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

Tuesday, September 30

The minutes of the July 29, 2008 meeting of the CBPC were adopted, with corrections.

Department of Transportation Reports

General Office Redevelopment — Update on Request for Proposals (RFP) and Memorandum of Understanding (MOU)

Deputy Secretary of Transportation Giron and State Transportation Commission (STC) Chair Johnny Cope reviewed the Department of Transportation's (DOT) progress in developing the department's Santa Fe properties. The DOT's objective is to develop the current headquarter's property in such a way as to provide for the construction of a new general office and District 5 complex, as well as eventually providing a revenue stream to the State Road Fund. One of the possibilities being studied is to set up a public/private partnership (PPP) that will maximize the value of the land. An MOU was signed between the secretaries of the DOT, the GSD and the Department of Finance and Administration (DFA) on September 24, 2008 that will allow the parties to collaborate on the best plan for the redevelopment of the Santa Fe DOT properties. The departments established a project oversight committee, composed of the cabinet secretaries of the three departments, which will oversee the project. Any decision on the project will need to be approved by the project oversight committee before it goes to the STC for approval.

The project's RFP has been separated into two phases. Phase 1 will procure the services of a professional consulting firm to evaluate the various options for the development. If the committee and the STC decide to develop the property, based on the consultant's recommendations, the consultant would then develop an RFP for Phase 2, which would include the selection of the contractor to develop the site. The firm hired to perform Phase 1 of the project is prohibited from participating in Phase 2 of the project. The RFP for Phase 1 of the project is scheduled to be released in October 2008, with a contractor being selected by the end of the year.

STC Chair Cope noted that there were some mistakes made by the DOT with the previous attempt to develop the property. This time, the department is committed to being transparent in its development process. He said that there are still too many unknown variables to know ahead of time whether a PPP process will be financially viable, especially given the turmoil in the financial markets. Deputy Secretary Giron was asked if the DOT had reviewed the recent statute regarding the headquarters site to determine any limitations on the project.

Senator Jennings expressed his concern that the MOU should have included representation on the oversight committee from the legislature. He said that the DOT lost some public trust from its previous attempt to develop the property. He suggested that the DOT consider other options for the location of state government buildings in order to reduce traffic congestion in Santa Fe. Before entering into a plan to make the South Capitol campus more dense, the state needs an efficient transportation plan so there is minimal impact to downtown Santa Fe. Some locations mentioned include lands near the Highway 599 bypass and Interstate

25. Finally, he suggested the department consider having the LCS review the RFP, and also suggested that the DOT consider different funding options for the project.

STC Chair Cope said that the DOT is attempting to be as transparent as possible in its development of the property. He said the DOT does not want to spend State Road Fund dollars on a capital structure; rather, those dollars should be spent on the New Mexico highway system. The only way to get a new building, he said, is to leverage the existing property.

Senator Ingle asked what financial obligation the legislature will have to fund the project. Deputy Secretary Giron said there is no obligation; the intention is to structure the deal so the value of the property is used to pay for the new facility. After the building is paid for, any extra revenue generated would be directed to the State Road Fund. Mr. Giron said that the RFP will be advertised nationally and that the selection of the Phase 1 contractor should occur by the end of 2008.

Speaker Lujan thanked the DOT for being more open to input from the public and the legislature.

Ms. Tackett asked if the Phase 1 contract includes master planning for the property. Deputy Secretary Giron said that it will, and Phase 1 will also include a guide for the development of the Phase 2 RFP, or possibly, a recommendation for no development. Ms. Tackett asked if the development could include partnerships with other state agencies. Deputy Secretary Giron said that the DOT is open to such a partnership.

