



**Report
to
The LEGISLATIVE FINANCE COMMITTEE**



Department of Finance and Administration
Evaluation of Selected Capital Outlay Projects
January 16, 2012

Report # 12-01

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January 16, 2012

Dr. Tom Clifford, Secretary-Designate
Department of Finance and Administration
407 Galisteo Street – Room 180
Santa Fe, NM 87501

Dear Secretary Clifford:

On behalf of the Legislative Finance Committee (committee), I am pleased to transmit the *Evaluation of Selected Capital Outlay Projects* for the Department of Finance and Administration, General Services Department, Indian Affairs Department, Energy, Minerals and Natural Resources Department and the Office of the State Engineer. The evaluation team assessed the cost-effectiveness of project planning, management and oversight of each project. The following projects were selected for this evaluation:

- *J. Paul Taylor Center*
- *Diné College Shiprock Library*
- *Conservation Easements*
- *Ohkay Owingeh Airport Improvements*
- *Statewide Dam Rehabilitations*

The report will be presented to the committee on January 16, 2012. Discussions were held with each agency to address any concerns before the exit conference, which was conducted January 4, 2012. The committee would like a corrective action plan from the departments within 30-days from the date of the hearing. Staff will continuously monitor your progress.

I believe that this report addresses issues the committee asked us to review. We appreciate the cooperation and assistance from the agencies' staff.

Sincerely,

A handwritten signature in cursive script that reads "David Abbey".

David Abbey, Director

Cc: Ed Burckle, Secretary, General Services Department
Yolanda Berumen-Deines, Secretary, Children, Youth and Families Department
Arthur Allison, Secretary-Designate, Indian Affairs Department
John Bemis, Secretary-Designate, Energy, Minerals and Natural Resources Department
Scott Verhines, State Engineer-Designate, Office of the State Engineer and Interstate Stream Commission

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Since 2002, the state appropriated more than \$4.6 billion for public projects.

Capital Outlay Appropriations
(in millions)

Year	Appropriated
2002	\$341,500
2003	\$150,138
2004	\$468,064
2005	\$472,110
2006	\$927,917
2007	\$825,644
2008	\$755,127
2009	\$340,282
2010	\$296,315
2011	\$86,462
Total	\$4,663,560

Source: CPMS

Selected Projects
(in millions)

Agency	Project Name	Project Cost
GSD/ CYFD	J. Paul Taylor Center	\$5.7
IAD	Dine College Library	\$5.5
EMNRD	Conservation Easements	\$3.5
IAD	Okay Owingeh Airport Improvements	\$2.9
OSE	Statewide Dam Rehabilitations	\$4.2
Total		\$21.8

Source: State Agencies

State-funded capital outlay plays a critical role in developing New Mexico’s infrastructure, with projects ranging from bike trails to prisons to drinking water treatment facilities. Since FY02, the state has appropriated \$4.6 billion and spent \$3.4 billion for these projects.

Over the last ten years, the LFC staff issued five reports on capital outlay (2003, 2006, 2008 and 2009) regarding planning, oversight and execution. Many recommendations identified in previous reports have not been implemented, such as creating a permanent capital outlay commission, developing short and long term statewide capital project plans, and developing more meaningful performance measures.

This evaluation focused on five projects, accounting for more than \$21 million in state capital outlay. These projects were selected based on risk assessment, dollar amount, and project diversity:

- J. Paul Taylor Center
- Dine College Library at Shiprock
- Conservation easements
- Okay Owingeh Airport improvements
- Statewide dam rehabilitations

The evaluation assessed whether the agency complied with applicable laws, rules, and regulations; the project was constructed and administered cost effectively; the intended purpose of the project was achieved; and the implementation status of incomplete projects.

While these five projects were largely completed on time and within budget, they highlight the importance of careful planning, cost containment, and adequate oversight to provide the most efficient delivery of services to taxpayers. The importance of planning, cost controls, and adequate oversight are highlighted in the findings.

The funding of capital outlay projects should be a two step process. The first step is funding the planning and design phase which provides an accurate estimate of the cost. The second step involves approval for the funding of construction. This two step approach provides the legislature with an accurate scope and cost of the projects, and allows shovel ready projects to be prioritized according to need and congruent with state master plans.

As a best practice, the Public Schools Facility Authority (PSFA) spends considerable time in the planning stage, to identify space and cost requirements, to distinguish between needs and wants. When planning and design is completed before the construction funds are appropriated, the ‘wants’ can be controlled. The PSFA does not award construction funds until project design is complete and allows approximately 12 months for plan and design, and then moves forward with construction.

The state appropriates funds before the projects are designed. Many projects are over-estimated and as a result, over-built.

Most capital outlay projects will spend up to the amounts appropriated. If the projects are not constrained in the design phase, the state will continue to build expensive projects.

Funded projects are not shovel-ready, resulting in construction delays and uncertain financing needs.

Agency expertise varies, as does the degree of oversight. Due diligence is an expectation of all agencies, when disbursing public funds.

