

PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL

PUBLIC SCHOOL FACILITIES AUTHORITY



**ANNUAL
REPORT**

2004

State of New Mexico
Public School Capital Outlay Council
Public School Facilities Authority

PSCOC Chair:

Catherine Smith, PEC

PSCOC Members:

David Contarino, Governor's Office

James Jimenez, DFA

Veronica Garcia, PED

David Abbey, LFC

Pauline Rindone, LESC

Lisa Martinez, CID

Marvin Marquez, NMSBA

Paula Tackett, LCS

PSFA Director

Robert Gorrell



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December 31, 2004



On behalf of my colleagues on the PSCOC and at the PSFA, I'm delighted to present this overview on our work during a busy and eventful 2004.

First and foremost, I'm pleased to report that New Mexico public school capital outlay awards for this cycle totaled \$198.5 million, by far the highest capital outlay awards ever. This is in addition to \$49.4 million in state funding for deficiencies correction, full day kindergarten classrooms, and facilities leasing assistance.

We thank and acknowledge Governor Richardson and the New Mexico Legislature for the unprecedented scope of their commitment to funding adequate educational infrastructure throughout the state. I would also like to thank PSFA staff, and my colleagues on the PSCOC, especially David Abbey and his Awards Subcommittee for reviewing applications and determining greatest needs.

As a direct result, in 2004 the PSCOC provided funding assistance to 230 construction and facilities projects throughout New Mexico, including new school buildings, new classrooms, improvements to life/safety systems, emergency repairs to school buildings and financial assistance to charter schools for leasing adequate facilities.

Many of you know that the Legislature asked the PSCOC and PSFA to implement a new standards-based process for capital outlay that would bring greater fairness and transparency to funding decisions. I want to thank all 89 New Mexico school districts for your invaluable assistance in getting this new process off the ground successfully in this critical pilot year.

As a lifelong educator, it has been gratifying and humbling to chair this Council, and to have had the pleasure of working with so many dedicated and talented people from throughout New Mexico, all united in the goal of providing the best education possible for our children and grandchildren.

Sincerely,

Catherine M. Smith

PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL

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**2019 Galisteo, Suite B-1, Santa Fe, NM 87505
505-988-5989, www.nmschoolbuildings.org**

The Public School Capital Outlay Council (PSCOC) has been directed by the Legislature to manage the allocation of state funding to public school facilities in New Mexico's 89 school districts.¹ The PSCOC consists of nine council members from the Governor's Office, the Department of Finance & Administration, the Public Education Commission, the Legislative Education Study Committee, the Public Education Department, the New Mexico School Board Association, the Construction Industries Division, the Legislative Finance Committee, and the Legislative Council Service.



The Public School Facilities Authority (PSFA) has been directed by the Legislature to operate as staff for the PSCOC; to assist school districts in the planning, construction and maintenance of their facilities, to assist in training districts' facility and maintenance staff, and to implement systems and processes that establish adequate public school facilities throughout New Mexico via efficient and prudent use of funds.² The PSFA consists of administrative staff in Santa Fe and Albuquerque, and field staff who live in the school districts in which they work.

¹ For legislation and rules determining PSCOC's statutory authority, please see the separately-published Appendix to the 2004 Annual Report.

² For legislation and rules determining PSFA's statutory authority, please see the separately published Appendix to the 2004 Annual Report.

Overleaf title page: Groundbreaking ceremony for phase two of construction at Santa Rosa Middle School, Santa Rosa, New Mexico. The school is scheduled for completion in May, 2005.

PSCOC & PSFA 2004 Annual Report

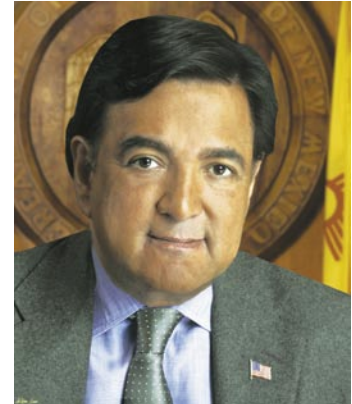
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PICTURED: PSFA installing full day kindergarten classrooms at San Juan Elementary School, San Juan Pueblo.



State of New Mexico
Office of the Governor



Bill Richardson
Governor

Tuesday, January 25, 2005

Education is the top priority for my administration, which is why I am committed to investing directly in the classroom. But just as important, we must provide a safe and healthy learning environment, in which children can thrive.

Working together with the Legislature, the Public School Capital Outlay Council and the Public School Facilities Authority, we're doing just that. We invested about \$250 million in school facilities in 2004 in our effort to put New Mexico's public education system on the path to excellence. We're delivering results, and I'd like to share a few highlights:

- Our early childhood education program is well on its way to becoming the envy of the nation. This year we built, refurbished or installed 125 new classrooms to complete statewide launch of full day kindergarten.
- My administration is committed to doing what it takes to improve the education of New Mexico's Native Americans. For the first time ever, New Mexico partnered with the Navajo Nation to build a new high school at Pueblo Pintado, so the kids there no longer need to bus 120 miles a day to go to school.
- We are equally committed to strengthening rural education, and have launched a new standardized and transparent process for identifying and funding the most critical educational facilities needs around the state. This year we funded through the top 97 school district requests on the statewide priority list, and provided financial assistance to a total of 230 facility & construction projects, with many of these in rural areas.
- We're doing what it takes to create energy efficiency in public schools. With state assistance, Alamogordo High School recently installed a geothermal heating & cooling system that will save 4 million gallons of water per year, and they're using the energy savings to pay for the new system. Other schools around the state are shifting to geothermal and looking closely at biomass.

These initiatives, and the many others that we've launched, are the result of bold, innovative thinking, results-driven management, and an effective bi-partisan partnership that's making every school dollar count for local projects, fixing our schools, and training next generation's workforce for a high wage economy over the long haul.

Sincerely,

A handwritten signature in black ink that reads "Bill Richardson".



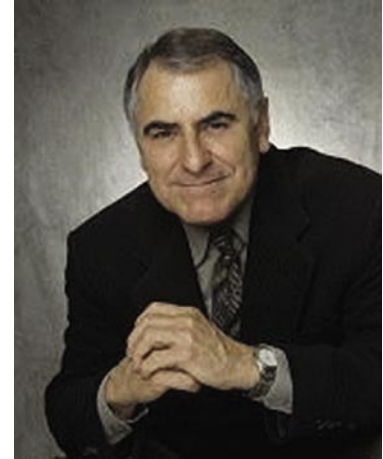
New Mexico State Senate

State Capitol
Santa Fe

SENATOR RICHARD M. ROMERO
PRESIDENT PRO TEMPORE
D-Bernalillo-12

907 Silver SW
Albuquerque, NM 87102

Home: (505) 766-9654
E-Mail: richard.romero@state.nm.us



September 15, 2004

It is a key priority of this Legislature to provide high-performance school facilities for all of New Mexico's communities, via efficient and fair use of public funds. The Public School Capital Outlay Council and the Public School Facilities Authority are doing an excellent job in making this priority a reality.