Rail Runner Update

The commission heard a presentation on the progress of the Rail Runner project from Paul Lindberg, Rail Runner project manager. Phase 2 of the project, which consists of 18 miles of new track between Santa Fe and the existing track at the base of La Bajada hill, is currently ahead of schedule and is \$12 million under budget. That portion of the track is scheduled to be completed in early November 2008. Phase 3 consists of realignment of five miles of Santa Fe Southern track in Santa Fe, terminating at the Santa Fe Railyard. Phase 3 is scheduled to be completed in early December 2008. Numerous design changes have been required to avoid utility relocations. Phase 4 of the project consists of construction of platforms and rail stations in Santa Fe. Those stations are scheduled to be completed in late November 2009. Work is also underway for a pedestrian overpass at the Highway 550/Bernalillo station. Finally, the planned station at the Highway 599 intersection in Santa Fe still requires federal approval. The estimated cost of the station is \$15 million and is expected to be complete in the spring of 2009.

Secretary Miller asked why the Highway 599 station is expected to cost \$15 million, which is much more expensive than other station platforms in Santa Fe. Mr. Lindberg said that Highway 599 was considered the best location for a station in terms of passenger access and cost. The other Rail Runner stops have platforms, but not large stations.

Health and Human Services Facility—Future Planning for Site

Pamela Hyde, secretary of human services, and GSD Secretary Jaramillo described the planning for the proposed health and human services (HHS) complex. The GSD has contracted with a firm to complete a financial feasibility study using the Las Soleras site, located approximately east of Cerrillos Road and the outlet mall, as one of the most likely homes for the project. The study should be completed by December 2008, which will determine the best option for proceeding with the project. Based on the recommendation of the study, the GSD will want to move forward with an RFP for a design-build or lease-purchase contract for the facility.

Secretary Jaramillo said that the independent review of the feasibility of the project was important, and it may need to be phased and scaled to fit within available lease payments. This project is very important for the state, said Secretary Jaramillo. The GSD feels the site should be located in the southern part of Santa Fe, and the Las Soleras site seems to be an advantageous offer. The new site would satisfy Senator Jennings' concerns about traffic and congestion near downtown Santa Fe. Additionally, Secretary Jaramillo expressed that the South Capitol campus, which was originally the preferred site for the complex, would be too small for the largest facility proposed, because the DOT has moved forward with its own development plans and its land is not available for the HHS complex.

Secretary Hyde said that the idea for the HHS complex has been discussed for many years. Previously, six state agencies had considered being located at one site, but that number has been reduced to four, which include the Department of Health, the Human Services Department (HSD), the Children, Youth and Families Department (CYFD) and the Aging and Long-Term Services Department. Previously, the Public Education Department (PED) and the Workforce Solutions Department had been interested in locating at the complex, but they have since decided it would be better to have their own separate facilities. The PED has indicated that some of its programs could be located in the complex, but its main headquarters should be separate.

Secretary Hyde said that the four departments spend much time collaborating on projects, and various technical and support functions can be run jointly. The new facility would save operational dollars, since much time is currently spent by staff driving between agency offices around Santa Fe. Currently, the HSD leases six buildings in Santa Fe, and it will be the agency that can bring the most amount of lease money to the project if a lease-purchase option is deemed to be best.

It was noted that Joel Nolan of MGT America, Inc., who gave a presentation to the commission at its June 5, 2008 meeting, will provide the GSD some services with regard to using federal funds as part of the financing package to build the HHS complex.

Ms. Tackett suggested that the Vocational Rehabilitation Division of the PED could be considered for inclusion in the HHS complex because it also leases all of its space.

Speaker Lujan inquired about the possible use of a large parcel of land owned by the New Mexico School for the Deaf for the HHS complex. That parcel is near the DOT district

office and the Department of Public Safety headquarters. Staff was directed to look into space availability at that site.

Secretary Jaramillo noted that land was not available for the HHS complex at the Santa Fe Indian School.

