

Public School Capital Outlay Council (PSCOC) and Public School Facilities Authority (PSFA) Update

Public School Capital Outlay Oversight Task Force (PSCOOTF)

September 3, 2021

Presenters:

Jonathan Chamblin, Executive Director

Randy Evans, Chief Financial Officer



New Mexico Public School Facilities Authority

Partnering with New Mexico's communities to provide quality, sustainable school facilities for our students and educators.

PSCOC and PSFA Background

- Current public school capital funding process was developed and established in response to the 1998 Zuni lawsuit.
- New Mexico public school capital outlay process seeks to establish and implement a uniform funding system for capital improvements.
- Public school capital outlay funding is a local and state responsibility in New Mexico.
- Public School Capital Outlay Council (PSCOC) manages the allocation of the Public School Capital Outlay Act Fund (PSCOF) to public school facilities in New Mexico's 89 school districts and 2 special schools (School for the Deaf and School for the Blind and Visually Impaired).
- PSCOOTF provides oversight of PSCOC.
- PSFA is staff to the PSCOC.

PSCOC - Current Members

Public School Capital Outlay Council

1. Joe Guillen, PSCOC Chair – NM School Boards Association
2. Raul Búrciaga, PSCOC Vice-Chair – Legislative Council Service
3. David Abbey – Legislative Finance Committee
4. David Robbins – Public Education Commission
5. Rachel S. Gudgel – Legislative Education Study Committee
6. Mariana Padilla – Governor's Office
7. Antonio Ortiz – Public Education Department
8. Clay Bailey – Construction Industries Division
9. Ashley Leach – Department of Finance & Administration

Four Primary Functions of PSFA

Staff to PSCOC

Role defined by NM Administrative Code.

Provide research and analysis to decision-makers on PSCOC.

Funding Administration

Distribution of state funding to all school districts, in compliance with statute.

Project Management

Partner with school districts on planning, design, and construction projects (including technology infrastructure) to provide project management support and technical expertise.

Facility Information Management

Assess, gather, and organize facility information for all schools in NM.

Calculate the wNMCI score to produce the statewide ranking of public schools.

Assist districts in monitoring and improving maintenance and energy efficiency.

Services provided to school districts

Capital Funding for Schools in NM

Local and state capital funding responsibility in NM:

- Protects local autonomy and authority of school districts.
- State funding supplements local funding to ensure uniformity.

Between 1999-2004, in response to the Zuni lawsuit and the need to create a uniform system for capital improvements, the State formulated a new “Standards-Based” capital funding program by:

1. Assigning the source for the Public School Capital Outlay Fund, supplemental severance tax bond proceeds.
2. Formulating the Phase 1 State/Local match calculation.
3. Designating the administrative and oversight bodies.
 - PSCOOTF → PSCOC → PSFA
4. Creating the Statewide Adequacy Standards, funding program.

Sources of Public School Capital Funding in NM

State Sources *

Direct Legislative Appropriation

NM Finance Authority Loan

Public School Capital Outlay Act

PSCOC award process that distributes funds from the Public School Capital Outlay Fund

*** Federal sources supplement state and local funding in some districts:**

- Impact aid
- Forest reserve funds
- Department of Energy
- Department of Defense

Local Sources *

SB-9 (2 mill levy)

HB-33 (up to 10 mill levy)