I'd like to thank Governor Richardson and every New Mexico senator and representative for strengthening our commitment to school districts' facility needs by more than doubling public school capital outlay in 2004. I'd especially like to thank Senator Altamirano, Senator Nava and Senator Leavell, along with Representative Miera, Representative Coll, Representative Saavedra, Representative Larranaga, and Speaker Lujan for their vision and leadership in this most critical task.

We are indebted to the Legislature's standing committees, which have worked tirelessly to implement the new process. Thanks to David Abbey and the LFC, Dr. Pauline Rindone and the LESC, as well as Paula Tackett and the LCS.

Positive reform would likewise be impossible without the wisdom and commitment of educators and community leaders from throughout New Mexico. On behalf of the Senate, I would like to express our sincere thanks to all of you for partnering with us to improve public education.

New Mexicans in government, in school districts and in every community know that the best investment in our collective future is in the education of our children, and there is a significant, direct and measurable relationship between good school facilities and increased learning.

It has been an honor and a privilege to assist in this worthy and noble endeavor.

Sincerely,

A handwritten signature in blue ink that reads "Richard M. Romero". The signature is written in a cursive, flowing style.

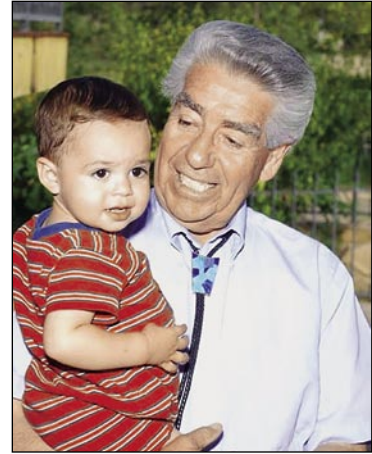


State of New Mexico
House of Representatives
Santa Fé

BEN LUJÁN
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D-Santa Fé County
District 46

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I want to express my whole-hearted support for the work being done by the Public School Capital Outlay Council and Public School Facilities Authority to improve the condition of schools throughout the state.

Through the joint efforts of the Legislature, the Governor, local school officials and other interested members of the public, I believe that New Mexico has developed a first-rate program for providing school facilities that create a safer and more effective learning environment for our children.

As a long time advocate for the development of a more equitable system of funding public school construction in New Mexico, I am particularly proud of the state and local funding partnership that we've adopted. I believe that we've struck a good balance between providing state funds for those who cannot raise enough local funds to meet their own needs, and preserving the community pride and responsibility associated with raising local funds for school buildings. I also believe that our new funding process provides the needed safeguards to let the taxpayers of New Mexico know that their tax dollars, whether state or local, are being spent in a prudent and effective manner.

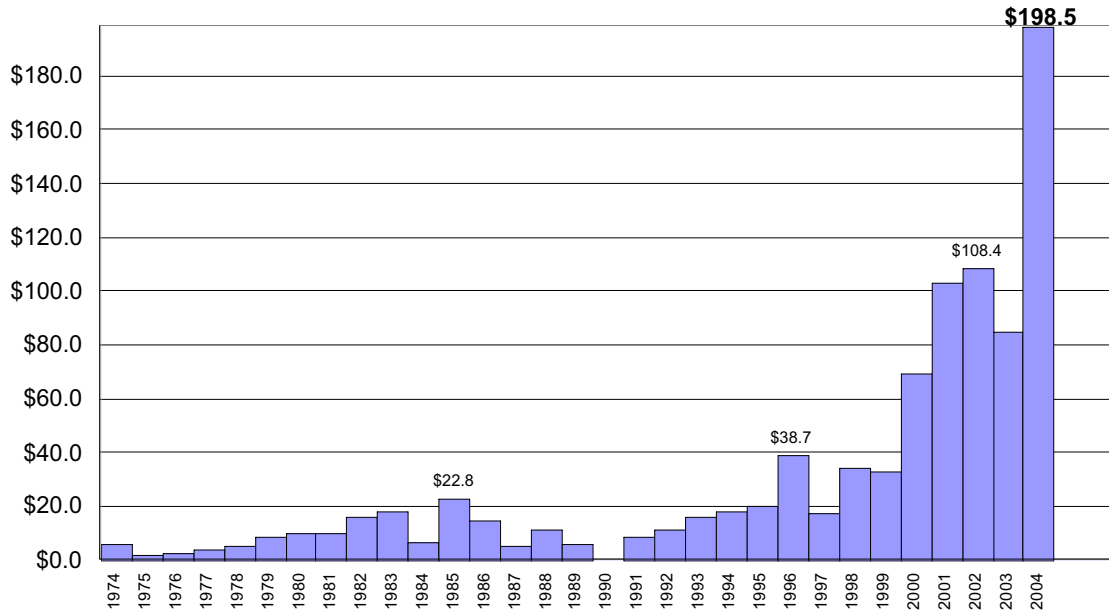
I would like to thank the members of the Public School Capital Outlay Council and Public School Facilities Authority for their time, talent, commitment and dedication to this important endeavor. I would also like to thank our educators and district administrators for their willingness to partner with us to make the new process work on the ground, where it really matters. And I especially wish to thank and acknowledge the Governor and all of my colleagues in the House and Senate for an effective bipartisan partnership that is bringing noticeable improvements to the schools in communities around the state.

Sincerely,

A handwritten signature in blue ink that reads "Ben Lujan".