Expo New Mexico—Future Planning for the Site

Luke Otero, chair, State Fair Commission (SFC), and Judith Espinosa, general manager for Expo New Mexico, gave a presentation to the commission about the master planning process for the New Mexico State Fair. Mr. Otero described the recent decision of the Downs at Albuquerque to relocate to Moriarty and the effects that might have on the fair. The governor has directed that the SFC study the best use of the land being vacated. The SFC has decided that it will stay in its current location, but it has a serious need for renovation and deferred maintenance repairs. Mr. Otero expressed interest in seeing the state regain the southeast corner lot on the site, which is currently private property.

Mr. Otero reported that the governor is "on record" for keeping Expo at its current location. Ms. Espinosa spoke to the importance of Expo's cultural heritage. She noted the other developments in the Albuquerque area, including the Santa Ana Center in Rio Rancho, downtown Albuquerque and the uptown development near Winrock. Ms. Espinosa said that Expo is the staging area for emergencies and disasters, particularly because of its excellent transportation corridors.

The state fair has conducted a request for information (RFI) recently, said Ms. Espinosa. Part of that process included holding many community meetings to receive input from the public about the future use of the state fair's property and to meet with developers for discussions about possible uses of the land. Ms. Espinosa said that one idea for the vacated racetrack would be to locate the proposed equestrian center at the fairgrounds, which would enable the Arabian Horse Show to return to Albuquerque.

Senator Jennings said that, given the current state of the economy and fiscal condition of the state, it would be difficult to justify such a large amount of money for that purpose.

Secretary Miller noted that advocates want Expo to be more equestrian friendly; however, many developers have said that locating the equestrian center at the fairgrounds is not the best use of the land. She said that the Mesa del Sol area may be a better fit for that project.

Ms. Espinosa reported that the next step in the planning process is to determine the highest and best use of all the property at the fairgrounds.

Status Reports for Master Plans

John Petronis and Andy Aguilar of Architectural Research Consultants (ARC), Inc., presented the commission with reports on the progress of the Santa Fe and Albuquerque area

master plans. One new useful information source to which ARC gained access is the database of state-insured buildings maintained by the Risk Management Division of the GSD. ARC has been reviewing that database and cross-checking the information with other sources, which will result in a better inventory of the condition of state-owned buildings. ARC has also met recently with city and county representatives in Los Lunas and Valencia county.

Update to Santa Fe Area Master Plan

The Santa Fe area master plan is continuing to be developed, taking into account recent developments in state-owned property. Key issues in the implementation of the plan involve: 1) timing agency relocations to coordinate with the timing of construction and renovation of buildings; 2) the need for "surge" space to house agencies while existing buildings are renovated to accommodate new tenants; and 3) financing new facilities, including lease-purchasing buildings using federal and state operational lease money as a bonding source.

Mr. Petronis mentioned that the timing of the agency moves to and from the Public Employees Retirement Association (PERA) building will be critical, in order to allow the Public Regulation Commission (PRC) space for its operations and staff. The CYFD would need to vacate the space first, he said. However, that department's potential new headquarters in an HHS complex probably would not be ready soon enough, which would mean the need for CYFD to relocate temporarily to another building.

On the Main Capitol campus, the key issues of the master plan include relocating state agencies that are constitutionally created back to the Main Capitol campus. These agencies include the State Auditor the CYFD to other service-oriented campuses. Space in the existing buildings is becoming more scarce, and the master planners are considering options to relieve overcrowding.

The South Capitol campus is also overcrowded, and some of the existing buildings are in serious need of renovation or demolition and reconstruction. Since the inception of the original master plan for Santa Fe, the DOT has proposed different types of development for its headquarters site and its district 5 site. The master plan is being revised to reflect potential state facility construction on only the GSD portion of the property, but the construction needs to be coordinated with the adjacent DOT development, once that is determined.

In the meantime, the South Capitol campus does not have enough space to house the HHS complex as currently proposed, so a new site would need to be secured. The new site should also be able to accommodate future expansion, said Mr. Petronis. However, there is space on the South Capitol campus for two possible buildings: the first could be built, with a parking structure, if necessary, on the parking lot currently serving the Montoya, Simms and Runnels buildings; and the second possibility would be to demolish the Lujan building and replace it with a larger building and parking structure.

