

STATE OF NEW MEXICO PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL PUBLIC SCHOOL FACILITIES AUTHORITY



2005 ANNUAL REPORT

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

PSCOC Chair:

James Jimenez, DFA

PSCOC Members:

Kurt Steinhaus, Governor's Office

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December 31, 2005

On behalf of the PSCOC and PSFA, I'm pleased to report that New Mexico public school capital outlay awards for this cycle totaled over \$232 million, by far the highest annual award levels ever. This is in addition to \$42.9 million in state funding for deficiencies correction, roof repairs, and facilities leasing assistance.

In 2005 the PSCOC provided project and funding assistance to 179 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 districts for leasing adequate facilities for charters and other schools.

I want to thank and acknowledge Governor Richardson and the New Mexico Legislature for the unprecedented scope of their commitment to moving New Mexico forward by funding adequate educational infrastructure throughout the state.

I would also like to thank PSFA staff, my colleagues on the PSCOC, our private sector partners in design and construction, and especially all 89 school districts and their communities throughout the state, which have given freely of their time, talent and resources, and are working tirelessly to provide better, safer schools for our children.

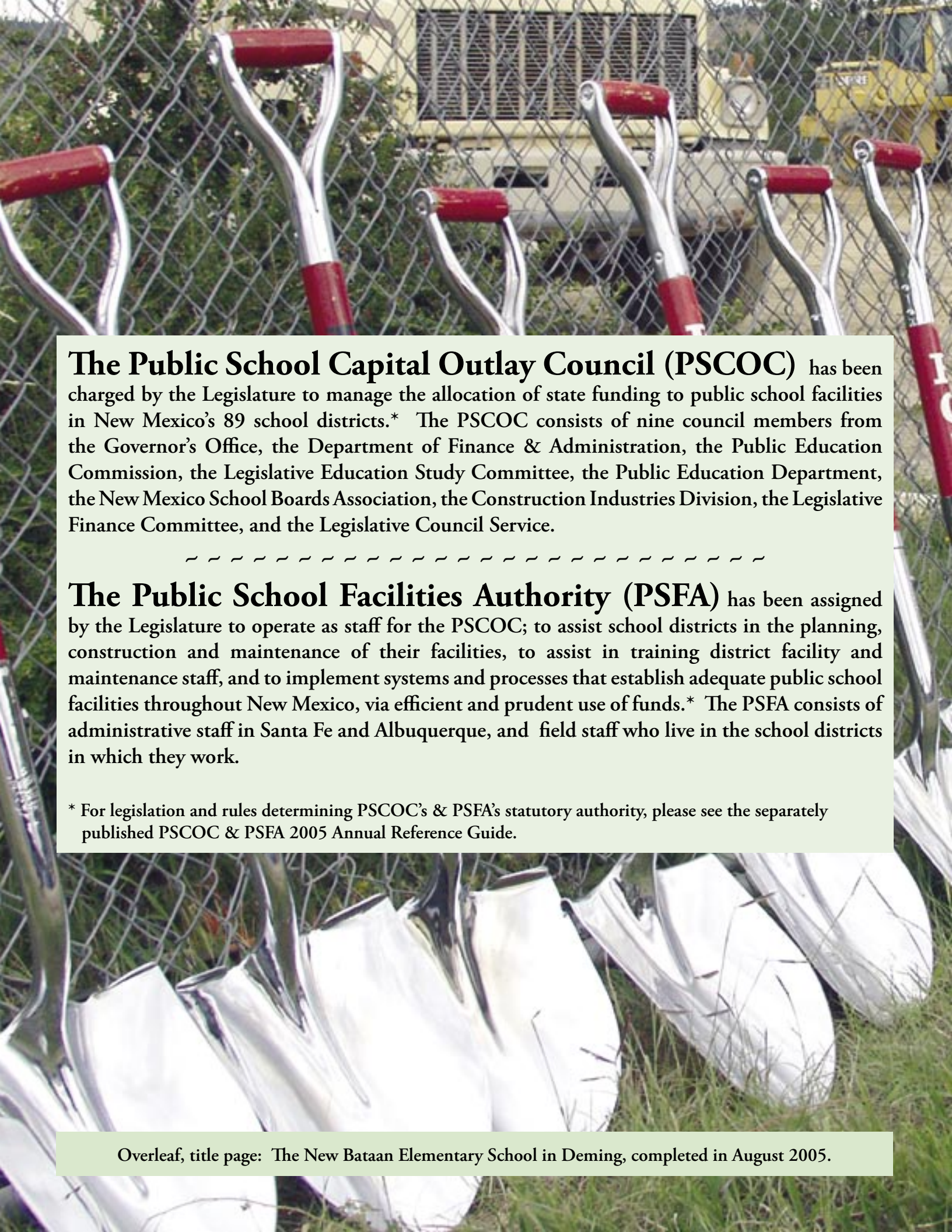
Sincerely,

A handwritten signature in blue ink that reads "James Jimenez".

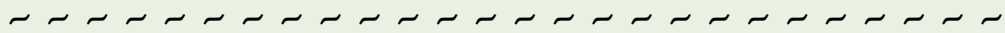
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The Public School Capital Outlay Council (PSCOC) has been charged by the Legislature to manage the allocation of state funding to public school facilities in New Mexico's 89 school districts.* The PSCOC consists of nine council members from the Governor's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



The Public School Facilities Authority (PSFA) has been assigned 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 district 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.* The PSFA consists of administrative staff in Santa Fe and Albuquerque, and field staff who live in the school districts in which they work.

* For legislation and rules determining PSCOC's & PSFA's statutory authority, please see the separately published PSCOC & PSFA 2005 Annual Reference Guide.