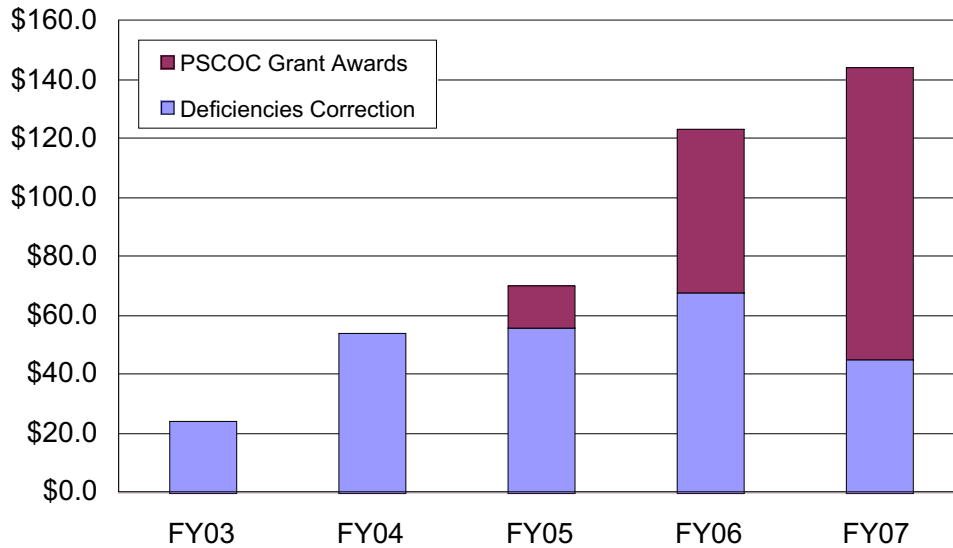
Grant Awards & Project Management Workloads

**PSCOC Grant Award Allocations
State Portion Only 1974-2004
(Millions)**



State capital outlay for public school construction totaled almost \$200 million in 2004, by far the highest annual award levels ever. This investment from the state is now being matched with local funds, dollar for dollar on average, across New Mexico.

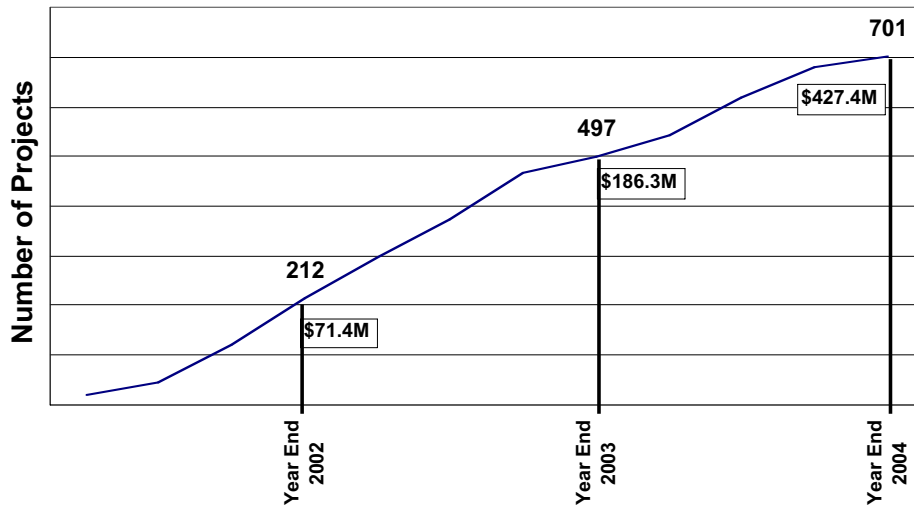
**PSCOC Activity and Activity Forecast: State Funding Only
(millions of dollars)**



Based on current PSCOC award allocations and remaining deficiencies correction work. PSFA workload in terms of project dollars is expected to triple before fiscal year 2007. (Workloads will be higher than reflected here because local matching funds increase project dollars under PSFA management by approximately 100 percent.)

Total Projects & Operational Uses of Funds

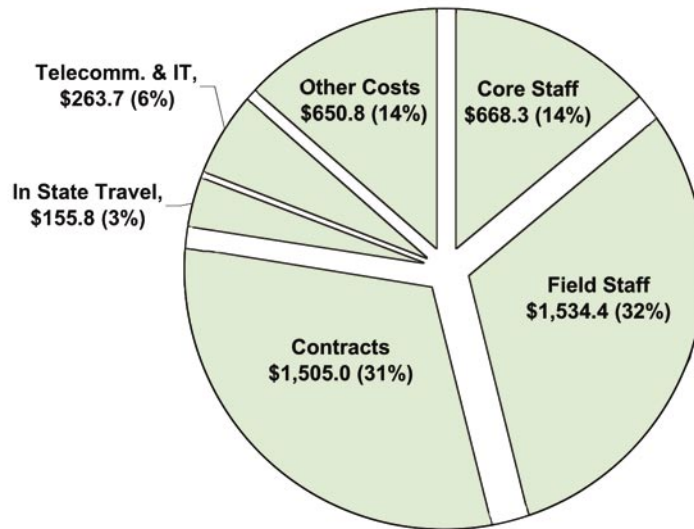
Total PSCOC/PSFA Projects Statewide



Includes cumulative deficiencies correction projects approved by the PSCOC. 2004 includes an additional 43 full-day kindergarten projects, 39 standards-based projects and 17 continuation projects.

PSCOC & PSFA have provided project and funding assistance to over 700 projects throughout New Mexico since the Deficiencies Correction Unit was established in late 2001. Project life cycles range from 6 months – 60 months.

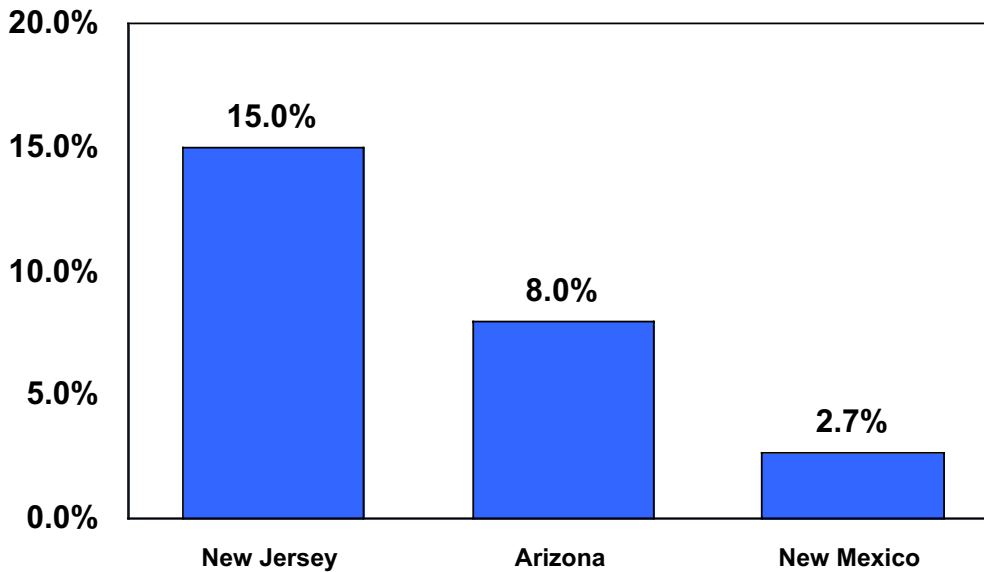
PSFA Operational Uses of Funds Fiscal Year 2004 (Dollars 000's)



PSFA's largest line item cost in managing construction oversight is specialized staff based throughout the state in the school districts they serve, who manage district construction projects, and who train district facilities staff.