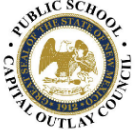
Local General Obligation Bonds

Lease Purchase Act

Educational Technology Equipment Act

Public Building Energy Efficiency and Water Conservation Act

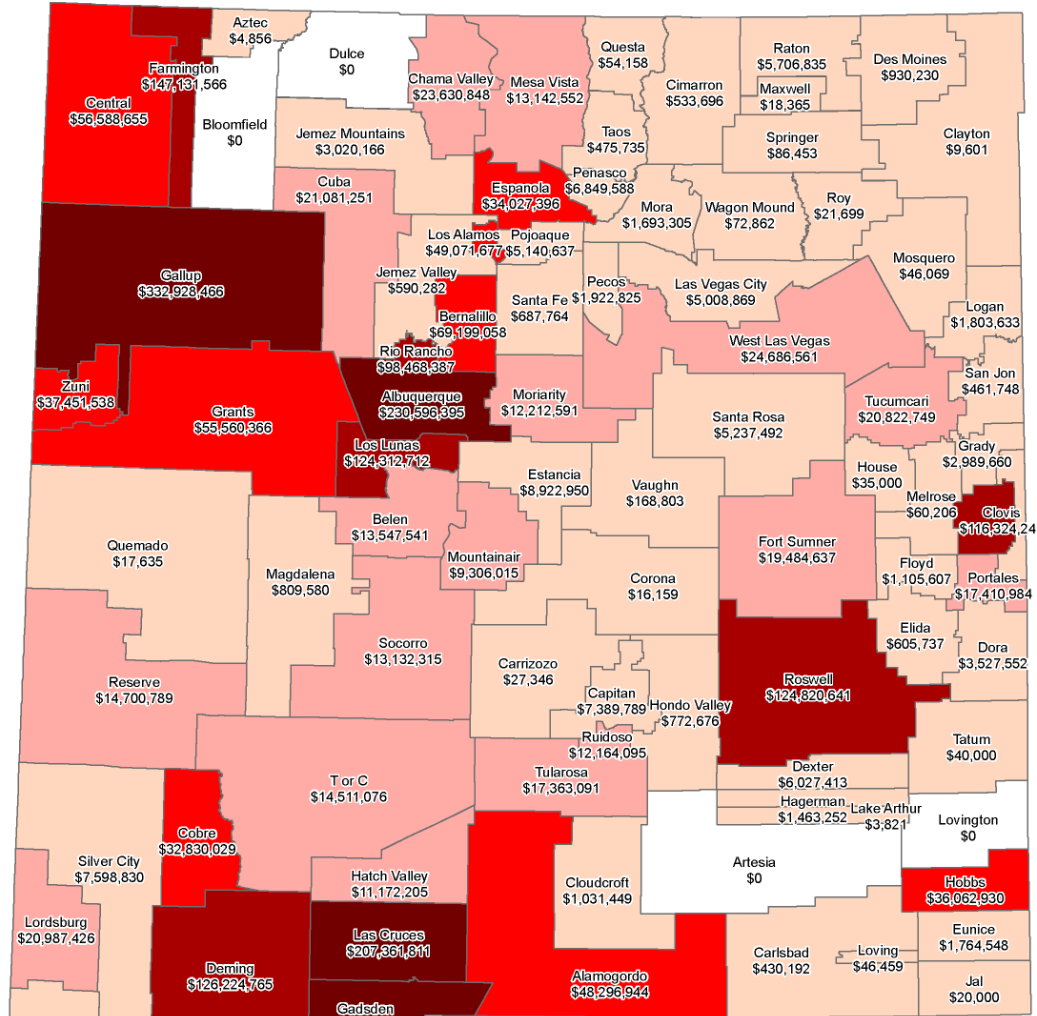
Total PSCOC Dollars Awarded



Total State Funding

Awarded per District

- \$332 M – Gallup
 - \$247 M – Gadsden
 - \$230 M – Albuquerque
 - \$207 M – Las Cruces
 - \$147 M – Farmington
 - \$126 M – Deming
 - \$124 M – Roswell
 - \$124 M – Los Lunas
 - \$116 M – Clovis
 - \$0
- Artesia
 - Lovington
 - Bloomfield
 - Dulce



Total PSCOC Dollars Awarded as of 6/3/2021



State Total PSCOC Dollars Awarded
\$2,576,145,742

Created 6/3/2021
By AM PSFA
Sources: PSFA

PSCOC Funding Programs in FY22

		Start of Program	Month Awarded in 2021, 2022
1)	Standards-Based (Large Projects)	2004	July 2021
2)	Systems-Based (Small Projects)	2017	July 2021, on-going
	<i>➤ Includes demolition projects funding</i>		
3)	Pre-Kindergarten Classroom Facilities	2018	on-going
4)	Broadband Deficiencies Correction	2014	on-going
5)	Facilities Master Plan	2003	December 2021
6)	Lease Assistance	2005	Sept, Oct 2021
7)	Roofing	2010	<i>April 2022 est.</i>
8)	Teacher Housing	2021	<i>April 2022 est.</i>