PSCOC & PSFA 2005 Annual Report

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2005 Public School Capital Outlay Awards



Speaker of the House Ben Lujan



**Cuba Middle School
Groundbreaking**



**Lybrook Elementary-Middle
School Dedication**



Senator Cynthia Nava



Senator Stuart Ingle



**Bataan Elementary School
Dedication, Deming**



Governor Richardson at site of the new Northwest High School, to be built in Albuquerque



Bataan Elementary School, Deming



Groundbreaking, Hot Springs High School, Truth or Consequences



Representative Rick Miera



Representative Ted Hobbs

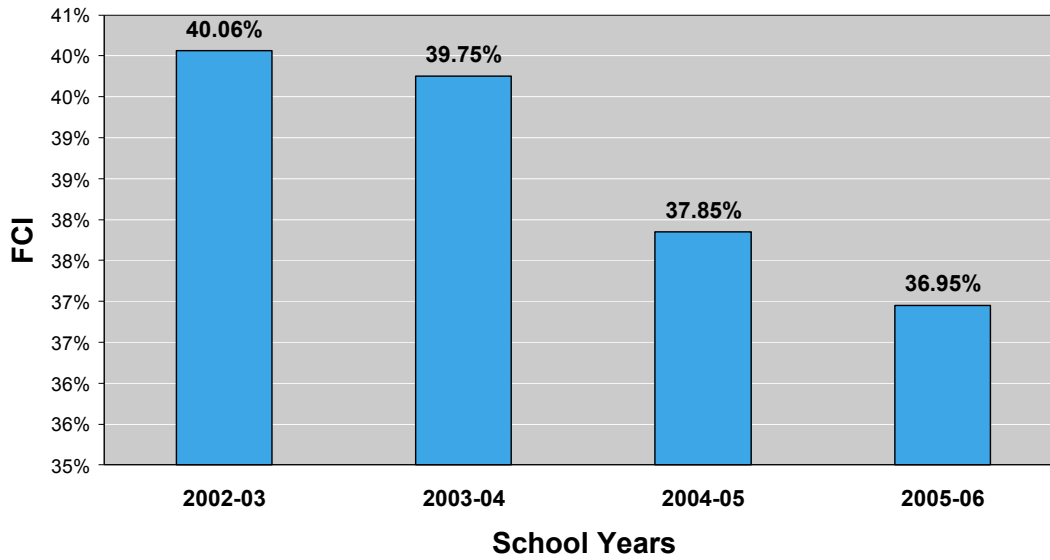


Ventana Ranch Elementary Groundbreaking in Albuquerque

A Record \$232 Million for the Children of New Mexico

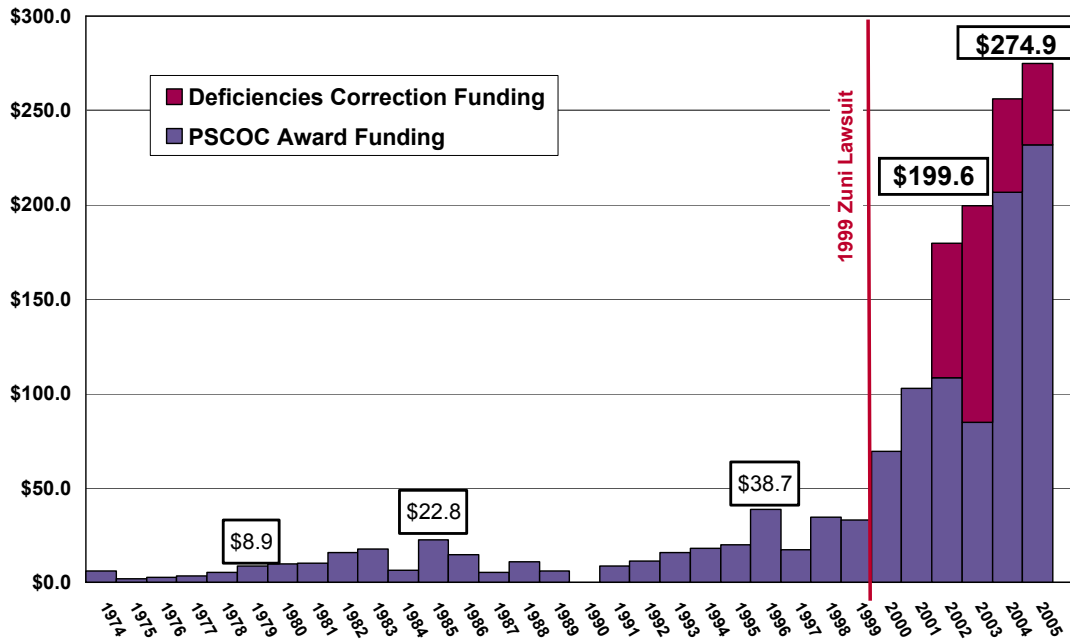
Facility Condition Trends & Grant Awards

Facility Condition Index Trend Analysis



In 2005, the New Mexico Facility Condition Index (FCI) continued to decline. A declining FCI indicates improvement in the statewide condition of school district physical plant, net of the \$140 million annual investment necessary to maintain baseline condition.

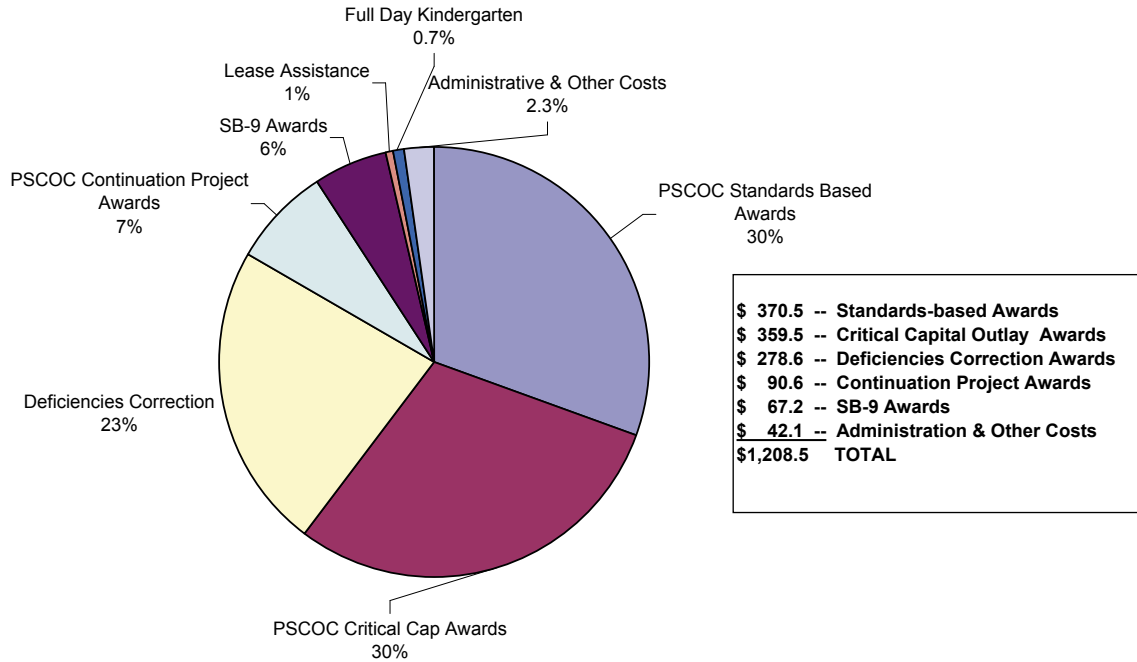
PSCOC Grant Award Allocations 1974 - 2005 (Millions)



