

2009 Award Cycle Funding Summary:

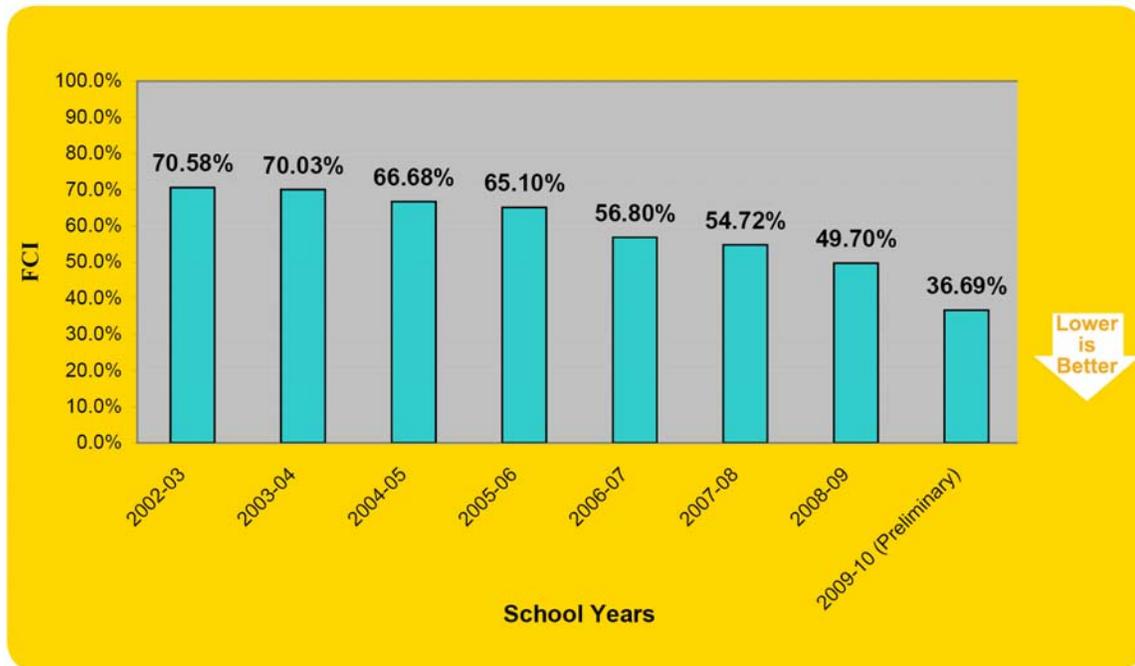
- Awards for this cycle total **\$188,897,162**, distributed as follows:
 - \$131 million in state funds, net of offsets and waivers, for Standards-Based awards to 24 projects in 15 school districts.
 - \$48.58 million reserved for possible out-of-cycle awards to 9 projects in 8 districts.
 - \$931,562 from the Charter School Fund to the Anansi Charter school in Taos.
 - \$8.1 million in state funds for facility leasing assistance to 69 charters and 8 public schools in 21 districts.
 - \$285,600 in state funds for demolition of old/abandoned facilities to Tohatchi Middle School in Gallup.

Economic Volatility and Overcoming Funding Challenges:

- A difficult funding cycle, given the broad economic decline in late 2008, and the corresponding reduction in severance tax revenues that fund public school capital outlay in New Mexico.
- With out year commitments to *later phase projects alone* totaling about \$300 million, the need for diligence in eliminating idle funds, while also seeking new approaches for providing funds, has never been greater.
- Some of the areas we addressed in this cycle, along with respective funding impacts:
 - \$12 million in reversions from completed projects;
 - \$24.6 million in reversions from a major project that had been significantly delayed;
 - \$20 million from a legislative appropriation from the General Fund;
 - \$64.9 million from issuance of long term bonds—a step that the PSCOC has not taken for a number of years;
 - And additional funding capacity from the State Board of Finance, due to school projects which were shovel ready and prepared to use those funds rapidly.
- Council prioritized funding for projects that were fully ready to go. A number of projects which were in an advanced stage of development but lacked one or more prerequisites will be eligible for an out of cycle award, once any contingencies have been addressed.