In-Process Standards-based (Large) Projects

District	School	Current Project Phase	Estimated Construction Start	Total Estimated State Funding: Construction
NMSBVI	Garrett Dorm	Construction	FY22 Q1	\$3,300,800
Alamogordo	Holloman ES	Construction	FY21 Q3	\$19,087,929
Belen	Jaramillo ES	Planning	FY22 Q4	\$8,791,279
Gallup	Rocky View/Red Rock ES	Planning	FY23 Q1	\$22,206,929
Gallup	Tohatchi HS	Planning	FY23 Q1	\$22,625,748
Las Cruces	Desert Hills ES	Design	FY22 Q2	\$6,294,619
Las Vegas City	Sierra Vista ES	Planning	FY23 Q1	\$4,026,585
Los Lunas	Peralta ES	Planning	FY23 Q1	\$12,151,916
Roswell	Mesa MS	Design	FY22 Q1	\$10,429,808
Roswell	Nancy Lopez ES	Planning	FY23 Q1	\$6,475,075
Zuni	Zuni MS	Planning	FY23 Q2	\$17,813,829
Socorro	Sarracino MS	Planning	FY23 Q1	\$8,202,591
Alamogordo	Chaparral MS	Design	FY22 Q4	\$19,464,797
Central	Newcomb ES	Design	FY22 Q4	\$13,565,564
Roswell	Mountain View MS	Design	FY23 Q1	\$16,268,730
Hobbs	Southern Heights ES	Planning	FY23 Q1	\$3,300,800
Las Cruces	Columbia ES	Planning	FY23 Q1	\$19,087,929

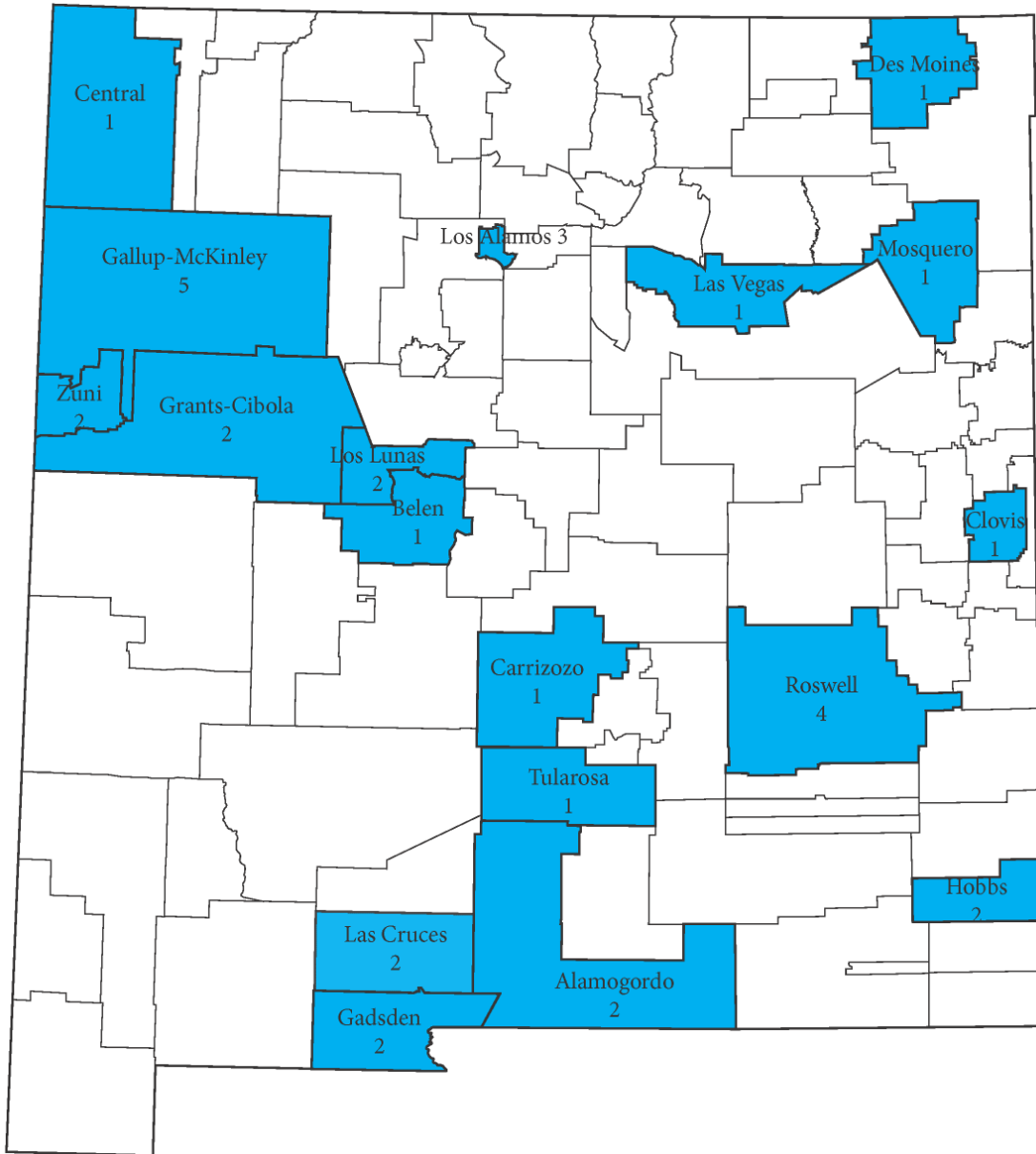
In-Process Standards-based (Large) Projects