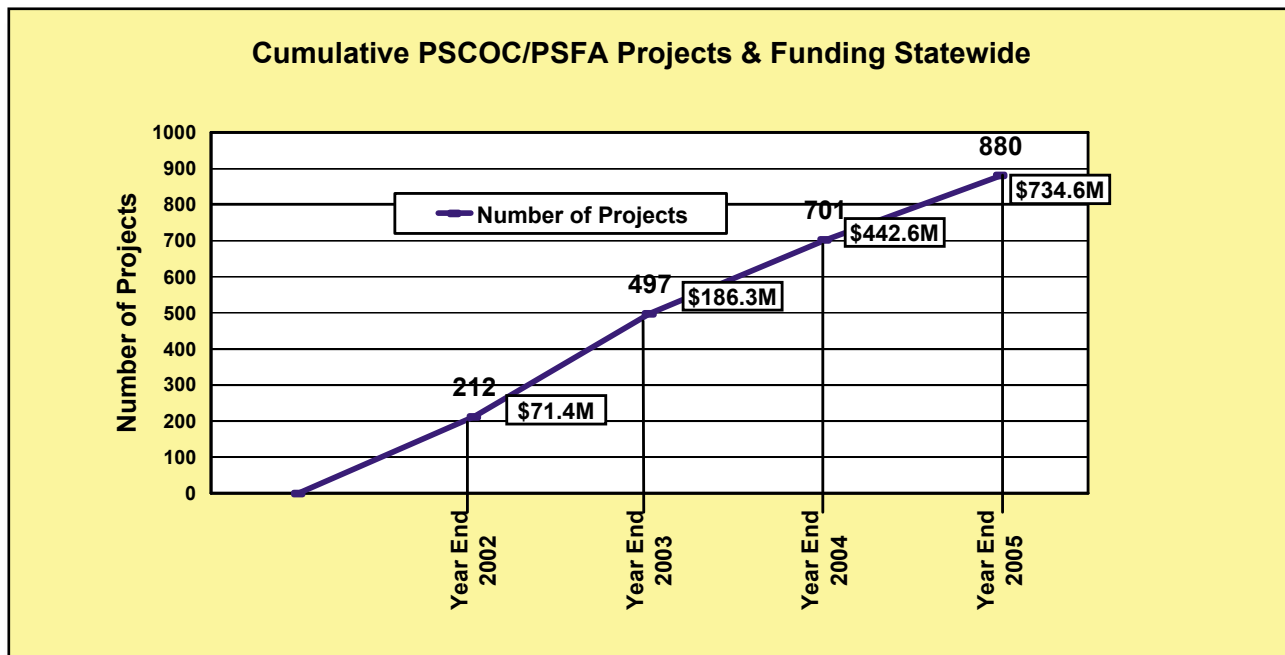
In 2005, state capital outlay for public school construction totaled \$274.9 million, by far the highest annual award level ever. The average annual state award level from 1975 through 1999 was \$12.5 million. From 2000 through 2005, the average annual award level has increased to \$181.1 million.

Uses of PSCOC Funds & Total Projects

**PSCOC Funding Uses 1999 - Present
(millions of dollars)**



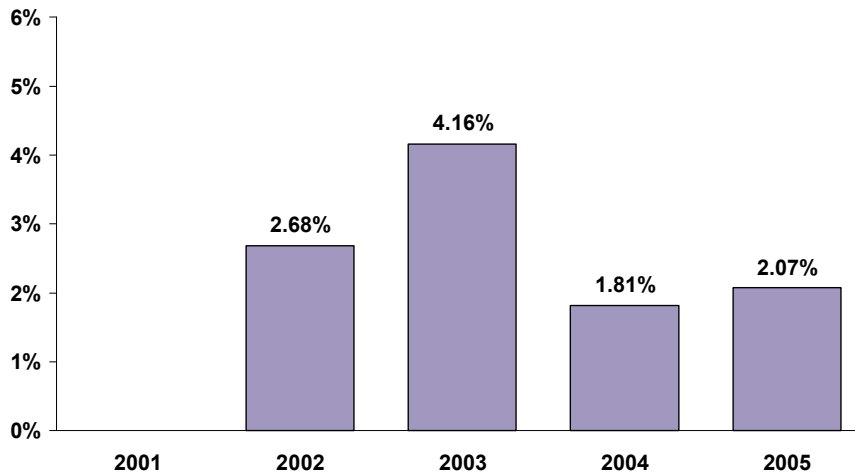
Since 1999, the state has allocated over \$1.2 billion to a wide range of public school facilities funding programs.



The PSCOC & PSFA have provided project and funding assistance to 880 projects and facilities throughout New Mexico since the Deficiencies Correction Unit was established in late 2001. Corresponding total project value is \$734.6 million.

PSFA Operational Uses of Funds

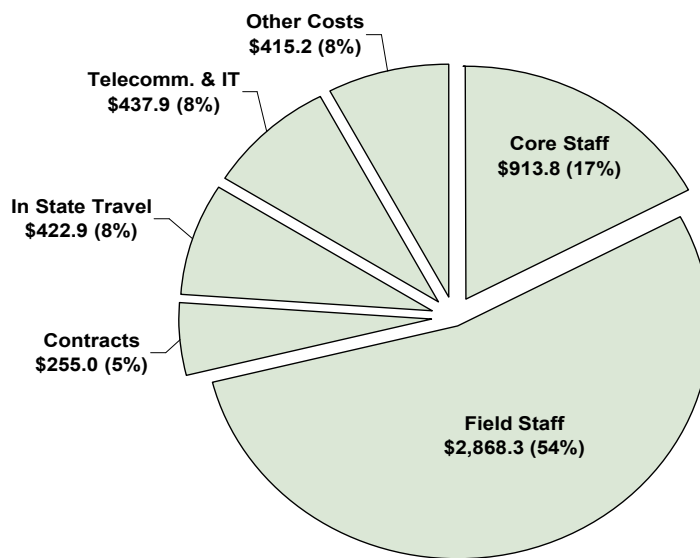
PSFA Operating Budget
as Percent of Annual Capital Outlay Awards



PSFA Operating Budget (000's)	\$1.9	\$4.8	\$4.7	\$5.7
PSCOC Annual Award (000's)	\$71.4	\$114.9	\$256.3	\$274.9

The state endeavors to minimize oversight costs. Since program inception, oversight costs as a percent of total annual funding have averaged 2.68%, well below the oversight costs levels of comparable states, which range from 8% to 19%.

