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FISCAL IMPACT REPORT

SPONSOR: Altamirano DATE TYPED: 03/06/01 HB _____
 SHORT TITLE: Sale of La Villa Rivera & Marian Hall SB SJR 33/aSFC
 ANALYST: Carrillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			Unknown	Recurring	General Fund and Others

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		\$ 10,100.0	Non-recurring	Property Control Reserve Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

General Services Department (GSD)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Joint Resolution 33:

Changes the beginning of the closing process from March 27, 2001, to April 27, 2001.

Clarifies the interim period the buyer is responsible for all improvements proposed and completed shall not exceed two years “after the state vacates the premises.”

Synopsis of Original Bill

Senate Joint Resolution 33/aSFC -- Page 2

Senate Joint Resolution 33 ratifies the terms and conditions in the request for proposal (RFP) for the sale of La Villa Rivera and Marian Hall, located in Santa Fe. The sale of property was authorized in Laws 1998, SJR13. The property was appraised at \$8,000.0.

A bid of \$10,000.0 was received in response to the RFP issued by the Property Control Division (PCD). The conditions being ratified by SJR33 are:

The full purchase price of \$10,100.0 be paid by certified check by the highest bidder at the beginning of the closing process on March 27, 2001.

The proceeds of the sale be held in a suspense account pending finalization of the sale, with interest accruing to the Property Control Reserve Fund pursuant to Section 15-3-24.2 MMSA 1978.

Finalization of the sale be by quitclaim deed and be contingent on issuance by the Construction Industries Division (CID) to the buyer of all applicable building permits and certificate of occupancy.

CID issue building permits and certificate of occupancy only after it reviews and approves building improvements that are consistent with the historic character of the area, in the public interest, and that maximize mixed use of the property that promotes economic development.

In the interim period between the payment of the purchase price to the State by the buyer and finalization of sale, PCD lease La Villa Rivera and Marian Hall to the buyer.

The lease between PCD and the buyer include provisions for the buyer to assume any existing leases with tenants of the property that are not state agencies, and accommodating any state agency tenets, pursuant to the terms and conditions of the most recent invitation to bid, to ensure minimal disruption of the tenant's operations and program.

The buyer be responsible for all improvements proposed and completed during the interim period. The interim period shall not exceed two years.

Significant Issues

According to GSD staff, the future of this facility is of considerable interest to Santa Feans due to its history, location in downtown Santa Fe, and its potential for economic development. The State conducted negotiations with the City of Santa Fe and Santa Fe County because both were interested in the facility but neither was able to obtain sufficient public approval and funding to purchase the facility.

GSD also comments the sale is part of a multi-year initiative to shift real estate assets to acquire additional office space and thereby save recurring costs of lease payments in agency budgets. In anticipation of selling the facility in Laws 1999, Chapter 23 Section 33 (2nd SS), the Legislature authorized expenditure of \$9 million to purchase the NEA Building and begin construction of an office building at the West Capitol Complex that has already been designed.

Finally, GSD states the property currently houses several State agencies and the Presbyterian Medical Services nursing home (La Residencia).

FISCAL IMPLICATIONS

Senate Joint Resolution 33/aSFC -- Page 3

The \$10.1 million purchase price would be deposited into the Property Control Reserve Fund (PCRF), which is subject to appropriation by the Legislature to increase State ownership of office buildings in the Santa Fe area. During the interim period, interest on the \$10.1 million would accrue to the PCRF.

GSD staff notes in a study performed for the Capitol Buildings Planning Commission, it is estimated that it is more cost effective for the state to own buildings when lease payments exceed \$13 per square foot. The average square foot cost to lease office space in Santa Fe is approximately \$17 per square foot and as much as \$23 per square foot, depending on proximity to the downtown area.

WJC/prr:ar