The West Capitol campus currently has seven main structures and is partially split by land not owned by the state. The state needs to acquire land from the federal government and the

Santa Fe Public School District if any more substantial development is to take place in the future, said Mr. Petronis.

Other capitol campuses, including the Oñate/Correctional campus, should be planned to maximize leverage of Rail Runner train stations, said Mr. Petronis. At the Penitentiary of New Mexico, the issue of whether to lease the wastewater treatment plant on a long-term basis to Santa Fe County also needs to be resolved, in coordination with the CBPC.

Albuquerque/Los Lunas Metropolitan Area Master Plan

Albuquerque does not have a centralized state-owned campus housing state agencies. The master plan for Albuquerque calls for developing the "superblock" site, which currently houses the Youth Diagnostic Development Center (YDDC) on part of the property, as well as some DOT operations. The plan would be to eventually move the YDDC to the Los Lunas correctional site, which will allow more state agency buildings to be constructed at the superblock site. Since the DOT has facilities at this site, any development needs to incorporate the DOT on the site.

Other areas that ARC is investigating include the old metropolitan courthouse, which is now state-owned, and the 54 acres at the state fairgrounds, which may soon be available for state facility expansion. The state fairgrounds could be a location for a centralized state office campus, said Mr. Petronis. As indicated, more study is being conducted by Expo New Mexico.

Senator Jennings asked if a parking garage could be constructed near the old metropolitan courthouse so that the building could be used to house a state agency. Mr. Petronis said that there is very little space in the neighborhood for a new garage and constructing one where the current small parking lot is would not be feasible. Secretary Jaramillo said that the GSD determined that the cost to convert the building into an office building would be \$11 million. Senator Jennings said that legislators are seldom privy to property agreements that saddle the state with unwanted property. He discussed the possibility of giving the property back to Bernalillo County.

Commission Discussion and Additional Directives for Master Plans and Implementation Plans

Ms. Tackett presented a list of staff suggestions for the commission to consider. After discussion by the commission, Secretary Jaramillo requested that staff:

- look into the New Mexico School for the Deaf properties as a potential location for state facilities;
- proceed with an implementation plan for the Albuquerque superblock site, with the assumption that the DOT hilltop facility will continue to stay on the property;
- wait until the Expo's request for information is complete before considering development at the fairgrounds;
- obtain an estimate of the demolition costs for buildings at the Los Lunas hospital campus, as well as costs for relocating the YDDC to the correctional campus;

- ensure that a cost-benefit analysis regarding the possible trade, disposition or PPP development of the old metropolitan courthouse property is performed before any transfer is made;
- develop a procedure or checklist for the commission to use when considering proposals or when and how to review the purchase or sale, lease or disposal of state property; and
- study existing statutes and recommend changes that might be needed, with particular regard to a process for the commission to use when reviewing the acceptance of offers of land or buildings from non-state entities or to use when reviewing lease-purchase options before being presented for approval to the legislature; requirements for agency master plans; and conflicts with other statutes dealing with the PCD's and State Board of Finance's duties.

Representative Taylor said that some state agencies develop their master plans in isolation, without consulting the commission or other governmental entities. He also questioned the DOT's statutory authority to develop and dispose of state lands. In response, Ms. Tackett said that while the State Land Office has constitutional authority to manage state lands, the STC and DOT only have statutory authority. Secretary Jaramillo said that the commission should work collaboratively with the DOT, especially regarding the DOT parcel at the Albuquerque superblock site.

Senator Jennings suggested that the public comment period on the commission's agenda be moved to the beginning of meetings, rather than making the public wait until the very end of meetings to comment.

There being no further business, the commission adjourned at 4:25 p.m.