



STATE OF NEW MEXICO

The State's Need for Strategic Asset Management

CAPITOL BUILDINGS PLANNING COMMISSION



December 11, 2012



Architectural Research Consultants, Incorporated



Staff Presentation

- ▶ Inform the Commission about the status of initiating strategic asset management for New Mexico facilities and lands

Topics

- ▶ Why Strategic Asset Management?
 - ▶ Recap of 10.11.11 recommendations and 5.08.12 meeting summary*
- ▶ SB 83 vs Executive Order 2012-023 Requiring State Agencies to Submit Five-Year Facilities Master Plans and Providing for Plan Guidelines
 - ▶ Gaps in coverage, activities, financing
 - ▶ Status and progress of Task Force working on Executive Order
- ▶ Staff Recommendations

*10.11.11 CBPC meeting: http://www.nmlegis.gov/sessions/InterimCommittees/CBPC/CBPC_10_11_11v5ebook.pdf

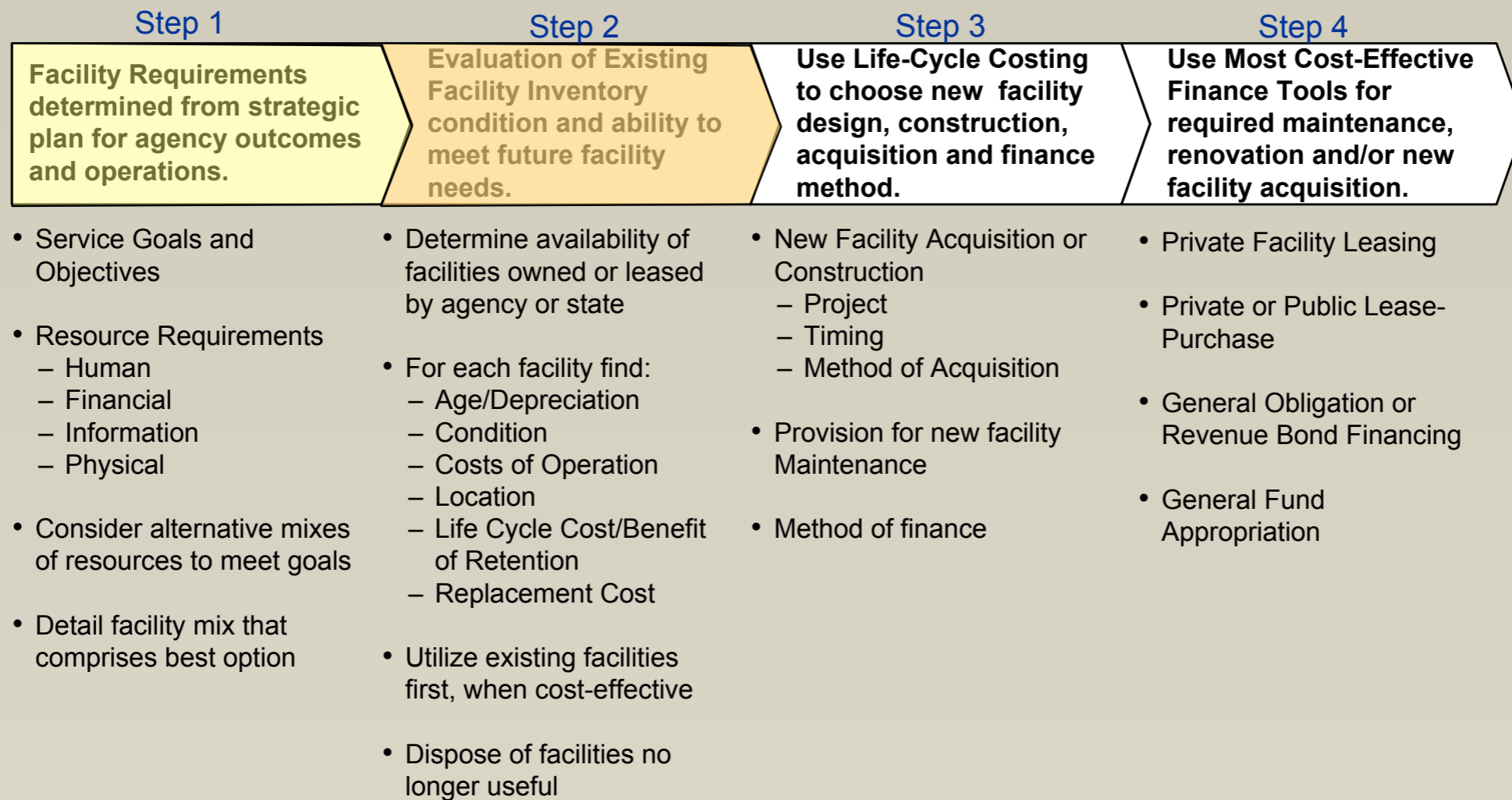
and 5.08.12 CBPC meeting: <http://www.nmlegis.gov/sessions/InterimCommittees/CBPC/CBPC%20050812%20Next%20Steps.pdf>



RECAP: WHY STRATEGIC ASSET MANAGEMENT?