PSFA Operational Uses of Funds, 2005
(Dollars 000's)



PSFA's largest line item cost in managing construction oversight are the specialized staff who are based throughout the state in the school districts in which they serve, who assist in managing district construction projects, and who train district facilities staff. Core staff expenses are a modest 17% of PSFA's total budget.



February 16, 2006

State of New Mexico
Public School Facilities Authority

We have audited the financial statements of the Public School Facilities Authority (PSFA) as of and for the year ended June 30, 2005 and have issued our report thereon dated October 21, 2005. 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 PSFA.
2. Three reportable conditions were disclosed during the audit. There were no material weaknesses disclosed. Reportable conditions are summarized as follows:
 - During examination of the IT functions of the PSFA, we noted that the server room was very warm and recommended better venting and cooling of the room. The PSFA agreed with the recommendation and has installed a small air conditioning unit for the server room that exhausts to the outside of the building.
 - During examination of the IT functions of the PSFA, we noted that the key to the server room was hanging directly behind the receptionist and recommended that the key be kept in a more secure location. The PSFA agreed with the recommendation and will place the server room key in a secure lock box.
 - During audit we noted that the PSFA did not conduct a formal bid when acquiring training and certification for professional development for staff and recommended that the PSFA review the Procurement Code prior to any services in order to prevent any further violation of state statutes. The PSFA maintains that this training was a professional service that falls under the threshold for small purchases, but has agreed to utilize a statewide price agreement for future training and certification of staff.
3. No instances of noncompliance material to the financial statements of the PSFA were disclosed during the audit.

This letter is intended for the use 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
October 21, 2005

The Public School Capital Outlay Council

Public School Capital Outlay Council members Catherine Smith and David Abbey share their thoughts.

What's working well in public school capital outlay?

Smith: The Deficiency Corrections Program made it possible for children to go to school in a safe environment. The PSFA is making it possible for school districts to have the expertise that they need to build buildings in a timely fashion, although that hasn't come completely to fruition.

Abbey: The greatest needs prioritization via the NMCI model has been effective in helping Council make fair and equitable judgments about project funding.

“PSFA is a significant success story in capital project management. School projects are being completed more rapidly and with better quality and greater cost effectiveness, relative to other areas of state capital outlay.”

– PSCOC Member David Abbey

What are the current key challenges?

Abbey: District growth. How it should be weighted in the NMCI and how best to fund it. How the standards-based process can address a severe problem in some portion of a school building when that school isn't at the top of the priority list. And equity issues related to the funding formula's dependence on the property tax.

Smith: On the property tax question, I keep hearing that we're evaluating only a segment of the tax obligation in some communities, which as David mentioned, may impact the equity of the funding formula. The key issue is whether a fair assessment is being made. If not, then we need to consider relief for those districts. If so, then those districts need to look internally at what they can do to solve their problems.

What do you see as Council's key priorities over the next funding cycle?

Smith: In new initiatives, there's a movement to bring health clinics and other resources to kids where they're located, which means in schools. We don't have the required facilities in most districts. I think Council will soon be looking at this issue.

Abbey: We'll continue to wrestle with how to fund new

schools in growth districts, and still have sufficient funds to address other needs.

What would be an “ideal” school district application for PSCOC funding?

Abbey: An application that includes sound preliminary analysis, including good engineering estimates that demonstrate that the project is consistent with standards, comprehensive data on the district's financial contribution, and concrete evidence that the district has been expeditious in its use of PSCOC funds awarded in prior years.

Smith: I agree, but beyond that, there are so many differences from district to district that it's hard to generalize.

What do districts generally need to improve in their infrastructure operations?

Smith: Many districts still don't have a good handle on roofing maintenance and repair. A growing number of districts do a good job with their facilities, but many have no clear sense of what needs to be done. When we propose that districts send people for training, and that they learn how to use computerized process management applications, they need to avail themselves of these opportunities.

Abbey: I agree. Superintendents and school boards are running significant business operations which are an essential part of bringing instruction to their kids. A number of districts need to pay greater attention to their business operations.

How can the state assist high growth districts with needed infrastructure while keeping funding levels equitable for all districts?

Smith: It's a challenge that we're all evaluating, and there's no easy answer right now. School districts by and large work diligently to try to prevent overcrowding, and they have absolutely no control over new housing developments and that sort of thing. I would encourage county governments to look at infrastructure and to consider what additional resources the local schools will need before approving

On Policies & Priorities Over the Next Cycle

development within a particular district. The key question is whether housing developers are doing their fair share to fund buildings for the children in their new developments, rather than depending on the entire county to come forward with a tax burden that perhaps the entire county shouldn't have to share.

Abbey: We need to be more creative with impact fees, year round schools, partnering with cities and counties to build combined school/community centers, to rethink the triple weighting of growth in the formula, etc.

Is the new local matching funds requirement working as expected?

Abbey: In general, districts have been doing well with their match requirements. PSCOC has been consistent in expecting districts to use all their available resources before granting a waiver to local match. We've seen that when there's good planning, rapid project execution and state funds on the line, districts that are challenged in passing bond elections, like T or C, have been able to prevail.

“Charter schools want to do something different curriculum wise, and this is commendable. I find it unconscionable to allow charters to open their doors without adequate facilities to house their children.”

– PSCOC Member Catherine Smith

Faster project completion means lower project costs without reduction in project quality. Is the Council looking to create incentives to speed project completion times?