Property Control Division continuously updates its project management tracking tool and meets monthly with major departments such as the CYFD and the Department of Health.

The state appropriated \$5.5 million to plan, design and construct a new library for the Diné College at Shiprock. The library was not over-budget, but the library was constructed at almost three times the average cost per square foot for a similar size two-story library in Farmington.

The Children, Youth and Families Department (CYFD) original capital outlay request significantly over-estimated architectural and engineering (A&E) fees. In the CYFD Infrastructure Capital Improvement Plan (ICIP), the planning, design and A&E expenses were estimated at 22 percent. Based on the benchmark of 8 percent, these professional service fees appear to have been over-estimated by \$652 thousand. While the ICIP was over-estimated, the actual A&E costs were 8 percent and consistent with industry standards.

The Capital Building Planning Commission has been reviewing all ICIP requests for building construction during the past few years to ensure requests are realistic and accurate. This is a good practice to improve estimates and reduce costs. This practice is limited to state-owned facilities.

Some projects were funded before they were shovel-ready. Time lapse between appropriation and start of work was common among projects. To varying degrees, all projects had a lapse in time, from a few months, to a few years, before funds were drawn. As a result, funding remains committed for long periods of time.

The Diné Library was delayed by almost 14 months. The project was behind schedule from the start and was completed more than a year later than projected. The delay occurred primarily within the planning and architectural process. The library took almost one additional year to open after substantial completion of construction.

Oversight varies widely from agency to agency. Strong expertise exists within state government to manage complex capital outlay projects. Not all agencies have access to this expertise, such as engineers and project managers, and some of these agencies need to improve due diligence. This includes using DFA standardized grant agreements, using policies and procedures to promote internal controls, conducting site visits during construction, and withholding payment until accountability is achieved.

For example, the Indian Affairs Department (IAD) did not conduct a site visit during library or airport project construction, but attended the site visits with the LFC staff in November 2011. The IAD oversight was limited to reviewing project status reports, approving reimbursement requests, and maintaining project status documentation.

The goal of this evaluation is to promote accountability in government, to strengthen and improve agency processes, which will improve the efficient delivery of services. These capital outlay evaluations will continue and evolve with the review of additional projects, from a wide selection of agencies, and services to citizens.

The J. Paul Taylor Center gymnasium and vocational classrooms will be ready for occupancy in February or March 2012.

The GSD's last five annual financial audits have identified a material weakness to account for capital assets. A more efficient software system is needed to track and depreciate capital assets.

The three cameras, totaling almost \$30 thousand, represent only 4 percent of the \$724 thousand sole source contract with DTS.

KEY FINDINGS

The state appropriated \$5.7 million to build a gymnasium and classrooms at the J. Paul Taylor Center. Using only the gymnasium and classrooms cost of \$5.7 million, the state has spent over \$118 thousand per bed. In fact, since 2006, the state has allocated \$7.3 million or \$150 thousand per bed, to improve the JPTC. These amounts were authorized to design, construct, furnish, and expand the facility, and included a cafeteria.

The JPTC gymnasium and classroom were built at a relatively high cost of \$234 per square foot (psf). Reed Construction Data, a leading information provider to the construction industry, provided estimates for gymnasium and school construction in Las Cruces. While these facilities were not secured juvenile facilities, they were comparatively low at \$124 psf (middle school) and \$128 psf (gym) or approximately 45 percent below the JPTC cost. The 2010 CYFD Master Plan projects construction of new secured juvenile classrooms and gymnasiums at \$183.91 per square foot. While only a projection, this is 21 percent below the amount that was spent on the JPTC.

Security features and extra equipment explain some but not all of the higher construction costs. The architect estimated that the added security features easily added 5 percent to 8 percent to the construction costs. In addition, building to LEED environmental standards also contributed to higher costs. The architect reported that LEED requirements added approximately 5 percent to construction costs.

The project was delayed up to fifteen months but is now almost complete. The architect's contract performance schedule impacted the start of construction. The nine-month delay between the programming phase and schematic design and the six-month delay between design development and completion of the construction documents were not adequately documented.

Contracts issued by the PCD were authorized and awarded using a best value procurement approach, though price only accounted for 30 percent of the scoring for proposals. The competitive sealed proposal process resulted in the award to Jaynes Corporation providing the best value to the state. The PCD received seven proposals that were evaluated based on 70 percent qualifications and 30 percent on price; two (Jaynes Corporation and Gerald Martin) of the seven were short-listed and interviewed as part of the final selection process. Although Gerald Martin's price was \$35.7 thousand lower than Jaynes Corporation, Jaynes received higher scores for qualifications.

The GSD and CYFD used a price agreement to purchase security equipment upgrades through a \$724 thousand sole source contract justified with information inconsistent with the price agreement. The CYFD requested to use the GSD price agreement with DTS Electric for the purchase of a new surveillance system at the Youth Diagnostic and Development Center (YDDC) and Camino Nuevo facilities. The CYFD justified the sole source award with the need for 16 megapixel cameras, available through the one vendor but not covered by the price agreement. This vendor received the \$724 thousand contract which resulted in the purchase of three Avigilon 16 megapixel cameras, valued at \$9,850 each.