Best practice is to strategically manage the site and facility assets of the state*

Strategic Facility Planning Process**



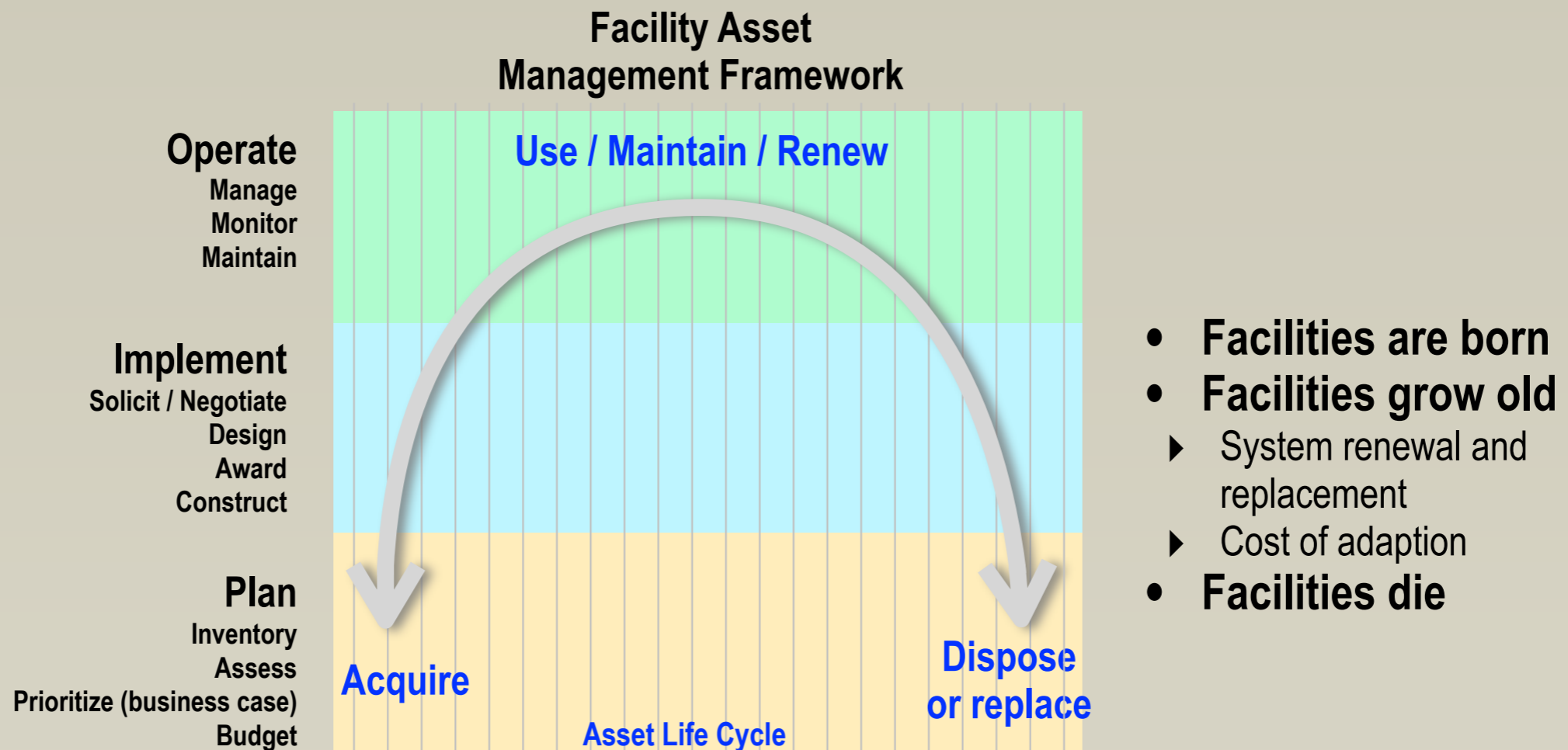
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** (Strategic Facility Planning Process - previously presented by Tom Pollard, Ph.D)



IMPLEMENT A STRATEGIC FACILITY PLANNING PROCESS

Facility asset management is an on-going process



“...a methodology needed by those who are responsible for efficiently allocating generally insufficient funds amongst valid and competing needs.”