Smith: It's a source of grave concern to Council when projects that have been funded are not moving forward. PSFA is providing ever better oversight data, and Council will be strict in holding districts accountable for getting projects off the ground expeditiously.

PSCOC recently shifted from phased to full project funding. Is phasing dead or will it return in years of lower funding?

Abbey: There's every possibility that if revenues levels are lower, we'll have to return to phased funding.



PSCOC Members Catherine Smith and David Abbey

Are current student forecasting processes adequate?

Smith: No. We're lucky if they're 50% accurate, but we still have to meet the challenge of having a place for a child when he presents himself at the school house door.

Should the state assist with student forecasting?

Smith: In the past, when we compared state to local district forecasting models, the state model presented the overall picture more accurately, so the state may be able to assist, especially with tracking student movement across districts.

How is the state doing with requirements under the Zuni lawsuit?

Smith: Feedback from the court has been positive. We need to proceed carefully because it's a process. I for one absolutely deplore using taxpayer dollars to adjudicate these issues in court.

Anything you would like to add?

Abbey: I think that the experience I have as budget director for the Legislature helps me serve school districts and the PSCOC in identifying the most urgent needs and addressing priorities. This process is effective and I'm honored to participate.

Smith: I believe that the PSCOC has a well-deserved reputation for being equitable and fair. And that the PSFA has a well-deserved reputation for attempting to understand local needs in working with districts, and for assisting local districts in understanding the broader picture of what the state can and cannot do.

The PSFA on Challenges, Initiatives & Results

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

PSFA is now three years old. How would you characterize the agency's track record?

Gorrell: The Facilities Condition Index for public schools has gone down every year since agency inception, so we're making ongoing, continuous improvement. The Deficiencies Correction Program succeeded in targeting life-safety and acute needs and is winding down. We now have an objective and fair system for funding district capital outlay. Thanks to phenomenal support from policy makers, school districts and communities we've won some victories, but still face multi-billion dollar facilities challenges.

Berry: Operationally, the last three years were all about developing systems to better quantify greatest needs, allocate dramatic increases in state capital outlay with fairness, and improve process administration. The next three years may well be about using these resources to simplify and reduce districts' facilities challenges, while not adding to their workloads—that's a clear priority for the PSCOC.

Can you be specific? What is PSFA doing to simplify the facilities challenges districts face?

Gorrell: A number of districts tell us that PSFA's FIMS maintenance system saves time and makes it easier to get a handle on work order processing. We're listening—and we're committed to making all agency processes as transparent, as easily accessible and as collaborative as FIMS.

Berry: Responsiveness to our stakeholders is key, as Bob mentioned. For example, districts and design professionals told us that the PSCOC award application and the agency construction management system were hard to use. So we worked with districts to develop a new user-friendly application, and in 2006 will release a much more flexible and intuitive construction management system (CIMS) update.

And major challenges within the process overall?

Gorrell: The main challenge is the dramatic increase in construction costs, which affects all of us—both local communities and the state. Costs are now 30 percent higher than they were when we began three years ago. So it's more important than ever to get dollars flowing faster, and to speed project completion times in order to maximize the portion of project budgets that goes to brick and mortar, rather than is lost to construction inflation.



PSFA Director Bob Gorrell (left) and Deputy Director Tim Berry presenting at the Public Education Department's 2005 Spring Budget Workshop.

How is the state working to flow funds faster and to speed project completion times?

Gorrell: Working to broaden district master planning across the state is key, along with targeting critical path delays. PSFA recently launched an agency-wide effort to identify process inefficiencies that should be streamlined. The PSCOC is studying means to better enable districts to raise local matching funds, and considering how award funding might be staged to eliminate project development lag times. As we develop options, we'll work together with school districts to determine what we should implement.

What other operational initiatives is PSFA focusing on currently?

Berry: It's essential that school administrators be involved in determining the processes that affect their districts, so the PSCOC and PSFA have task forces and advisory groups that help show us the way, and in which districts can participate. PSFA is expanding these groups, and will implement other means in 2006 to further bring districts into the decision loop.

Gorrell: Along with most school districts, PSFA has embraced the Baldrige process in order to keep a clear focus on customer needs, while continuing to improve operational performance via best practices in planning, systems, and measuring what matters. PSFA won Piñon Recognition from Quality New Mexico for the past two years, and in 2005 won two statewide Cumbre awards for effective government communications. Our number one priority is to serve public education by serving districts, so third party measures that demonstrate this are important.

Do Better School Facilities Improve Learning?

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
- As the age of school buildings increase, the achievement scores of students tend to decrease.⁷
- With reduction in class size, there are related increases in student achievement, with the greatest achievement results for disadvantaged and minority students.⁸

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,"* CEFP 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 V.W. Ikpa, *"The Norfolk Decision: Norfolk City Schools,* 1992

⁸ U.S. Dept. of Education. *"Reducing Class Size: What Do We Know?,"* 2-14-02 DOE.

Targeted Initiatives: Declaring War on Problem Roofs

School roofing problems, for many school districts, are one of the most costly and most difficult to manage facilities challenges. Roofing design, installation and maintenance all require specialized skills, to which few districts have access.

When roofs fail, collateral damage may accrue to the entire facility and furnishings, and may lead to health problems among students and staff. 65 percent of total school insured property losses are related to roofing problems, according to the New Mexico Public School Insurance Authority (NMPSIA).

An Integrated Solution

In 2005 the PSCOC proposed, and the Legislature funded a two year, \$60 million initiative to fix problem roofs in schools across the state, via a multi-tiered approach:

“NMPSIA expects to see a significant reduction in property loss claims over the next few years as a direct result of initiatives the PSCOC and PSFA have taken to assist in better managing school districts’ roofing problems. We are particularly encouraged by the establishment of appropriate roofing standards and enforceable warranties.”

**– Sammy Quintana
Executive Director NMPSIA**

- \$32.3 million was allocated as DCP grants to 42 schools, which had been identified through the deficiencies correction process as having the most acute roofing problems.
- Approximately an additional \$30 million has been allocated to the Standards-Based Process to fund ongoing roofing problems via district application. Funding is not based on facility ranking on the NMCI list, but on the condition of the roof listed in the application. In 2005, about \$5 million in standards-based funding was allocated to roofing projects. Based on current applications, PSFA expects 2006 standards based funding for roofs to increase by approximately 100 percent.