The Diné Library grand opening celebration was held on November 18, 2011.

The new library is projected to increase use by 35 percent, from 268 to 362 visits per day.

The Diné Library was delayed by 412 days. The delay occurred primarily within the planning and architectural process.

The library was nearly three times the average Farmington library cost.

Conservation Easements is considered 34 percent completed, with the remaining \$2.2 million under negotiation.

Only one of the seven projects leveraged federal funds.

The three cameras, totaling almost \$30 thousand, represent only 4 percent of the \$724 thousand contract with DTS. The price agreement specifically describes the cameras as “Co-Star,” the justification and resulting contract calls for Avigilon cameras. The camera upgrades were highlighted in the December 21, 2011, article in the *Albuquerque Journal*, “*Juvenile Jail Gets Tech Upgrade.*”

The State appropriated \$5.5 million to build a new library for the Diné College at Shiprock. The Diné Shiprock College is split between two small campuses that serve 300 students. With a reported student population of approximately 300 full- and part-time students, the school has two small campuses – the established Main Campus and the new South Campus three miles away and on the other side of the San Juan River.

The distance between the two campuses creates a transportation challenge for students and faculty and an infrastructure challenge, such as computer networking. A long-term plan for the college is to eventually retire the old Main Campus and transition into the new, South Campus. This plan will require substantial funding.

The project was behind schedule from the start and was completed more than a year later than projected. The specific cause for delays was not available from the Diné College. It was explained that college administration turnover and issues regarding insurance were factors.

The one-story library was constructed at a cost of \$275 per square foot (psf) more than twice the national and local averages. The national average cost psf for a two-story, 22-thousand-square-foot library is reported at \$106.39 according to the Reed Construction Data. The Reed Construction Data estimated costs for a new library for Farmington to be \$95.14 per square foot. Using this estimate, the library was nearly three times the average Farmington cost. Numerous attempts to clarify costs with the architect were unsuccessful.

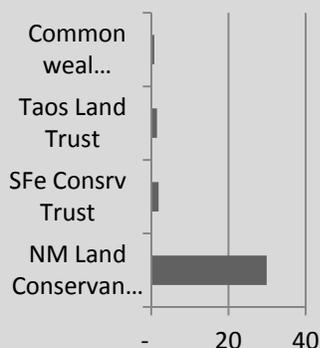
The IAD could improve project oversight. The IAD documentation did not contain critical contracts for the grant. The files did not contain the architect’s contract, under which more than \$556 thousand was expended, or the general contractor’s contract, under which more than \$5.5 million was obligated. These contracts were obtained on December 8, 2011.

In 2010 the Energy, Minerals and Natural Resources Department (EMNRD) received \$4.8 million in capital outlay appropriations of which \$3.5 million was allocated to purchase conservation easements. While the appropriations are not expected to continue, the EMNRD continues the tax credit program, for the same conservation easement purpose.

Conservation easements are of undetermined value to the state. The benefits of easements are difficult to measure because they may not be apparent for many years. Because each landowner has unique goals and financial needs, it is unknown if financial incentives play a role in conserving desirable property.

The New Mexico Land Conservancy overwhelmingly provides more acres of conservation easements at a lower cost.

Conservation Easement Tax Credits: Acres Conserved from Top Four Land Trusts (in thousands)



Source: EMNRD

Improvements to the Ohkay Owingeh airport have been underway since 2002.

Six years after the initial state appropriation of \$2 million, the Ohkay Owingeh Airport Improvements were completed.

Assessing the value of easements is difficult to measure and could be ripe for error. In general, there is no market for conservation easements and thus no comparable sales data exists. The U. S. Joint Committee on Taxation report in February 2004 found the process for appraising the value of the easement is ripe for error, and the subjective nature of assessing the value of the easement before and after the donation makes it “virtually certain that many appraised values are incorrect.” New Mexico uses appraisals to value conservation easement purchases.

While the easement cost per acre has been cheaper with tax credits, the state has a higher potential cost from future tax credits, and lacks accountability. From a tax perspective, a credit is normally not preferred because of the lack of accountability. With the tax credit and state appropriations for conservation easements, accountability is delegated to land trusts, which the state does not oversee. A potential risk from tax credits is the amount of the expenditure is not easily controlled, as with an appropriation.

The state invested \$3 million for improvements at the Ohkay Owingeh Airport, now fully operational. The Ohkay Owingeh Airport improvement project met the intent of the legislation and the airport is available for public use. The improvements included construction of new roads, primary utilities, T-hangars for general aviation aircraft, security fencing, automobile parking area, lighting, and airport support services, such as a fueling depot and fire protection.

The Federal Aviation Administration (FAA) Airport Improvement Program (AIP) provided funding of \$1.8 million for reconstruction of the runway, site grading, drainage improvements, runway lighting system, and aviation navigation aids. The FAA apportions AIP funds annually, giving priority to safety and then pavement maintenance projects.