District	School	Current Project Phase	Estimated Construction Start	Total Estimated State Funding: Construction
Roswell	Washington Ave ES	Planning	FY23 Q4	\$5,873,263
Des Moines	Des Moines Combined	Planning	FY23 Q2	\$3,583,896
Grants	Bluewater ES	Design	FY23 Q2	\$5,083,430
Zuni	Zuni HS	Planning	FY23 Q3	\$46,709,614
Gallup	Gallup HS	Planning	FY23 Q3	\$54,531,601
Gallup	Crownpoint HS	Planning	FY23 Q3	\$24,496,831
Gallup	Navajo Pine HS	Planning	FY23 Q3	\$16,417,777
Grants	Mesa View ES	Design	FY22 Q3	\$16,164,200
Carrizozo	Carrizozo Combined	Planning	FY23 Q2	\$1,044,142
Hobbs	Heizer MS	Planning	FY23 Q3	\$20,905,830
Gadsden	Gadsden MS	Planning	FY24 Q1	\$33,176,455
Gadsden	Chaparral MS	Planning	FY24 Q1	\$27,058,450
Los Alamos	Chamisa ES	Design	FY23 Q3	\$3,682,754
Los Alamos	Pinon ES	Design	FY23 Q3	\$4,512,703
Los Lunas	Ann Parish ES	Planning	FY24 Q1	\$17,231,200
Mosquero	Mosquero Combined	Planning	FY23 Q3	\$1,110,808
Tularosa	Tularosa MS	Planning	FY24 Q2	\$10,650,000

Impact of Increased Revenue Projections

- If additional revenues are available for use by the PSCOC in the future, the following actions can be taken by the PSCOC to manage the Public School Capital Outlay Fund:
 - Open up the eligibility requirements and award more large, standards-based projects in any year.
 - Grant more local match reduction requests (waivers of some of the local share) for eligible, previously awarded standards-based projects.
 - Formulate new funding programs such as teacher housing and increase the state funding of existing programs such as broadband and demolition.
 - PSCOC certifies the need for funding in June and December each year, based on the actual amount of state funding needed for active projects and programs at that time. PSCOC is not obligated to certify for the whole amount of revenue that may be available.