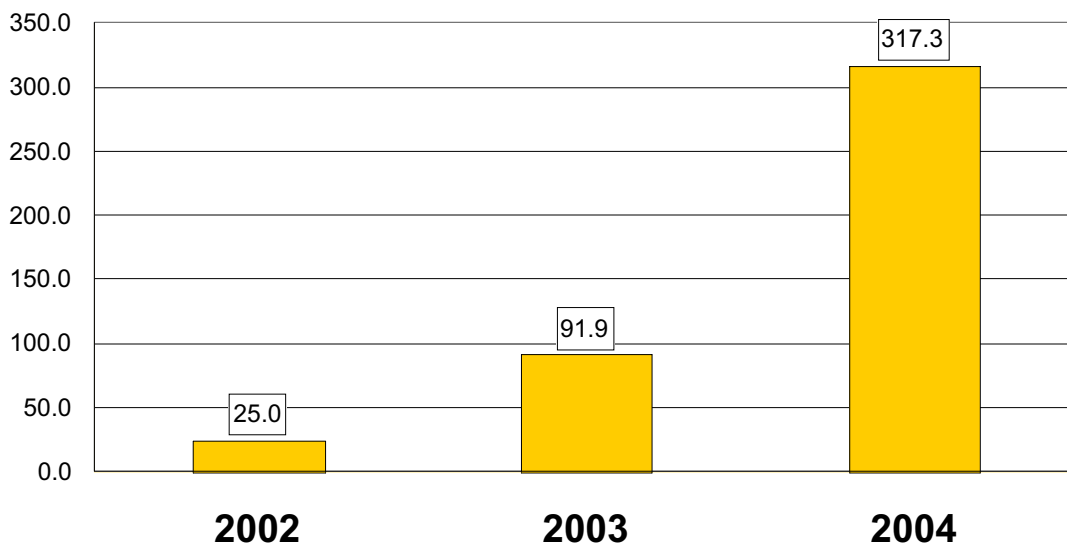
Management Efficiencies & District Training

Construction Oversight Costs as Percent of Construction Dollars



New Mexico is efficient in its oversight costs as a percent of total construction dollars, per comparable data from other states. SOURCES: Arizona School Facilities Board, & New Jersey Schools Construction Corporation.

PSFA Investment in Training for Districts, Design Professionals & Construction Contractors (\$ Thousands)



Training architects, contractors and district staff on best-in-class project management systems increases efficiency, reduces change orders and other costs, and results in overall higher-quality buildings. PSFA investment in training has been increasing. (Totals include dedicated training staff salaries, and other agency resources dedicated to training.)



State of New Mexico
Public School Facilities Authority

We have audited the financial statements of the Public School Facilities Authority (Authority) as of and for the year ended June 30, 2004 and have issued our report thereon dated September 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The results of our audit are summarized as follows:

1. The auditors' report expresses an unqualified opinion on the financial statements of the Authority.
2. One reportable condition was disclosed during the audit. There were no material weaknesses disclosed.
3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.

This letter is intended for the information of the Public School Facilities Authority and its management, and is not intended to be and should not be used by anyone other than these specified parties.

Neff + Ricci LLP

Albuquerque, New Mexico
September 22, 2004

The PSFA on Better Facilities at Lower Costs

PSFA Director Bob Gorrell and Deputy Director Tim Berry on operations.

On The Need & The Process

Gorrell: New Mexico has over \$2.4 billion in public school facilities needs,¹ and limited resources that must be used optimally. Efficiency gains that speed project delivery by 25 percent are achievable, and would generate large cost reductions.² That's a major focus for us. We don't want to lower costs by building lower quality schools—a false savings over the long run.

On PSFA's Structure

Gorrell: The Legislature looked at how other states handle this process, and decided that a leaner, more agile organization would be more effective. PSFA's cost of oversight as a percent of funding is 2.7 percent—lower than comparable school construction management in other states.³

Berry: As the state's central coordinator for school facilities, we're able to create large efficiency gains merely by eliminating arbitrary inconsistencies across districts. For example, we introduced standardized construction contracts. Contractors now deal with the same set of expectations in all school districts, which raises their productivity, leads to more competitive bidding, and lowers our costs.

On Synergies With Other State Agencies

Gorrell: We're partnering with other agencies to streamline workflows. One example is that we're now managing plan review concurrently with the regulatory agencies, and have cut total processing times by 60-90 days.⁴ These same agencies can now deal with PSFA rather than with 89 separate school districts, which frees up their staffs for earlier involvement in projects. Project completion inspections that result in costly change orders and delays in certificates of occupancy are now being minimized.⁵



PSFA Director Bob Gorrell (left), & Deputy Director Tim Berry (right).

On Synergies With School Districts

Gorrell: PSFA has been able to develop and fund management resources for districts that they otherwise might find cost-prohibitive. For example, our statewide process automation systems for construction, maintenance management and bid referral—all of which are web-hosted, so that districts can access without investing in IT.

Berry: I think it's also important that we offer district personnel extensive training in master planning, processes and maintenance. All in all, we try to make it easier and less expensive for districts to manage their facilities, so that they can better focus on what happens in the classroom.

On Policy & Information

Berry: To allocate limited resources to greatest needs, policymakers have to have accurate, comprehensive information. PSFA provides the infrastructure and staff for the PSCOC's standards-based capital outlay process. With this new resource, policymakers are finally able to determine the relative priority of every school facility need in the state, which allows more targeted and efficient funding decisions.

On PSFA Culture

Gorrell: We're here to serve school districts, not to bark orders from Santa Fe. We're delighted to partner with other state agencies to provide better service to stakeholders. And we're committed to fairness and respect in working with the private sector. We haven't run the numbers, but friendly, professional working relationships are in the long run much less costly and much more efficient.

¹ From the New Mexico Condition Index database. Does not include new school needs related to growth.

² Assumes inflation at 3 percent and cost of capital at 2-4 percent.

³ Based on an internal PSFA evaluation of other state construction management operations.

⁴ Per CID, Fire Marshal and other relevant agencies.

⁵ Historic data to determine percent reduction not available.