With a reconstructed runway the airport was re-opened in 2004. The airport is primarily used by air medical evacuation operators, such as Angel Flights. Other uses include the Civil Air Patrol for search and rescue operations, flight training and occasionally recreational and business aircraft operations.

The IAD could improve project oversight. The IAD had no records in its files indicating they were monitoring the project schedule and holding Ohkay Owingeh accountable for a delay in spending the 2005 appropriation. The schedule in the intergovernmental grant agreement indicated construction would start in November 2005 and was not started until November 2006. Ohkay Owingeh did not provide an explanation for the delay. In addition, the IAD did not conduct a site visit during project construction.

The state appropriated \$5 million for rehabilitation of existing dams throughout the state in need of repair to improve safety as identified by the state engineer. The Office of the State Engineer (OSE) completed rehabilitation of the Bloomfield Dam and Hackberry Draw Watershed, two out of the eight dams or 25 percent of the identified eligible dams. Although \$754 thousand was reverted, the amount remaining was not enough to complete another rehabilitation project.

There are 36 publicly owned high hazard dams in unsatisfactory or poor condition in need of rehabilitation at an estimated cost of \$111 million.

The OSE Dam Safety Bureau has processes in place to ensure projects comply with OSE rules and regulations and that fund disbursements are properly authorized.

The OSE leveraged the statewide funds for the other six dams to complete a phase of the rehabilitation, primarily design. These six dams deemed poor or unsatisfactory are estimated to require \$22 million to complete. Although the OSE has a plan to address deficient dams, rehabilitation on only one to two dams is feasible, given piecemeal funding and staffing resources.

Failure of dam owners to meet OSE requirements threatens the successful completion of projects and the use of state funds. The town of Springer's subcontracted design engineering firm failed to meet timelines and deliverables for three years, jeopardizing the availability of the capital outlay funds.

Public safety is at risk due to the lack of a security fence surrounding the ditch inflow pipe and siphon intake area. During the LFC's site visit, staff noted the lack of a fence limiting access to the inlet owned by the Citizens Ditch. The Ditch association did not want a permanent means of protection despite the inherent risk of drowning and the risk to the residents below the ditch should the siphon connection and intake be obstructed.

The Bloomfield city manager reported the Bloomfield Diversion Point and Reservoir Construction project as inoperable to the LFC staff. The \$500 thousand general fund appropriation to the OSE in Laws of 2007, Chapter 42, Section 58, and two grants totaling \$1.2 million awarded to the city of Bloomfield from the Water Trust Board were used to complete this project. Inadequate planning and oversight might have caused the project to be inoperable. However, the limited scope review and time restrictions did not allow for the LFC to conduct a detailed analysis. This project may warrant further review.

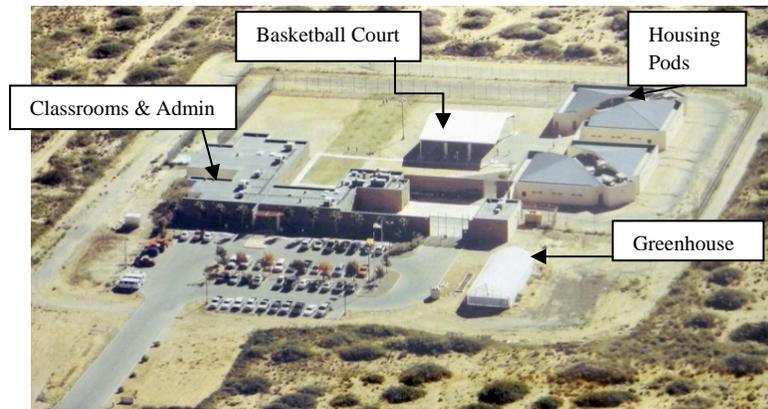
KEY RECOMMENDATIONS

- The funding of capital outlay projects should be a two-step process. The first step is funding the planning and design phase which provides an accurate estimate of the cost. The second step involves approval for the funding of construction.
- Cost constraints should be introduced at the planning and design phases.
- All capital outlay projects should include a performance measurement, such as cost per square foot standards.
- Continue with the Capital Building Planning Commission practice of reviewing all new ICIP requests.
- Training is suggested for those agencies that require improvement.
- The GSD needs new property management software to adequately manage over \$764 million in capital assets.