Districts with New Standards-based Awards



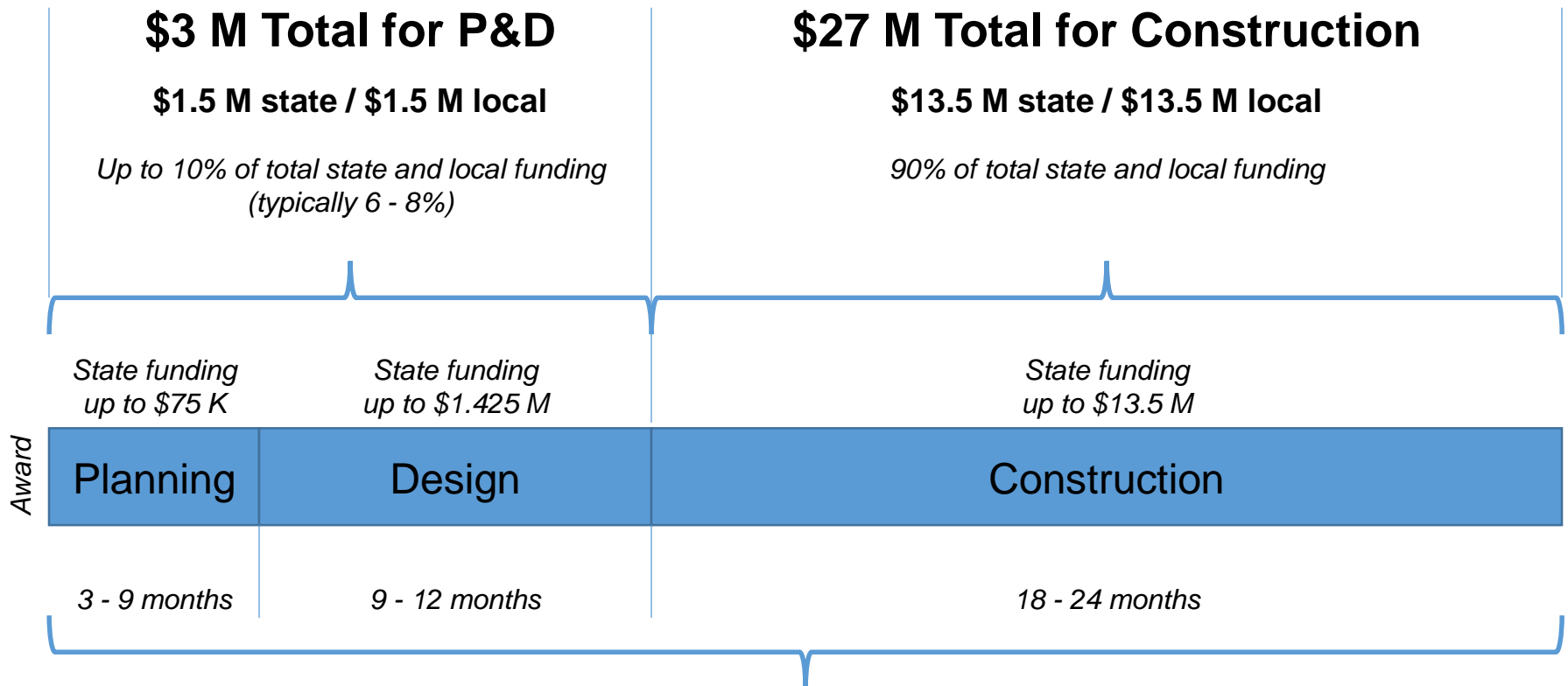
- Number of new standards-based projects awarded per district during the last 4 years. (FY19, FY20, FY21, FY22)
- Approx. \$542 M in state funding will be directed to these 34 major capital construction projects in communities throughout NM for the next 3 to 5 years.
- Geographic distribution of awards for large projects is a measure of the state's uniform response to the Zuni lawsuit.

Overview of All In-Process Projects

- 375 active, in-process projects statewide.
 - Standards, systems, Pre-K, and security.
- 34 standards-based projects.
 - 27 in-process standards-based (large) capital projects awarded in FY19, FY20, and FY21.
 - 6 new standards-based projects awarded July 2021 (FY22).
 - 1 systems project converted into a standards-based project in FY22.
- 35 systems-based projects.
 - Building system replacement projects (HVAC, roofing, fire alarm, doors, windows, finishes, plumbing, electrical, site drainage).
- 9 Pre-K projects.
- 297 security projects in design or construction.

Typical Large Project Timing

Example: \$30 M new elementary school for 500 students for a district with a 50%/50% state/local match percentage.



PSFA Support to Districts: Procurement/Contracts

Public School Capital Outlay Act (22-24-9) defines the services that PSFA is obligated to provide to districts to manage large projects, including:

- Assisting school districts with the procurement of architectural and engineering services and with the management and oversight of construction activities.
- Requiring the use of standardized construction documents and the use of a standardized process for change orders.

Value of Services Provided by PSFA:

- PSFA contract services provides expertise to school districts that may not have experienced procurement and construction contracts staff within the district.
- Quality contract documents provide assurance that public funding investments will result in high quality construction projects.

Procurement/Contracts Services Provided by PSFA

PSFA has 3 FTE experienced with procurement and contracts, performing the following tasks in support of school districts:

- **MOUs:** Formulating and executing a Memorandum of Understanding (MOU) that defines the contractual relationship between the co-owners, including the limit of state funding participation on a project and the estimated schedule for the whole project.
- **Procurement processes and template documents:** Managing the solicitation and contracting processes for each phase of work to select qualified planners, architects, engineers and construction contractors to complete the work.
- **Consultation through all project phases:** Reviewing contracts with all contracted project team members (architects, engineers, construction contractors, etc) to ensure that the contracts align with the scope of the project, that high quality services will be provided, and that the co-owners .

Contracts Services Provided by PSFA (cont.)

- Reviewing commitments that define the funding to be directed to specific contractors to complete the work and generating state and district Purchase Orders (POs) to move funding.
- Reviewing change orders and requests for additional funding from architects, engineers, construction contractors, and other contracted parties.

Contracts Workload for PSFA:

- PSFA processed 518 contract document actions for capital projects in the first 236 calendar days of 2021, approximately 3 actions per working day.
 - Each of the 518 actions could require 15 minutes to 8 hours of staff time, depending on the complexity of the issue.