The PSCOC on Policy & Capital Outlay

Secretary of Education Dr. Veronica Garcia, and Legislative Council Service Director Paula Tackett speak on behalf of the PSCOC about public school capital outlay policy and facilities issues.

On The New Standards-Based Process

Garcia: It's more objective and fair to everyone, and a big improvement over the previous capital outlay hodge podge. I'm pleased with it.

Tackett: The Public School Capital Outlay Task Force (PSCOTF) did an extensive evaluation of this first pilot year. A few minor glitches to fix, but district superintendents, design professionals and contractors who have to deal with this process tell us that it's working extremely well.

On The Public School Facilities Authority

Garcia: My understanding from superintendents is that they find PSFA responsive and professional, and that they appreciate the support.

Tackett: PSCOTF survey respondents were extremely complimentary of the PSFA and how supportive and helpful they are to districts. The PSFA is new, and may need an increase in staff to fully manage the tasks that they've been given.

On District Growth

Tackett: Funding growth is now built into the standards-based process, but the PSCOC may still make refinements. PED and PSFA are working to improve statewide student forecasting models.

On State Capital Outlay Revenue Sources

Garcia: Charter schools are increasing in number, and they're requesting brick & mortar. We have limited funds, so this issue needs to be addressed.

On Maintenance

Garcia: We need to help smaller districts, who don't have the maintenance resources of larger districts. Regional cooperatives might be a good option for sharing resources cost-effectively.

Tackett: The state is increasing funding by raising the SB-9 match, is developing a statewide maintenance information management system with districts, and has directed the PSFA to work with districts to develop effective maintenance plans. The Legislature wants to make sure that all these new facilities we're building will be preserved.



PSCOC members: Secretary of Education Dr. Veronica Garcia (left), and Legislative Council Service Director Paula Tackett (right).

On The State-Local Match Formula

Garcia: There are anomalies that we need to fix. For example, retirement communities full of bed & breakfasts drive up assessed valuations, but these people don't gain directly from schools, so they don't vote for bond issues. We're working to make school gyms, libraries, computers labs and other facilities available to the whole community in these areas, so that everyone can benefit, and can see the value in supporting schools' financial needs.

Tackett: The PSCOC needs to be allowed the flexibility to address these anomalies through adjustment of the state share, and the state-local match ratios need to be averaged over a three year term to smooth annual percentage fluctuations.

On The PSCOC

Garcia: It's a balanced collaboration between the Governor, the Legislature, and professional educators. We're working together with state agencies, community leaders and school districts in the best interests of children, and this teamwork is achieving results. I've really been impressed with the collaboration that I've witnessed since I've been a participant.

On Remaining Challenges & Local Needs

Garcia: A key challenge is how we best can integrate state adequacy standards with individual community needs.

Tackett: I agree with Dr. Garcia. As adequacy standards are refined, we need to be creative in balancing standardization with the uniqueness of each community.

Energy Efficiency in Public Schools

It's a priority for schools and other public buildings in New Mexico to become energy efficient. The PSCOC and PSFA are working with the Department of Energy & Minerals and other state agencies to assist school districts to reduce energy dependency and costs. Two examples:

Better Lighting at Lower Costs

On average, half of school maintenance budgets are for energy use, and two thirds of this energy use is for interior lighting.¹

New Mexico is sunny most of the time. Natural light improves learning,² so PSFA encourages maximum use of daylight in new and refurbished school buildings. In existing facilities, replacing outdated interior lights with new high-efficiency lighting will alone result in 20-30 percent savings.³

Geothermal: Self-Funding, Saves Water

Geothermal systems use ambient ground temperature to provide heating and cooling.

A key benefit: energy savings can be large enough to fully fund the cost of the system.



Dedication of phase one of Alamogordo High School's new geothermal heating and cooling system. Water conduits being installed.

Alamogordo High School's recently installed geothermal HVAC, when fully completed, is expected to save over 4 million gallons of water a year.

Alamogordo has found that geothermal systems are easier and less expensive to maintain than swamp coolers, air conditioners and conventional heating units.

Clean Air in Classrooms

EPA tests indicate that over half of public schools have indoor air quality problems, which can affect the learning process, increase the potential for health problems, reduce productivity, and accelerate deterioration of heating & cooling equipment.⁴

Working with school districts, the EPA and other state agencies, the PSCOC and PSFA's Deficiencies Correction Program is mitigating conditions in school buildings which can lead to poor air quality.



Gadsden School District accepts EPA's Great Start Award for implementing EPA's Interior Air Quality Tools for Schools program.

¹ Albuquerque Public Schools and other sources.

² Heschong Mahone study.

³ From Dept. of Energy & Minerals estimates.

⁴ EPA studies cited at www.epa.gov.

Do Better School Facilities Improve Learning?

It's been said that a good teacher can teach anywhere, but a growing body of research demonstrates an explicit, measurable relationship between the physical characteristics of school buildings and effective (or ineffective) student learning. For example:

- Students learning in better building conditions earn 5-17 percent higher test scores than students in substandard buildings.¹
- Students' standardized achievement scores rose 10.9 percent in schools which improved building conditions from poor to excellent.²
- Students experience a significant reduction in analytical ability, reading speed, and reading comprehension when classroom temperatures exceed 73.4 degrees.³ In nine additional studies, the importance of a controlled thermal environment was stressed as necessary for satisfactory student performance.⁴



- Students in classrooms with the most exposure to daylight progressed 20 percent faster on math tests and 26 percent faster on reading tests than those in classrooms with the least exposure to daylight.⁵
- Facilities conditions may have a stronger impact on a student's academic performance than the combined influences of family background, socioeconomic status, school attendance and behavior.⁶
- When class sizes are reduced below 20 students, related increases in student achievement move the average student from the 50th percentile up to somewhere above the 60th percentile, with even greater achievement results for disadvantaged and minority students.⁷

¹ Earthman, G. *"The Impact of School Building Condition and Student Achievement,"* Organization for Economic Coordination and Development Conference, Luxemburg, 1998; Moore, D., and Warner, E. *Where Children Learn: The Effect of Facilities on Student Achievement,* Council of Education Facility Planners International, 1998; Morgan, L. *Where Children Learn: Facilities, Conditions and Student Test Performance in Milwaukee Public Schools,* Council of Educational Facility Planners International, 2000.

² Edwards, M. *"Building Conditions, Parental Involvement and Student Achievement in the D.C. Public School System,"* masters thesis, Georgetown University, 1992.

³ Harner, David. *"Effects of Thermal Environment on Learning Skills,"* CEFPI Journal, April 1974.