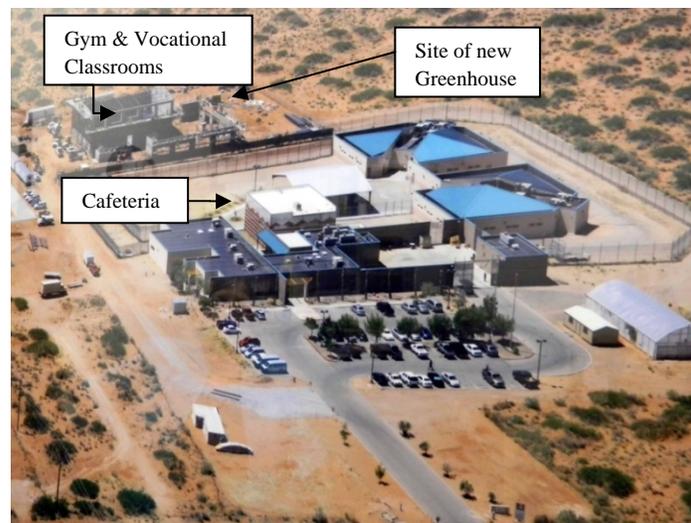
FINDINGS AND RECOMMENDATIONS

J. PAUL TAYLOR CENTER EXPANSIONS CAME AT A HIGH COST OF OVER \$150 THOUSAND PER BED TO SERVE A MAXIMUM OF 48 JUVENILES WHO STAY AN AVERAGE OF NINE MONTHS.

The state appropriated \$5.7 million to build a gymnasium and classrooms at the J. Paul Taylor Center. The J. Paul Taylor Center (JPTC) opened in 2001 and was designed to house a maximum of 48 clients. Client ages range from 13 years to 21 years, and the average length of stay is nine months. The facility is intended to house youth from the Las Cruces area and Southern New Mexico. Clients have the opportunity to earn a General Education Development certificate or high school diploma on-line. Originally built with four classrooms and four housing pods, the JPTC also has an outdoor, covered basketball court. The aerial photograph below shows the original footprint for the JPTC. Outside of the fencing perimeter, to the lower right, is the greenhouse.



In FY07, the Children, Youth and Families Department (CYFD) requested \$5.7 million in funding for the JPTC gymnasium, weight room, and vocational classrooms. A recent aerial photograph (below) identifies the new gym and classrooms under construction. The construction site is temporarily outside of the fencing perimeter. On completion, the newly constructed buildings and greenhouse will be within the security fence. The photograph captures the project in mid-construction phase. At the time of the LFC site visit, on October 18, 2011, the construction was approximately 95 percent completed.



In FY08, the CYFD initiated implementation of Cambiar New Mexico (Cambiar) at the JPTC. This rehabilitative approach, modeled after a similar program in Missouri, emphasizes education, behavioral health and substance abuse services for youth in the facility. All staff participates in Cambiar training. Cambiar also requires modification to the facility to present a softer atmosphere while maintaining security. According to the CYFD, this concept influenced many factors in the design of the gym, vocational classrooms, and furnishing of the housing pods.

Since 2006, the state has allocated \$7.3 million or \$150 thousand per bed, to improve the JPTC. These amounts were authorized to design, construct, improve, furnish, and expand the facility. While other appropriations included multiple CYFD facilities that included the JPTC, \$7.3 million was dedicated solely to the JPTC. Using only the gymnasium and classrooms cost of \$5.7 million, the state has spent over \$118 thousand per bed.

Table 1. Summary of Appropriations for JPTC
(in thousands)

Year	Amount	Purpose
2006	\$1,000	Plan, design, construct cafeteria
2007	\$2,500	Plan, design, construct gym and classrooms
2008	\$3,200	Complete construction gym and classrooms
2008	\$600	Furnish, equip, renovate to implement Cambiar
2009	\$5	Purchase land from Federal Bureau of Land Management
Total	\$7,305	

Source: New Mexico Statutes Annotated

The request for funding was initiated through the infrastructure capital improvement plan (ICIP) process. The ICIP was prepared and submitted by the CYFD. The original ICIP from 2007 identified the need for the new gym as well as vocational classrooms for learning trades. The CYFD requested \$5.7 million for a 16 thousand square foot turn-key facility, ready for use, including the classrooms. A detail listing of the appropriations is shown in Appendix B.

The JPTC gymnasium and classroom were built at a relatively high cost of \$234 per square foot. Using a pre-tax construction amount of \$3,736,809 divided by the square footage of 15,965 results in a cost per square foot (psf) of \$234. The Public Schools Facilities Authority (PSFA) provided comparative cost data to build public school gyms and classrooms. These costs averaged \$201 psf, or about 16 percent less than the JPTC. Reed Construction Data, a leading information provider to the construction industry, provided estimates at approximately 45 percent below the JPTC cost. Costs from this website provided gymnasium and school construction estimates in Las Cruces. These were comparatively low at \$124 psf (middle school) and \$128 psf (gym). The 2010 CYFD Master Plan projects construction of new juvenile classrooms and gymnasiums at \$183.91 per square foot. While only a projection, this is 21 percent below the amount that was spent on the JPTC.

Security features and extra equipment explain some but not all of the higher construction costs. Being a correctional facility, the building requires added or specialized materials such as laminated glass and translucent fiberglass panels, high-end door hardware, security fencing, high-impact drywall and additional conduit for security cameras. The architect estimates that the added security features easily added 5 percent to 8 percent to the construction costs. The construction contract also included several items that added to higher costs. Items such as bleachers, scoreboard, basketball goals, and computer lab fixtures were included in the contract.