- PSFA was directed to develop standardized roofing specification sets, appropriate for the varying environments in New Mexico, and to update building requirements for roofs, which were developed in consultation with NMPSIA.
- PSFA established an enforceable warranty program and procedures for school roofs, keeps copies on record for all roofing projects, and distributes copies to the district.
- Specialized roofing consultants were retained by PSFA to assess problem roofs and to prioritize mitigations. Roofing consultants are also being used to assist architects with appropriate roof designs, and to monitor repair and replacement as a means of verifying correct installation.

Standards-Based Process Flexibility

The NMCI facilities ranking list is an effective vehicle for prioritizing needs and funding to schools, based on the overall condition of facilities. For many districts, roofing problems represent a special circumstance, in which the overall condition of a facility is adequate, and therefore the facility isn't ranked at the top of the NMCI list, but the facility nevertheless has a serious problem in one area—its roof. The Legislature recognized the need to address this specific circumstance within the standards based process, but necessarily outside of the NMCI whole school rankings.

PSFA 2005 Quality Awards

PSFA Regional Managers award a limited number of PSFA Quality Awards to general contractors, sub-contractors and individual craftsmen who deliver truly exceptional workmanship that leads to a better school building for the children of New Mexico. In 2005 there were two recipients:

Recipient: Gencon, Inc.
Category: General Contractor
Project: Bataan Elementary School
District: Deming Public Schools
PSFA RM: Brent Flenniken

Recipient: Bradley Harrison / Theco
Category: Individual / Subcontractor
Project: Belen Career Academy
District: Belen Consolidated Schools
PSFA RM: Jon Stoltzfus



Bradley Harrison/Theco's award-winning electrical conduit work at Belen Career Academy.

PSFA 2005 Maintenance Achievement Awards

PSFA's Maintenance Division awards three categories of PSFA Maintenance Achievement Awards to individuals & school districts which have demonstrated commitment and success in district and/or state initiatives in school facility maintenance. In 2005 there were 22 recipients:

Category I

For dedicated participation in PSFA's Maintenance Advisory Group (MAG):

Johnty Cresto, Gallup-McKinley
 Alfredo Holguin, Gadsden
 Dave Flood, Alamogordo
 George McFall, Central Consolidated
 Lonnie Leslie/Gene Bieker, Clovis
 Barry Ward/James Murdock, Silver
 Charles Lee, Aztec

Category II

For demonstrated success in the implementation and use of FIMS:

Bloomfield Municipal Schools
 Los Alamos Public Schools
 Aztec Municipal Schools
 Silver Consolidated Schools
 Central Consolidated Schools
 Alamogordo Public Schools
 Albuquerque Public Schools
 Cuba Independent Schools
 Moriarty Municipal Schools



Donald Martinez of Jemez Mountain, accepts a PSFA Maintenance Achievement Award from PSFA Director Bob Gorrell.

Category III

Special Maintenance Achievement

Nick Pacheco, Capitan
 Candice Thompson, Aztec
 Meredith Fullman, Los Lunas
 Donald Martinez, Jemez Mountain
 Lenora Dosedo, Zuni
 Peñasco Independent Schools

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, including 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 receives, 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 dis-equalizing effect of direct legislative appropriation to individual schools for capital outlay purposes.*” The offset was enacted to mitigate this concern.

² Section 22-24-5.B(6) NMSA 1978

A Standardized Method for Funding Public School Facilities Needs: How It Works—in Plain English

In 2003 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.¹

The New Process

The NMCI database 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 2005, the state focused on the top 100 projects, and funded through number 98 on the NMCI ranked list.³ Once funded, a need drops to the bottom of the ranked list, and lower level needs move up in priority.

	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, so districts' facility needs created by population growth are included in the NMCI model.⁴

Why a new Process?

The NM Legislature developed 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.

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. In general, an unfunded need retains its position on the list in future funding cycles.

⁴ Rated at 3—please see the chart above.

Effective Planning: The Highest Return on Facilities Investment

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 long term. Accordingly, PSFA continues to strengthen its planning resources in order to assist school districts with providing facilities of the best design and size, and in the best locations for varying student populations.

Primary Accomplishments in 2005

- Reviewed and approved 586 submittals for school construction projects at program statement, schematic, design development, and bid document phases.
- Partnered with the State Fire Marshall and local fire jurisdictions to standardize interpretation of fire codes in order to simplify and reduce the costs of school building design compliance.
- Extended agency plan review coordination to the Bernalillo County Building Dept. and the City of Albuquerque Planning Dept.
- Continued “one stop shop” plan review with the Construction Industries Division, the State Fire Marshall and other regulatory agencies, offering 14-21 day turnaround on project plan approvals.
- Conducted on-site facility master planning workshops with staff from 80 school districts, as well as with architectural and planning firms throughout the state.
- In collaboration with the Public Education Department and the University of New Mexico’s Bureau of Business & Economic Research continued to work to develop a more effective statewide student population forecasting model.



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’s planning division is managed by Martica Santistevan, and has a staff of five.

Planning staff are based in PSFA’s Albuquerque and Santa Fe offices, and can be reached at 505-843-6272 and/or 505-988-5989.

Maintenance Initiatives: Low Cost Preservation of Facilities Investment

Effective maintenance is second only to effective planning in minimizing facilities costs over the long term.

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

Accordingly, in 2004 the state established and funded a dedicated PSFA maintenance division. Its mission is to work with districts in implementing more effective maintenance management systems, improving and simplifying preservation of substantial state and local investment in public school facilities.



their own PM plans. 44 districts had approved PM plans as of year end 2005. 69 districts have approved PM plans as of May 2006.

- Developed and distributed Preventative Maintenance Program Guidelines, a how-to guide for establishing a comprehensive maintenance program, including schedules, forms and over 300 preventative maintenance task lists for equipment commonly installed in schools.
- Under SB-455, analyzed and prioritized acute roofing problems at 42 school districts, which were addressed with \$32.3 million in state funding.
- Established a process to collect facility equipment inventory data at New Mexico school districts to populate FIMS, and to be used to better schedule preventative maintenance.

Operations & Staff

PSFA's Maintenance Division is managed by Bob Bittner, and has a staff of four.

Maintenance staff are based in PSFA's Albuquerque office, and can be reached at 505-843-6272.