A Few Key Performance Measures

ADJUSTED FACILITY CONDITION INDEX (FCI) TREND ANALYSIS

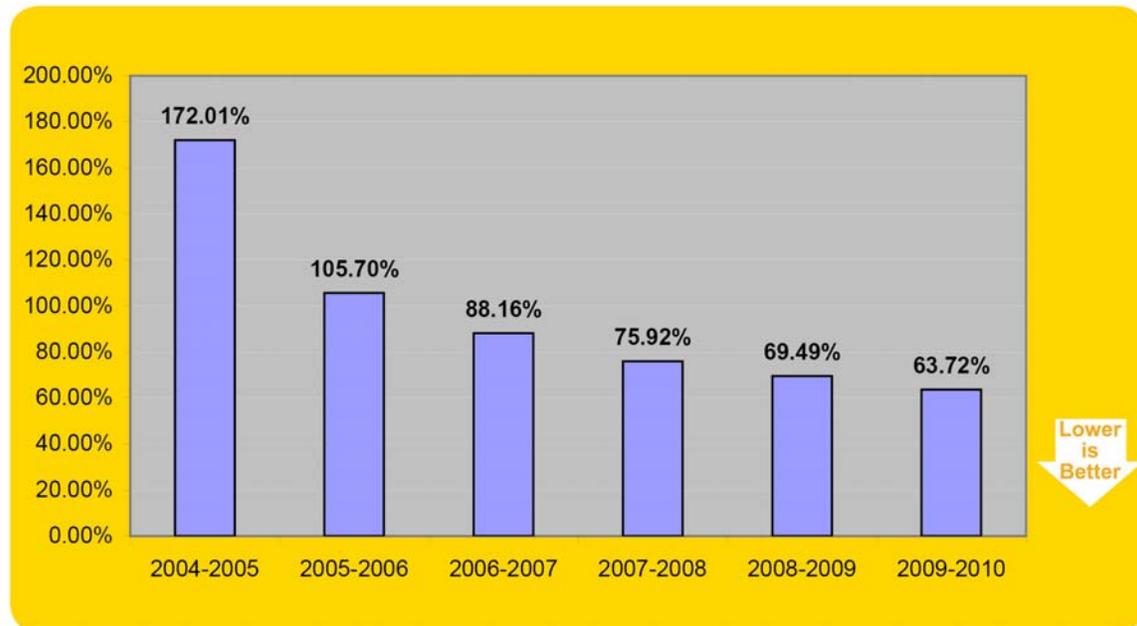


The adjusted New Mexico Facility Condition Index (FCI) improved dramatically for the 2009-10 school year, as major projects funded in previous years have begun to come online. A declining FCI indicates improvement in the statewide condition of school district physical plant and space needs, net of the annual cost of maintaining facilities in their current state.

SOURCE: 2008 Public School Capital Outlay Council Annual Report

- The FCI formula is the total cost of repairing all our school buildings divided by the total cost of replacing all our school buildings. A lower number means that the public school physical plant is in better shape.
- Our rule of thumb has been that when a facility has an individual FCI score greater than 60 percent, it prompts us to look at whether it is more cost effective to replace rather than repair that facility.
- So by driving down the combined FCI score of school buildings in New Mexico from 70 percent to below 40 percent, that means that we've come far in eliminating the need for completely new schools in areas experiencing population growth, and for schools that were in such poor shape that they needed to be replaced.