Building to national environmental standards also contributed to higher costs. The facility is designed to achieve silver certification under the Leadership in Energy and Environmental Design (LEED) standards for schools, as requested by the Property Control Division (PCD) and required by Governor Richardson’s executive order 2006-01. The LEED standards consider school gyms to be core learning areas, requiring additional design modifications, such as a denser roof assembly, and additional sound barriers. The architect reported that LEED requirements added approximately 5 percent to construction costs. Some of these costs are expected to be recouped in energy savings.

The CYFD's original capital outlay request significantly over-estimated architectural and engineering (A&E) fees. In the CYFD ICIP, the planning, design and A&E expenses were estimated at 22 percent. Based on the benchmark of 8 percent, these professional service fees appear to have been over-estimated by \$652 thousand. While the ICIP is over-estimated, the actual A&E costs were 8 percent and consistent with industry standards. The Capital Building Planning Commission has been reviewing all ICIP requests for building construction during the past few years to ensure requests are realistic and accurate. The staff architect from the GSD PCD is a member of this commission. Estimated and actual A&E amounts are shown in Table 2 below.

Table 2. J. Paul Taylor Center ICIP
(in thousands)

Project Phase	FY07 Estimated Costs*	Percentage of Construction Cost	Actual Contract Cost	Percentage of Construction Cost
Architectural and Engineering	\$1,028	22%	\$332	8%
Construction	\$4,679		\$4,159	
Total	\$5,707		\$4,491	

Source: CYFD FY07 ICIP and PCD Contracts

As of December 29, 2011, about \$1 million of the appropriation was left and was expected to be spent. This balance is projected to be spent as shown in Table 3. Any appropriations not used should be disencumbered and reverted to the appropriate fund.

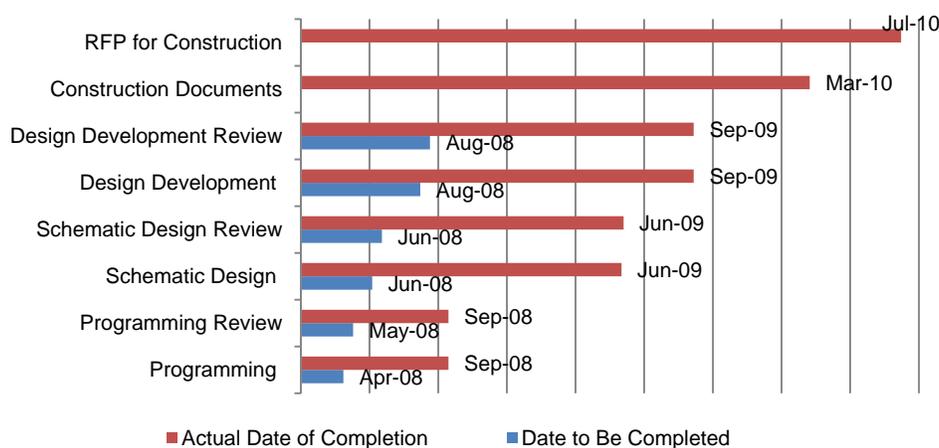
Table 3. JPTC Remaining Expenditures as of December 21, 2011
(in thousands)

Planned Purpose	Amount
Arts in Public Places (AIPP)	\$57
GSD Administrative Expenditures	\$63
Furniture, Fixtures & Equipment	\$100
Greenhouse	\$150
Fencing, grading, sidewalk	\$35
Security system and upgrades	\$150
Landscaping	\$19
Fees	\$15
General Contractor increase contract costs	\$59
Contingencies	\$186
Total	\$834

Source GSD PCD

The project was delayed up to fifteen months but is now almost complete. The architect's contract performance schedule impacted the start of construction. The contractual time schedule and the actual completed dates are shown in the chart below. The nine-month delay between the programming phase and schematic design and the six-month delay between design development and completion of the construction documents were not adequately documented.

J. Paul Taylor Center Architect Contract Schedule for Project Phases



Source: PCD

The architect did not appear to meet contract timelines. The contract states the schedule, when approved by the PCD, shall not, except for reasonable cause not within the control of the architect, be exceeded by the architect. Failure of the architect to perform within this schedule except through authorized extensions shall constitute a basis for termination or withholding of payment until schedule compliance is achieved by the architect. The PCD’s contract monitoring documentation for the architect’s contract performance was limited and it appears the PCD did not document delays appropriately. As a result, it is unclear whether delays were within the control of the architect or the PCD knew and authorized the extensions to the schedule.

Contracts issued by the PCD were authorized and awarded using a best value procurement approach, though price only accounted for 30 percent of the scoring for proposals. The competitive sealed proposal process resulted in the award to Jaynes Corporation providing the best value to the state. The PCD received seven proposals that were evaluated based on 70 percent qualifications and 30 percent on price; two (Jaynes Corporation and Gerald Martin) of the seven were short-listed and interviewed as part of the final selection process. Although Gerald Martin’s price was \$35.7 thousand lower than Jaynes Corporation, Jaynes received higher scores for qualifications. The PCD awarded the contract to Jaynes Corporation and issued the notice to proceed on November 23, 2010. Construction started January 2011.