“Central Consolidated Schools used FIMS to cut work order inventory by 50 percent—and we did it three months ahead of schedule. Our staff was skeptical at first, but FIMS is easy to use and a great tool for work order management. We’re now averaging 900 completed work orders a month.”

– George McFall
Maintenance Supervisor, Central

Primary Accomplishments in 2005

- Launched FIMS, a user-friendly, web-hosted, statewide maintenance management system for use by school districts at no cost. 51 districts are using the system as of May 2006.
- Conducted on-site training at all 89 school districts, reference establishing effective preventative maintenance programs.
- Developed a preventative maintenance (PM) plan template, and assisted districts in creating

¹ Based on a comprehensive NM public school facilities assessment completed in 2002.

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 2005

- Trained 773 users from 54 school districts, 4 state agencies, 63 general contractors, and 46 architectural & engineering firms in the New Mexico Construction Information Management System, BidNet, the PSCOC Awards Application, the Adequacy Standards Worksheet, and the New Mexico Facilities Assessment database.
- Conducted on-site facilities master planning workshops with staff from 80 school districts, as well as with architectural and planning firms.
- Conducted 14 procurement workshops across the state, attended by 326 participants from 46 school districts, state agencies and private sector firms in 2005 and early 2006.
- Conducted on-site training for all 89 school districts reference establishing effective preventative maintenance programs.
- Conducted joint training initiatives for all school districts with the Public Education Department at PED's spring budget workshop.
- 56 percent of PSFA staff achieved certification in a broad range of project/facilities management specialties under BOMI and CSI.
- Five PSFA managers were certified in quality management as of May 2006.
- More than 90 percent of agency staff underwent professional development training.



Primary Objectives

- 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 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's three person, full-time training staff is managed by Julia Small, while the majority of PSFA staff participate in training related to their areas of expertise.

Training staff are based in PSFA's Albuquerque office, and can be reached at 505-843-6272.

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 generate dramatic savings at relatively modest costs. Major cost savings, with no reduction in build or material quality, 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.

“The PSCOC’s new web-based award application is an order of magnitude improvement in simplicity and ease of use. Last year’s application took our staff weeks to complete. This year’s application could be completed in a matter of days.”

– Brian Dunnihoo

Director of Facilities, Deming Public Schools

Primary Accomplishments in 2005

- Developed a more user-friendly, web-hosted PSCOC award application that self-populates district facilities data, significantly reducing complexity and completion time for users.
- Began an update of PSFA’s Construction Information Management System to improve system flexibility and ease of use, for rollout in 2006.
- Implemented VoIP communications between Santa Fe and Albuquerque, reducing overall agency long distance telephone expense by 30-50 percent.
- Implemented a robust and secure file sharing system between agency core offices, streamlining workflows and reducing invoice processing, contracts and purchase order turnaround by 12 percent.

- Completed over 2,400 service calls, assisting users with PSFA IT Systems and related processes, with 100% resolution.
- Maintained 99.9 percent system uptime at an average of more than 230,000 web hits a month.
- Won a New Mexico Cumbre Award in effective government communications for PSFA’s 2005 website re-design.

Strategic Direction & Objectives

- To use information technology to reduce complexity and to increase effectiveness for school districts in managing their facilities construction and processes.
- To significantly streamline the processes by which business is able to do business with the PSCOC and PSFA.
- To be innovative in developing simple, robust, low cost IT solutions.
- To use information technology to make project communication easier and less expensive across the broad expanses of New Mexico, but without losing the effectiveness of person to person meetings.
- To develop cost-effective, automated systems that provide the right data in the right form to policymakers, staff and stakeholders to enable work at optimum effectiveness.
- Overall, to maximize productivity and to minimize costs by deploying effective IT systems across PSFA’s areas of operation.

Operations & Staff

PSFA’s information technology operations are managed by Tom Bush.

IT staff are based in PSFA’s Santa Fe and Albuquerque offices, and can be reached at 505-988-5989 and/or 505-843-6272.

A PSFA Regional Manager On Project Management Now and in the Future

What is your job and your background?

Ferran: I'm a PSFA Regional Manager, responsible for Chama, Cuba, Dulce, Jemez Mountain, Jemez Valley and Mesa Vista school districts. I was born in Abiquiu, and recently returned after spending 31 years in education elsewhere in New Mexico. I started out as an industrial arts teacher, spent 5 years as an associate superintendent with Moriarty Schools, and eventually became assistant superintendent for business and operations at Clovis schools.

What is the main function of a PSFA Regional Manager?

Ferran: District administrators are usually trained as educators, not as facility management experts. So our role is to assist with facility management, from planning, to construction to maintenance, such that districts can better focus on what happens in the classroom, on educating their kids.

What are some of the specific things that PSFA Regional Managers do for school districts?

Ferran: Assisting districts with everything from PSCOC award applications, memorandums of understanding, project bids, change orders, procurement, construction oversight, progress meetings, design review, warranty issues, bonding, maintenance, working with design engineers, mediating disputes with vendors etc. An essential part of the job is to train school personnel.

McMurray: As the state transitions away from the Deficiencies Correction Program and into the Standards-Based Process, the role of PSFA regional managers is evolving into broader, more inclusive project development and management, including database management, facility master planning assistance, capital prioritization, design management, value engineering, life-cycle analysis and so on. So this entire PSFA division is moving beyond a narrow technical approach to construction management.

Describe a typical work day.

Ferran: My workday begins early and ends late in the office, answering e-mails, working on contracts etc. I devote the hours from 8 to 5 to being visible in the districts. I try to visit construction sites on a weekly basis.



PSFA Regional Manager Gil Ferran (left), with PSFA Senior Facilities Manager Pat McMurray

I usually meet with the superintendent, and then with each district representative and maintenance director. I attend project meetings, which are held bi-weekly. During the design process, I meet with school committees and the design group, usually after school hours or in the evenings. School construction is complex, and there's no substitute for personal visits to district offices, construction sites and all the related meetings.

Why is the state managing school construction? Don't districts prefer to handle this on their own?

Ferran: The PSFA doesn't take over project management, we partner with districts to improve project oversight. For example, if a school installs a new roof, there are highly-technical decisions that will cause that roof either to last for years or to fail pre-maturely. From determining the right type of roof for the location, to contracts that hold the installer accountable, to needed maintenance and inspection periods, PSFA has this specialized expertise, while most school districts do not. So we serve districts in this way and try to add value. I believe this is true across the entire construction process, whether for a new HVAC system, or in building a new school.