— The American Public Works Association Asset Management Task Force



EXISTING NEW MEXICO ASSET MANAGEMENT ISSUES

No unified facility inventory (an Inventory of Facilities and Properties is now in review)

No comprehensive assessment of facilities that provides reliable, comparable results (except for public schools) - do not know the extent of needs

No unified process for strategic facility planning and budgeting

No linking of strategic planning and facility planning

No reliable source of funding for building renewal

Fragmented ownership, responsibilities, and procedures for managing facilities

No consistent processes for acquisition or disposing assets

Many statutes, rules affecting many agencies in different ways

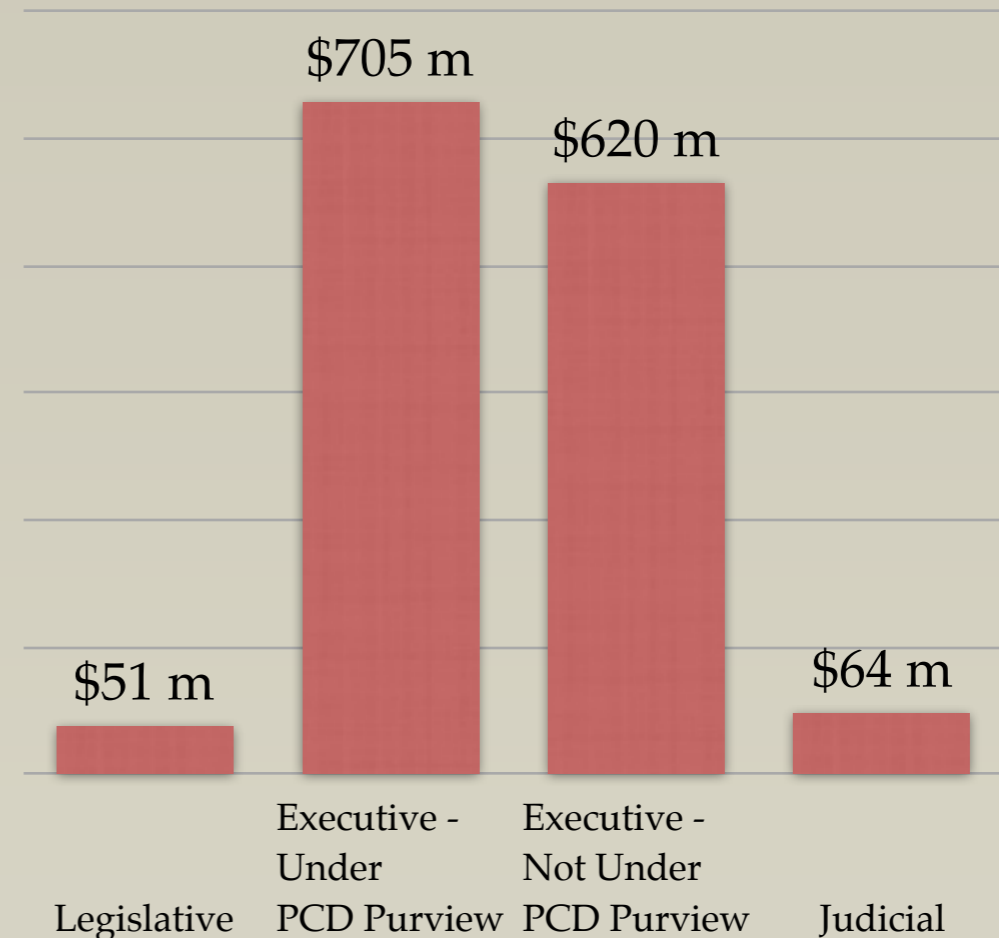


DO NOT KNOW EXTENT OF NEED

Studies that have been done show that the facility renewal needs are substantial*

- ▶ Estimated* capital facility renewal needs in current dollars are ~ \$1.4 billion
- ▶ Likely 10-20% of these needs are high priority** \$144 - 288 million

Estimated State Facility Capital Renewal Needs (\$millions)*



*Assumes:

- Weighted averages of PCD studies (2010 study covering ~25% of state-owned buildings, 2006 study covering about 50% of state facilities)
- Costs inflated to current dollars using consumer price index
- PCD weighted averages applied to non-PCD facilities without data

**Based on averages where information is available

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Adopt a strategic facility asset management model

- ▶ Complete inventory / database of state facilities and sites
- ▶ Conduct comprehensive and consistent assessment of state facilities
- ▶ Prepare departmental / agency master plans linked to strategic plans

Prepare statewide facility plan that encompasses owned and leased facilities

Identify a dedicated source of revenue for capital facilities renewal

Centralize ownership and management of state facilities

- ▶ Consider Facilities Commission or Board with technical, specialized staff with authority and budget to implement program (see Utah and Texas as models)
- ▶ Responsibilities for acquisition, use, maintenance, disposal
- ▶ Adopt prioritization criteria