The GSD and CYFD have adequate project tracking capabilities for construction and regularly coordinated efforts, including with contractors. Meeting agendas and minutes are well-documented. Most weekly status meetings are held via teleconference while others are held at the job site with the PCD, CYFD, the project architect, and general contractor (Jaynes). The Jaynes project manager maintains meeting minutes using Prolog Manager and documents action items, the due date, and who is responsible for completing action items. The project architect holds monthly meetings with the CYFD and also maintains meeting minutes.

The PCD uses a project tracking tool that is updated continually and as another internal control, the capital projects team leader meets at least monthly with PCD project leaders and major departments such as the CYFD, Department of Corrections and Department of Health. In addition, the PCD, CYFD and the project architect correspond by email routinely. In October 2010, the PCD established a contractor performance evaluation program for the project managers to use as a guide, either during or at the end of a project, as needed.

Other aspects of contractor performance monitoring include safeguards from Construction Industries Division (CID) of the Regulation and Licensing Department, which is responsible for electrical and general construction inspections and providing the Certificate of Occupancy when the project is complete. The general contractor maintains CID’s interim record of inspections for general construction items such as perimeter footing, stem walls and plumbing.

The GSD uses antiquated software to track more than \$764 million in capital assets. The General Ledger Bureau at the GSD uses a DOS-based software system (GEAC) to track the capital assets owned by the GSD. The DOS software is considered antiquated by the users and by all measures is inefficient. Capital assets tracked include building and improvements, machinery and equipment, and construction in progress. In FY10, total capital assets managed by the GSD were \$764.5 million. The agency completed a prior-period adjustment for this asset category by \$48.9 million, an adjustment of 6 percent.

Financial audits have identified a material weakness to account for capital assets for five years in a row. A material weakness was identified in the GSD audit for FY06 and all four subsequent years, including FY10. This material weakness is caused by a lack of effective accounting procedures and internal controls for construction in progress, which includes the JPTC construction project. A review of the trial balance reports indicates the finding might recur in the FY11 audit. While the GSD has improved many other audit findings, this area still requires resolution.

Capital equipment purchases should be supported by detailed documentation. The GSD made payments to the general contractor for materials on hand, as construction progressed. While the general contractor has a profit incentive to obtain the best price for required equipment, documentation did not show the type of equipment purchased or the amount per unit. For example, the documentation identified was a purchase order for \$109 thousand for nine air conditioner units. This documentation was considered inadequate. A detailed invoice was eventually produced on November 21, 2011 from the subcontractor. Without being able to clearly determine what capital assets a vendor purchased, an opportunity exists for vendors to overbill the state or under-deliver the product. Additionally, this prevents the state from accurately depreciating capital assets with a value greater than \$5 thousand. The GSD does depreciate buildings, but not the capital equipment such as heating, cooling and ventilation systems.

The GSD and CYFD used the GSD's agency wide price agreement to purchase security equipment upgrades through a \$724 thousand sole source contract justified with information inconsistent with the price agreement. The CYFD requested to use the GSD price agreement with DTS Electric for the purchase of a new surveillance system at the Youth Diagnostic and Development Center (YDDC) and Camino Nuevo facilities. The CYFD justified the sole source award with the need for 16 megapixel cameras, available through the one vendor but not covered by the price agreement. This vendor received the \$724 thousand contract which resulted in the purchase of three Avigilon 16 megapixel cameras, valued at \$9,850 each.

The three cameras, totaling almost \$30 thousand, represent only 4 percent of the \$724 thousand contract with DTS. The price agreement specifically describes the cameras as "Co-Star," the justification and resulting contract calls for Avigilon cameras outside the scope of the agency price agreement. The camera upgrades were highlighted in the December 21, 2011, article in the *Albuquerque Journal*, "Juvenile Jail Gets Tech Upgrade."

Recommendations.

General Services Department should

1. Properly enforce the terms of all contracts to ensure projects are built according to schedule;
2. Develop policies and procedures to ensure the capital assets (building and improvements, machinery and equipment, and construction in progress) are depreciated according to their estimated useful lives, as stated in the audit and required by the Governmental Accounting Standards Board;
3. Improve the antiquated system of tracking capital assets;
4. Create a control environment that supports internal controls and when material weaknesses are identified, leadership should ensure that corrective action is taken and follow up confirms the success of those actions.

The GSD and the CYFD should ensure that purchases for goods and services using state price agreements are adequately limited to the scope and specifics of the price agreement.



Exterior of Gymnasium

THE DINÉ COLLEGE SHIPROCK LIBRARY WAS EXPENSIVE TO BUILD AND IS THREE MILES FROM THE MAIN CAMPUS.