⁴ McGuffey (1982), Mayo (1955), Nolan (1960), Peccolo (1962), Stuart & Curtis (1964), McCardle (1966), Harner (1974), Lemasters (1977), and Chan (1980).

⁵ Heschong_Mahone study.

⁶ Morgan, L. 2000.

⁷ U.S. Dept. of Education. *"Reducing Class Size: What Do We Know?,"* 2-14-02 DOE.

How Direct Legislative Appropriations Offset a School District's PSCOC Award Funding—A Simple Overview

The Public School Capital Outlay Offset for Direct Appropriations can be confusing. Here's a simple, practical explanation.

What It is

The law says that the PSCOC must “*reduce any grant amounts awarded to a school district by a percent of all direct non-operational legislative appropriations for schools in that district that have been accepted, excluding educational technology and re-authorizations of previous appropriations.*”¹

How It Works

The *percent reduction* mentioned in the law is each school district's local match percent for PSCOC award funding.

The offset applies to all PSCOC award allocations after January 2003.

The offset applies to the *district*, so if one school in a district receives a direct appropriation, other projects in the district that receive PSCOC award funding will be subject to an offset.

Offset amounts not used in the current year apply to future PSCOC grant amounts.

The law gives districts the right to reject a direct appropriation because of the effect of the offset. For example, a school district receives a direct legislative appropriation for a specific purpose. The effect of the offset would cause the district to accordingly receive reduced PSCOC award funding for what it considers a higher priority need, and it chooses to reject the appropriation.

An Example

Legislative appropriation to a school	\$1,000
PSCOC award to that school's district	\$2,000
That district's local match percent	40%
Offset reduction in district's PSCOC award allocation (\$1,000 x 40%)	(\$400)
District's net PSCOC award amount (\$2,000 - \$400)	\$1,600
Total funds received by district (\$1,000 + \$1,600)	\$2,600

Fiscal Effects

The most significant effect of the offset is not to reduce total funds that the district receives², but instead to potentially reduce funds available for higher priority needs, in the event that the direct appropriation was for a lower-priority project than projects for which the district had applied for PSCOC award funding. In this case, the higher priority projects would have funding levels reduced by the amount of the offset.

Why An Offset?

The Legislature enacted the offset as one of a number of initiatives it has taken recently to better equalize state funding of capital requests across all of New Mexico's school districts. The 2002 report of the Special Master appointed as a result of the Zuni lawsuit specifically highlighted “*the disequalizing effect of direct legislative appropriation to individual schools for capital outlay purposes.*” The offset was enacted to mitigate this concern.

¹ Section 22-24-5.B(6) NMSA 1978

² The post-offset net amount of a direct appropriation will always be revenue positive for the district, given current local match percentages.

A Standardized Method for Funding Public School Facilities Needs—The Big Picture in Plain English

In 2004 the PSCOC implemented a new standards-based process for prioritizing and funding public school capital needs throughout the state. This new process makes use of a statewide database called the New Mexico Condition Index, or NMCI.

The New Process

The NMCI database¹ includes all 89 school districts, approximately 800 public school buildings in these districts, and 65,000 separate and distinct systems in those buildings, each with its own end of life cycle alarm. All in all, about 200,000 specific line items feed into nine weighted categories.

How it Works

Based on the weighted categories, the NMCI system ranks every facility in terms of relative need, from greatest to least. Once a year, the PSCOC publishes the NMCI ranked list. Each need on the ranked list includes the estimated cost of repair or replacement. In 2004, the total cost of repair or replacement for all facilities needs in New Mexico was \$2.4 billion dollars.²

Funding Needs

Since the state lacks the resources to fund all facilities needs at once, every year it will work down from the top of the list, and fund needs as available revenues allow. In 2004, the state focused on the top 100 needs, and funded through number 97 on the NMCI ranked list.³ Once funded, a need drops to the bottom of the ranked list, and lower level needs accordingly move up in priority.

¹ Also sometimes called 3Di, or COMET.

² Existing facilities only. Does not include new schools required in growth areas.

³ Districts did not apply for funding for every need in the top 100 on the NMCI list. An unfunded need retains its position on the list in future funding cycles.

	Data category	Weight
1	Adequacy Life, Safety, Health	3.50
2	Potential Mission Impact / Degraded	1.50
3	Mitigate Additional Damage	2.00
4	Beyond Expected Life	0.25
5	Grandfathered or State/District Recommended	0.50
6	Adequacy - Facility	1.00
7	Adequacy - Space	3.00
8	Adequacy - Equipment	0.50
9	Normal - Within Lifecycle	1.00

The NMCI ranking categories and weights

Weighting of Categories

In the database, deficiencies are divided into categories. Categories of higher importance, such as life, safety or health, get higher relative weights, pushing those projects higher on the priority list.

District Population Growth

Adequacy of space is highly weighted,⁴ so districts' facility needs created by population growth are included in the NMCI model.

Why a new Process?

The NM Legislature felt the need to develop a standardized capital planning process to fairly evaluate the *relative priority* of every school facility need in the state. The benefits? Optimizing the allocation of limited resources, and better assuring that public school students throughout New Mexico have the facilities that they need to learn effectively.

⁴ Rated at 3—please see the chart above.

Partnering with Stakeholders: Training

Training is a critical and cost-effective part of PSFA's overall mission to provide assistance to local districts, while improving facilities processes throughout the state.

Primary Accomplishments in 2004

- Trained 675 users from 70 school districts, 7 state agencies, 76 general contractors, and 55 architectural & engineering firms in the New Mexico Construction Information Management System, BidNet and New Mexico Condition Index software applications.
- Conducted seven facilities master planning workshops with staff from 43 school districts, as well as with architectural and planning firms.
- Conducted procurement and grant application training for school districts statewide.
- Conducted on-site training for 89 school districts in data capture for PSFA's statewide Maintenance Management Database.
- Conducted joint training initiatives for all school districts with the Public Education Department at a spring budget workshop.
- Established certification levels for construction management, and certified PSFA field staff in construction documentation and construction contracts administration.

Primary Objectives

- To establish best practices in planning, construction, maintenance and facilities systems across the state.



- To raise productivity and establish standards that eliminate inefficiencies and related costs. To create sustainable optimized cost/benefit of public school construction throughout the state.
- To introduce best-in-class facilities management applications that are common to architects, general contractors and construction management staff at the state and district levels.
- To increase school districts' expertise in effective management of their own facilities planning, building and maintenance.
- To establish objective certification standards for all career levels in procurement, maintenance, and construction management.

Operations & Staff

PSFA operates a 10 workstation training facility in Albuquerque, and employs a three person, full-time training staff, under the direction of PSFA's information technology manager.