AVERAGE NMCI SCORE FOR THE TOP 100 GREATEST FACILITY NEEDS ON THE RANKED LIST OF ALL SCHOOL FACILITY NEEDS



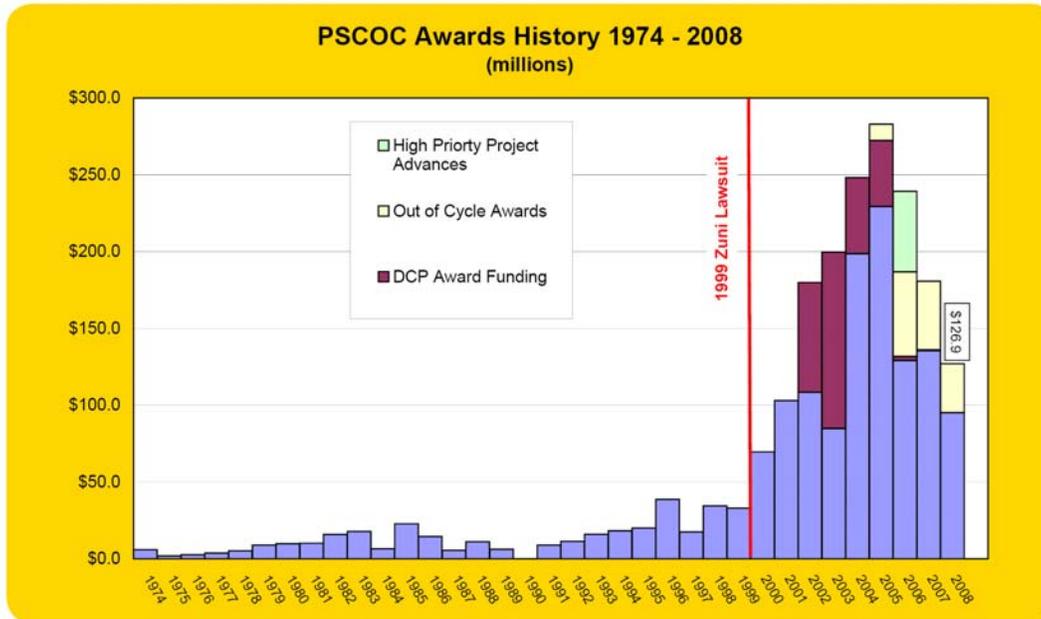
Since 2004, the year that the Standards-Based Process for school facilities funding was implemented, the average NMCI score for the top 100 projects on the ranked list of school facility needs in New Mexico has improved from 172.01* to 63.72 percent, meaning that the magnitude of need among the highest ranked school facilities needs across the state has dropped dramatically in the past five years. * 2004 – 2006 does not include degradation data. If degradation were included, the NMCI scores would be higher than listed.

SOURCE: 2008 Public School Capital Outlay Council Annual Report

- To take care of greatest needs first, the PSCOC generally funds award applications for projects in the top 100 on the ranked list of public school facilities needs in each funding cycle.
- In 2009, PSCOC funded through the top 109 projects on the NMCI ranked list.
- The average FCI score of the highest ranked public school facilities needs has dropped from 172 percent in 2004 to about 64 percent currently.
- Another related metric: the FCI score of the 100th ranked project in 2004 (when the PSCOC began the standards-based process) was above 90 percent. This year the FCI score of the 100th ranked project is about 54 percent—beneath the replace vrs repair cutoff measure of around 60 percent.

- These significant FCI declines correlate directly to the record levels of public school infrastructure funding from 2002 through 2007

PSCOC AWARDS HISTORY 1974-2008



In 2008, *Standards-Based* state capital outlay for public school construction totaled \$126.9 million. Including \$1.7 million in capital outlay to charter schools and \$23.1 million in out of cycle awards.

SOURCE: 2008 Public School Capital Outlay Council Annual Report

Beyond Funding—Projects That Have Come On Line

- The program has been effective in turning investment into completed projects. Since 2001, 1,056 total projects have been completed, at a total investment of \$1.28 billion in state capital outlay funding.
- 7 completely new schools and 13 schools which have incurred major renovation will go into service at the beginning of this school year. 7 new and newly-renovated schools will be coming online mid year.
- **The seven completely new schools are:**

Steiner Elementary in Portales	Midway Elementary, Socorro
Sue Cleveland High School, Rio Rancho	Southwest High School (9-11) ABQ
Ruidoso Middle School, Ruidoso	Columbus Elementary School, Deming
El Rito Elementary School, Mesa Vista	

The full list of schools that will be opening this fall (or mid-year) with PSCOC funds:

<u>School</u>	<u>District</u>	
Steiner Elementary School in December	Portales Municipal Schools	Opening
Anansi Charter School Modular Addition	Taos Municipal Schools	
Don Cecilio Elementary School (upgrades)	West Las Vegas	
Raton High School Addition	Raton Public Schools	
Ruidoso Middle School	Ruidoso Municipal Schools	
Tularosa High School Portable Campus until the school is completed)	Tularosa Municipal Schools (the portables are	
Mayfield High School Remodel	Las Cruces Public Schools	
Columbus Elementary School	Deming Public Schools	
Hurley Elementary School Opening January	Cobre Consolidated Schools	
Gadsden Middle School Remodel	Gadsden Independent Schools	
Animas Re-roof	Animas Public Schools	
McKinley Elementary School Ph I	Farmington Municipal Schools	
Gallup Middle School Opening January	Gallup/McKinley County Public Schools	
Zuni High School Emergency Roof	Zuni Public Schools	
V. Sue Cleveland High School	Rio Rancho Public Schools	
Katherine Gallegos ES Additions	Los Lunas Schools	
Sundance Elementary School Opened Mid 08-09 School Year	Los Lunas Schools	
El Rito Elementary School	Mesa Vista Consolidated Schools	
Sierra Middle School Opening Dec/Jan	Roswell Independent Schools	
Berrendo Middle School Opening Oct/Nov	Roswell Independent Schools	
Jefferson Montessori Academy	Carlsbad Municipal Schools	
Midway Elementary School	Socorro Consolidated Schools	
Ft. Sumner Combined Use Facility	Ft. Sumner Municipal Schools	
Ft. Sumner High School Ph I December	Ft. Sumner Municipal Schools	Opening
Tucumcari High School Ph I December	Tucumcari Public Schools	Opening
Pecos Middle School Addition	Pecos Independent Schools	
Sierra Vista Elementary School Renovations School Year	Albuquerque Public Schools Opened Mid 08-09	
Mary Ann Binford ES Renovations	Albuquerque Public Schools	
Los Ranchos ES Renovations/Additions	Albuquerque Public Schools	
Navajo ES Renovations/Additions	Albuquerque Public Schools	
SW High School 10 th Grade	Albuquerque Public Schools	
Madison Middle School Re-Roof	Albuquerque Public Schools	
Manzano High School Re-Roof	Albuquerque Public Schools	

Priorities in Project Funding for 2010:

- We've made progress, but we still have much to accomplish (According to FAD, the remaining total cost of public school infrastructure needs is over \$3 billion).
- Phasing project funding will continue to be the norm, given the likelihood of limits on capital outlay.
- When a district or charter is awarded funding for one project phase, Council will expect that that phase will be fully completed before the district or charter applies to Council for funding for the next project phase.
- Projects to be prioritized for construction funding will be expected to have their local matching funds in place; to have completed their Ed Spec prior to planning and design; to have fully developed and accurate project budgets; to have finalized, current audits available; to have current facilities master plans and preventive maintenance plans, to have fulfilled all pre-requisites, and overall, to be shovel ready and ready to go.
- Communities will be expected to know exactly the scope of the project they need *before* entering into a design professional and/or lease agreement.
- Overall, the ball will be in the districts' courts to demonstrate project readiness for funding.
- Council expects that districts and charters will be innovative in seeking out supplementary funding sources, as Fort Sumner, Tucumcari and Anansi Charter School have done in this funding cycle.
- Districts and charters will need to spend funds awarded expeditiously, or Council will be more quick than we have in the past to take back those funds.
- The Council will continue to give particular attention to PSFA's project timeline red flag report, with funding consideration favoring districts which are making expeditious use of funds and sufficient progress in executing their projects.
- Council expects that districts with projects in the top 150 on the NMCI ranked list will begin planning earlier than they are currently.
- The Council's award decisions will continue to demonstrate a ratcheting up of emphasis on maintenance, including FIMS and a variety of preventative maintenance initiatives. We've said it before and we'll say it again: effective preventative maintenance is one of the most effective means to reduce school facilities costs, both capital and operational, over the long term.

Charter School Funding:

- Now integrated into the Standard-Based process for capital outlay.
- By statute, charters need to be in public buildings by 2015. However, there are still quite a few issues on how best to do that, and Council is taking a measured approach in its charter school facility funding decisions.
- Increasing priority re charters seeking to maximize the use of existing public facilities, including municipal and county facilities before constructing new buildings.