McMurray: And beyond that, the main benefit in basing PSFA regional managers throughout the state is that they learn about and become very much a part of the communities in which they serve. They come to see school district problems as their own problems, so they develop a vested interest in looking out for districts' best interests.

PSCOC & PSFA Milestones in 2005

- Provided a record \$274.9 million in funding to school districts for standards-based capital outlay awards, deficiency correction projects, facilities leasing assistance, and via a new \$60 million program to solve school roofing problems. Funds were allocated to 179 projects and/or facilities throughout the state.
- Released a more user-friendly, web-hosted PSCOC standards-based award application that significantly reduces complexity and completion times for school districts.
- Launched FIMS, a user-friendly, web-hosted statewide maintenance management system for use by school districts at no cost. 51 school districts are using FIMS as of May 2006.
- Reviewed and approved 586 submittals for school construction projects at program statement, schematic, design development, and bid document phases.
- Continued to provide “one stop shop” plan review with the regulatory agencies, offering 14-21 day turnaround on project plan approvals.
- Trained 773 users from 54 school districts, 4 state agencies, 63 general contractors and 46 architectural & engineering firms in the state’s construction management system, the PSCOC award application, the Adequacy Standards Worksheet, and the New Mexico Facilities Assessment Database. Conducted 14 procurement workshops attended by 326 participants from 46 school districts. Conducted on-site training for all 89 school districts in preventative maintenance. Conducted on-site facilities master planning workshops with staff from 80 school districts.
- More than 90 percent of PSFA staff underwent professional development training. 56 percent of PSFA staff achieved certification in a broad range of project/facilities management specialties under BOMI and CSI. Five PSFA managers were certified in quality management at UNM as of May 2006.
- Awarded two New Mexico Cumbre Awards in effective government communications for PSFA’s 2004 annual report, and for PSFA’s 2005 website re-design.
- Awarded Piñon Recognition by Quality New Mexico for the second consecutive year for establishing best practices and high overall quality in management, systems and processes.

Bataan Elementary: Ideal Project Execution?

“Deming has always been great at maintenance, so our facilities tend to last,” says Harvielee Moore, Deming Public Schools Superintendent. *“But when district growth mandated a new elementary school for the first time in 38 years, we decided to build a versatile facility that would continue to serve the district for many decades, and that would minimize long term costs, even if initial costs would be higher. With the help and support of the people of Deming, I’m proud to say that Bataan Elementary has become an outstanding new resource for this community.”*

Master planning indicated that the district’s current school sites were not ideally located for future student feeder patterns, nor would allow sufficient space to meet future expansion. *“We decided to redistrict, and to purchase a 42 acre site for a new elementary and middle school that would provide sufficient space for ongoing needs, and would prevent these schools from ever becoming landlocked,”* said Ruben Torres, President of Deming’s Board of Education.

To reduce capital and operating costs, Deming built a large elementary school for 600 students; but to keep the warm and friendly ambience of smaller schools, the facility has three wings that each operate as a separate “school within a school” learning community.

Geothermal was more expensive up front, but will cost less in the long run,”

– Ruben Torres
President, Deming Board of Education

Bataan Elementary is co-located with Deming’s new middle school, and the two facilities share a common kitchen, stage, parent and staff parking lots, bus loading zone and fiber cable for Internet access. The district estimates capital outlay savings related to co-location at \$4.5 million.

Red Mountain Middle School next door is twice as large, but its design was adapted from the same blueprints, cutting architectural expenses by one percent.

Two additional elementary schools are also being built from the same blueprints, reducing design fees by several percentage points.

“School buildings in Deming are community centers, so we wanted Bataan to be open and inviting, but also safe and secure,” Moore said. The school perimeter and areas within the grounds are fenced, while the central courtyard is completely enclosed. When the gymnasium and commons area are open in the evenings, the rest of the school can be completely closed off and locked.



Future and current students, community members and district staff at the dedication of Deming’s new Bataan Elementary School in August 2005.

“Bataan is arguably one of the safest schools in New Mexico,” said Brian Dunnihoo, DPS’s Director of Facilities & Construction.

Geothermal heating & cooling is used throughout the school. Each classroom has its own temperature regulation, which the district expects to have a positive effect on student focus and behavior. The environmentally friendly system is expected to save over 4 million gallons of water per year.

Bataan is named in honor of, and features a memorial to New Mexicans who perished in the Bataan Death March in World War II. *“Many of these men were from Deming and the surrounding areas, and community support for this memorial was simply overwhelming,”* Moore said.

Construction on Bataan began in March 2004 and was completed in 12 months at a total cost of \$8 million. *“District investment was \$2.5 million, with the balance of capital from the PSCOC,”* Dunnihoo said. Genccon acted as general contractor, and was awarded a PSFA Quality Award for exceptional performance. *“Bataan was completed on time, within budget, build quality is exceptional and there was zero time lost due to injury—these are the litmus tests for a successful project,”* Dunnihoo added.

“Bataan is an innovative, well-executed project because the district worked closely with the state, architect, general contractor and the community. Project design and management were exceptional, and Deming’s cost-benefit analysis was long term,” said Brent Flenniken, PSFA Regional Manager for Southwest New Mexico. *“PSFA was honored to assist.”*

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¹ James Jimenez became the Governor's Chief of Staff in May, 2006 and was replaced on the PSCOC by DFA Secretary Katherine Miller. Catherine Smith became acting Chair, and Dr. Kurt Steinhaus became acting Vice Chair from May through September, 2006.

² Dr. Elizabeth Gutierrez served on the PSCOC in 2005, representing the Office of the Governor.

³ Don Moya, Deputy Cabinet Secretary, Public Education Department, is Dr. Garcia's PSCOC designee.

⁴ Vicki Smith served on the PSCOC in 2005, representing the New Mexico School Boards Association.



ABOVE: Dedication ceremony for the new Lybrook Elementary-Middle School, built by the communities in the Lybrook area and by Jemez Mountain School District, with project and funding assistance from the State of New Mexico.

ON THE COVER: Groundbreaking ceremony for the new Ventana Ranch Elementary School, to be built by the people of Albuquerque and by Albuquerque Public Schools, with project and funding assistance from the State of New Mexico.