Project Management: PSFA Support to Districts

During all phases of a project, PSFA functions in a contractual relationship as a co-owner and partner with the school district.

- Districts are contractually obligated to provide direct project management and funding administration to their project, PSFA provides indirect oversight.
- PSFA administers state funding to the project, dispersing progress payments to the project team as the work is completed.
- PSFA helps the district manage and oversee the project team members:
 - Verifying the actual progress of the work for progress payments.
 - Observing, checking the quality of the work.
 - Assuring that the construction complies with design documents.

PSFA Project Management Workload

- PSFA has 9 regional project managers, distributed statewide, to provide hands-on project management and funding administration support to school districts.
- Currently, each PSFA project manager is assigned an average of 42 active capital construction projects, with the following average distribution per program.
 - 4 standards (large) projects.
 - 4 systems projects.
 - 1 Pre-K project.
 - 33 security projects.
- Assuming more time is required to manage large, standards-based projects, with less time assigned for pre K, systems, and security, each regional project manager is able to assign the following amount of time per project each week:
 - 4 hours per week per project for standards-based projects = 16 hours.
 - 3.5 hours per week per project for systems-based projects = 14 hours.
 - 2 hours per week per project for Pre-K projects = 2 hours.
 - 15 minutes per week per project for security projects = 8.25 hours.

42 in-process projects for each PSFA project manager.

40 hours

PSFA Funding Administration Workload

- **\$60 M** – State funding amount (average) managed by each of PSFA's 9 regional project managers, providing oversight for in-process large, standards-based projects.
- **\$95 M** – Average total project cost (combined state and district funding) managed and overseen by each PSFA regional project manager.
- To support the regional project managers, PSFA has a 3 person Finance group managed by the Chief Financial Officer.
 - PSFA project management and funding administration staff provide assurance to reduce inherent risks on large capital projects while allocating public funding in compliance with all Generally Accepted Accounting Principles (USGAAP).

Funding Administration Services Provided by PSFA

PSFA's Finance group provides centralized funding administration support to all of the on-going capital projects, including the following basic services:

- Ensuring compliance with NM Department of Finance and Administration's (DFA) Model of Accounting Practices Manual.
- Maintaining and monitoring project budgets in partnership with DFA's Capital Outlay Bureau and Board of Finance.
- Certifying the need to draw proceeds from SSTB sales to gather state funding for specific projects.
- Allocating state funding for progress payments for in-process projects.
- Reviewing requests for state funding on each project to ensure that state funding is allocated according to the PSCOC award decision and in-compliance with state purchasing and procurement regulations.
- Performing financial close-out of projects and reverting unspent funds to the Capital Outlay Fund (PSCOF).
- Provide monthly updates to PSCOC on changes to the out-year Financial Plan, based on updated revenue projections and project expenditures.

New Funding Program Development: Teacher Housing

PSFA has 3 FTE that develop and manage new and existing funding programs, with the following typical steps required for a new program:

- **2 months:** Conducting statewide workshops to gather input from districts and teachers.
- **6 months:** Researching teacher housing programs in other states, history of teacher housing projects in NM.
- **6 months:** Developing guidelines to define the application and award criteria for the teacher housing funding program.
- **6 – 9 months:** Developing design guidelines for new teacher housing projects, establishing best-practices for design and construction of new teacher housing and defining the limit of state funding participation on new teacher housing projects.
- **2 – 4 months:** Initiating and managing an application and award process with school districts throughout NM.
- **9 months:** Typical timeframe to develop a new funding program, such as teacher housing, with concerted work-time from multiple PSFA staff including, Director, Deputy Director, Funding Programs, Projects, and Finance staff.

PSFA FY23 Budget Request

To keep up with the workload from active, in-process projects and developing new funding programs, including Teacher Housing, PSFA is requesting a FY23 agency operating budget as follows:

- FY22 Budget: \$5.789 M.
 - 50 Authorized FTE.
 - 48 FTE filled.
 - 2 FTE held vacant.

- FY23 Budget Request: \$6.074 M.
 - 4.9% increase FY22 to FY23.
 - FY23 budget request based on filling all 50 Authorized FTE.
 - Agency budget cap for FY23: \$6.301 M.

Questions

Contacts:

Jonathan Chamblin

Executive Director, PSFA

505-469-0968

jchamblin@nmpsfa.org

Randy Evans

CFO, PSFA

505-919-9624

revans@nmpsfa.org