PSFA's field and administrative staffs provide specialized training throughout the state, on a continual basis.

Master Planning & Plan Review

Of the many expenditures on a construction project, funds allocated to effective pre-planning have the greatest impact on assuring that the project meets current and future needs, achieves maximum build-quality at minimum cost, and is inexpensive to maintain over the long term. Accordingly, the Legislature has directed PSFA to improve processes across the entire planning spectrum.

Primary Accomplishments in 2004

- In collaboration with the Public Education Department and legislative committees, initiated a partnership with the University of New Mexico's Bureau of Business & Economic Research to develop a more effective statewide student population forecasting model.
- Established a PSFA Master Planning Division to train and assist districts with effective planning processes.
- Conducted master planning workshops with 43 school districts, as well as with architectural and planning firms throughout the state.
- In coordination with the Construction Industries Division, State Fire Marshal and other state agencies, established a "one stop shop" for plan review, offering 10-15 day turnaround on construction project plan approvals, while better coordinating workflow across agencies. Primary benefits are quicker turnaround time for contractors, a dramatic reduction in change orders and resulting costs, and better schools built at lower cost.
- Reviewed and approved more than 520 submittals for school construction projects at program statement, schematic, design development, and bid document phases.



Primary Objectives

- To develop better methodologies for significantly improved long term forecasting of future public school facilities needs throughout New Mexico.
- To assist in improving school district master planning processes, and to better synchronize planning at the state and district levels.
- To maximize coordination across the numerous state agencies which must sign off on public school construction projects.
- To provide high-quality rapid plan approval to the many participants in public school construction projects, for which approval delays are costly.

Operations & Staff

PSFA employs two facilities specialists and one facilities master planner, who report to a planning & design manager.

PSFA's planning & design manager also manages PSFA's Albuquerque office.

Information Systems: An Integrated Approach

Construction is labor and information-intensive. Process management systems that improve workflow among the many specialists on major projects help streamline project management, while generating dramatic savings at relatively modest costs. Major cost savings also accrue in standardizing systems throughout the state.

Accordingly, PSCOC & PSFA emphasize a systems approach in working with districts to value-engineer the many complexities in public school facilities construction and administration.

Primary Accomplishments in 2004

- 158 projects are now being actively managed on PSFA's statewide web-based Construction Information Management System, a 426 percent increase over 2003.
- PSFA's recently implemented statewide web-based project bidder notification system, Bidnet, has 86 registered general contractors. PSFA and school districts incur no licensing costs on this application.
- User hits on PSFA's web site and range of web-based applications went from an average of 15,000 a month in 2003 to an average of 300,000 a month in 2004.
- PSFA's self-developed Invoice Processing System averaged an eight day turnaround on vendor payments in 2004, an extremely popular measure with contractors which increases bid participation.
- PSFA develops web-based training applications in-house, eliminating user travel time and third party licensing costs.



- PSFA IT operations are self-supporting in email, website hosting, and in-house applications development. To minimize commodity applications costs, PSFA employs open source/public domain platforms for operating systems, databases, mail servers and firewalls.
- Opened PSFA's 25 user Albuquerque field office at a net server cost of \$5,000.
- Developed in-house the NM Maintenance Management database, which launched in all 89 school districts.
- Initiated a 19 district pilot test of a comprehensive maintenance management system.

Primary Objectives

- Maximize productivity and minimize costs by deploying best in class information systems across PSFA's areas of statutory responsibility.
- Be innovative in the use of open source platforms to develop simple, robust, low cost IT solutions.

Operations & Staff

PSFA employs one IT manager and one IT technician.

Maintenance Initiatives: Low Cost Preservation of Facilities Investment

Good maintenance is second only to good planning in minimizing facilities costs over the long term.

PSFA estimates that about half of the \$324 million in identified total life/safety and other deficiencies in New Mexico's schools result exclusively from inadequate or deferred maintenance.¹

The Governor and Legislature have made it a priority to develop effective school maintenance programs that will preserve recent expanded investments in public school facilities. Partnering closely with school districts, PSFA has developed solutions to provide enhanced preventative maintenance.

Primary Accomplishments in 2004

- Established a dedicated maintenance division.
- Developed in-house the NM Maintenance Management Plan Database to capture line item maintenance costs at the district level, which had never previously been tracked. After training and data entry assistance, this system was launched in all 89 school districts.
- Integrated evaluation of cost and ease of maintenance into PSFA plan review.
- Established a pilot program with 19 school districts for a scaleable, web-based maintenance management system, which will improve district facility maintenance efforts, and allow state oversight on line-item costs and other data. If successful, this application is expected to be expanded to all 89 school districts in 2005.



- Developed preventative maintenance guidelines for every type of building and building system used by public schools.
- School districts are now required to develop and submit maintenance plans when applying for project funding.

Primary Objectives

- Generate improved data on maintenance line-item costs for use by policymakers in evaluating funding requirements.
- Introduce a common, scaleable maintenance management system across all school districts in New Mexico.
- Assist all districts in creating comprehensive maintenance and maintenance training programs.

Operations & Staff

PSFA employs one maintenance coordinator, who manages the division, and two maintenance specialists.

PSFA construction management field staff also carry responsibility for implementing maintenance programs in their districts.

¹ Based on 2002 NM Deficiencies Correction data.

PSFA Construction Managers: Who Are They? What Do They Do?

An interview with PSFA's Karl Sitzberger

What is your job and your background?

I'm a PSFA Construction Manager, responsible for 11 school districts in northeastern New Mexico. I'm from Cimarron, where I'm lucky enough to still live, along with my wife and stepson. I have a bachelor's degree in mechanical engineering from NMSU. Before joining PSFA, I worked as a design engineer in Albuquerque, as a licensed facility engineer in Ft. Worth, and ran a small drafting business here in Cimarron.

What's the main function of a PSFA construction manager?

We oversee school construction that is partly or fully state-funded, and we help school districts interpret and meet state building requirements. Our ultimate responsibility is to help school districts provide safe, secure and adequate facilities for every child via best practices in building and prudent use of funds. We live in the districts we serve, and we act as the primary point of contact between the school districts and the PSFA.

What are some of the specific things PSFA construction managers do for school districts?

We assist and advise school districts in everything from planning, writing applications for funding, design review, construction procurement & oversight, warranty issues and maintenance. We teach best practices in project management to district personnel. School construction is complex, problems are inevitable, and we work to mitigate those as necessary. I recently helped Des Moines District avoid litigation with a contractor via setup of a memorandum of understanding, which addressed the concerns of both parties and served as a roadmap to complete the project.



Karl Sitzberger, Construction Manager

Describe a typical work day.

My day usually begins with a visit to my office at the local elementary school to review and answer e-mails, faxes, phone messages, etc. I'm managing about 20 individual projects at any one time, so I then travel to school jobsites within my region to attend weekly job progress meetings, observe the work underway, and meet with district personnel. I use evenings to review contracts and design documents, and to attend board meetings. We have agency meetings and training for 2-3 days a month.

Why is the state managing school construction? Haven't school districts always handled this on their own?

The capability of school districts to manage construction projects varies widely; some districts have personnel with strong construction backgrounds while others rely completely on contracted services. The state has recognized that uniformity in the management of school construction processes, with oversight from concept to completion, will result in higher quality, lower cost, easier to maintain facilities. We know that districts care deeply about managing their own facilities, so a large part of what we do is to teach.

PSCOC & PSFA Milestones in 2004

- Provided \$247.5 million in funding to school districts for standards-based capital outlay awards, continuation projects¹, deficiency correction projects, full day kindergarten classrooms and facilities leasing assistance. Funds were allocated to 230 projects throughout the state.
- On behalf of the NM Legislature, developed the infrastructure and launched a new standards-based process for determining the relative priority of every public school facilities need in the state, while allocating funds according to greatest need.
- Assumed responsibility in April '04 for providing 125 additional classrooms to complete the launch of full day kindergarten statewide. Completed delivery of all classrooms by August '04.
- Built the state's first line-item maintenance expense data capture application, which launched in all 89 school districts. Established a pilot program with 19 school districts for a scaleable, web-based maintenance management system that will allow state oversight on cost and other data.
- In coordination with the State Fire Marshal, the Construction Industries Division and other agencies, established a "one stop shop" for plan review, with 10-15 day turnaround on construction project plan approvals.
- Reviewed and approved over 520 submittals for school construction projects.
- Trained 675 users from 70 school districts, 7 state agencies, 76 general contractors and 55 architectural & engineering firms in the state's new construction management system. Trained 42 school districts in master planning. Trained 89 school districts in maintenance data capture.
- Implemented district master planning, maintenance system planning and adequacy design requirements to expedite improved statewide facilities planning and management.
- Awarded Piñon Recognition by Quality New Mexico for establishing best practices and high overall quality in management, systems and processes.

¹ Construction projects which were funded in the 2003-04 awards cycle, remain in the process of being built, and require additional funding to complete to existing adequacy standards.

Overcoming Extraordinary Challenges to Meet Extraordinary Needs For A New High School

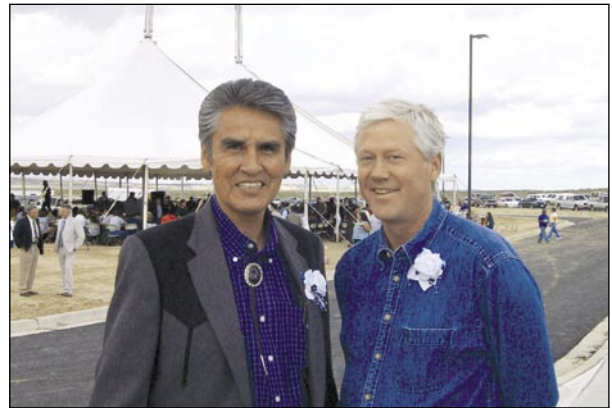
An eighth grader in the remotely-located Pueblo Pintado area had but two choices for high school: leave home to attend boarding school and risk losing the connection to traditional culture; or ride a bus for 120 miles a day to a school in Crownpoint or Cuba. Given such choices, a staggering 78.4 percent of area middle school students were instead choosing not to attend high school at all.

“Those kids were REALLY being left behind,” said Gallup McKinley County Schools Superintendent Karen White. *“The Navajo Nation had been requesting a high school since 1979, and I felt that this project was essential, even though I knew that the logistics would make building a high school in Pintado the toughest project in our history.”* Gallup McKinley Assistant Superintendent and former Navajo Nation President Leonard Haskie volunteered to find funds to build the school and to organize community support.

“Our initial request to the PSCOC was for \$22 million,” Haskie said. *“The PSCOC was empathetic, but they had concerns about making a major facilities investment in what seemed to be the middle of nowhere. We were given \$500,000 for engineering studies, and the PSCOC told us that we’d need to provide land for building the school.”*

“The Navajo Nation offered 80 acres in an ideal location, but there weren’t any utilities. We went back to the PSCOC, and they gave us a bunch of tasks—put in a paved road and an all-weather bridge to the site, bring in gas, electric, phone and water lines, build teacherages etc.,” Haskie said.

“Navajo Nation president Joe Shirley and the five Navajo Chapter Houses on the high school’s steering committee supported this project 100 percent, and poured in resources as necessary. The Tribe, with BIA support, agreed to put in the paved road and the bridge,



Navajo Nation President Joe Shirley and the PSCOC’s David Abbey at Tse Yi Gai High School dedication in August 2004.

provided water, built the teacherages and put in communication lines. The BLM expedited rights of way for the utilities lines. Jemez Mountain Electric brought electric lines for five miles to the school site. Dozens of others throughout the state helped out.”

“The PSCOC provided \$5 million in second round funding, and then another \$8.3 million to complete the school,” Haskie said. *“The PSCOC and PSFA set tough challenges for the community to overcome, but from the beginning acted as partners in making this school a reality. We were also lucky to enjoy the active support of the Governor, Secretary Garcia, Senator Tsosie, and a number of other legislators, including Tom Udall.”*

Tse Yi Gai High School opened its doors in August 2004 with 150 students—almost 100 percent of eligible 8th grade grads from feeder middle schools in the area.

“An additional benefit of the school is the employment and economic development that is now coming to an underdeveloped part of the state,” Superintendent White said. *“Public Health Service is looking to build a hospital, and we’ve heard about a few private sector deals being discussed. But most of all, our kids there can now go home every night, and can participate in all the extracurricular activities that a high school offers.”*

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Tom Bush, IT Manager

Toni Lozano, Receptionist

¹ Bill Hume served on the PSCOC in 2004, as the designee from the Governor.

² Marvin Marquez served on the PSCOC in 2004, representing the New Mexico School Board Association.



Above: Dedication ceremony for the new Laguna Acoma Jr./Sr. High School, built by the four communities in the Laguna Acoma area and the Grants Cibola County School District, with project and funding assistance from the State of New Mexico.

On the Cover: The new Tse Yi Gai High School in the Pueblo Pintado area, built by the Gallup McKinley County School District, the Navajo Nation, and the State of New Mexico.