The State appropriated \$5.5 million to build a new library for the Diné College at Shiprock. The Diné College is the first public institution of higher education chartered by the Navajo Nation, and the first tribally controlled community college in the United States. Diné College uses a one-college, multi-campus system. Two campuses are in New Mexico and six are in Arizona. The main campus is in Tsaile, Arizona.

The Shiprock, N. M. Campus was founded in 1974 within facilities built by the Bureau of Indian Affairs. This is currently in use as the Main Campus. The first phase of the new 77-acre south Shiprock campus, three miles away on the other side of the San Juan River, was completed in 2001 at a cost of \$1.4 million. Construction involved site improvements, parking lot construction, and the development of infrastructure. The second phase of the new South Shiprock Campus was completed in 2005 at a cost of \$4.1 million and involved the design and construction of a new 17-thousand-square-foot Education Building. Diné College administrators hope to eventually transform the new South Campus into the new Main Campus.

An appropriation of \$472 thousand was made in 2007 and an additional \$5 million was appropriated in 2008 to build a new public-use library. These appropriations are described below.

Table 4. Shiprock Library Appropriations
(in thousands)

Year	Amount	Source	Purpose
2007	\$472	General Fund	Plan, design and construct a public-access library at the Shiprock campus of Diné college in the Shiprock chapter of the Navajo Nation in San Juan County
2008	\$5,000	Severance Tax Bonds	Plan, design and construct a library, including improvements to comply with the Americans with Disabilities Act of 1990, at Diné college in Shiprock in San Juan County

Source: Laws 2007, 2008

The library was designed and constructed from 2008 to 2010, with substantial completion on November 22, 2010. The one-story library contains a 100-seat lecture hall, computer-networked classroom, and a 20-seat computer lab, and is attractively appointed with stone and glass work. A focal point of the library is the kiva-style reading room. The library is a public-access facility that will serve Diné College students and community members. The grand opening celebration was held on November 18, 2011. The library was officially named the Senator John Pinto Diné College Library. It is considered operational and ready for use. The new library is projected to increase use by 35 percent, from 268 to 362 visits per day. Photos of the library are shown below.



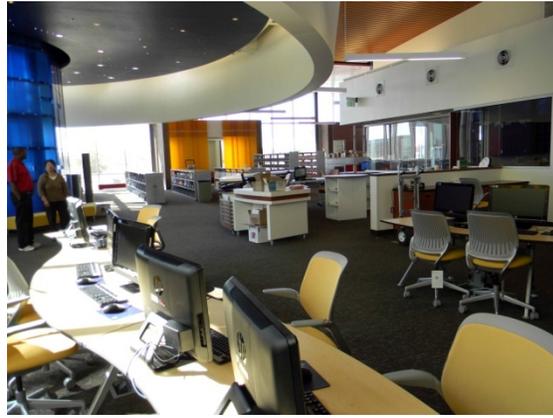
Diné Library Shiprock Campus



Parking Lot 10 a.m. Thursday, November 10, 2011



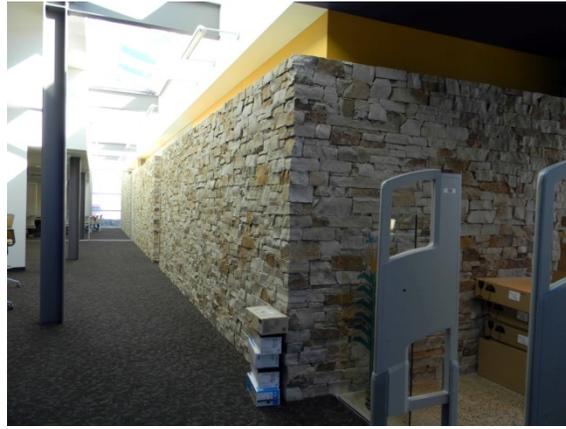
Computer Lab



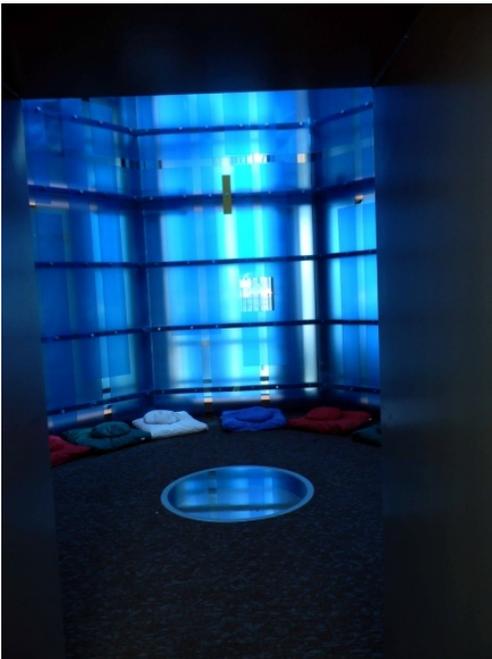
Front Desk Area



Books on Shelves



Stonework

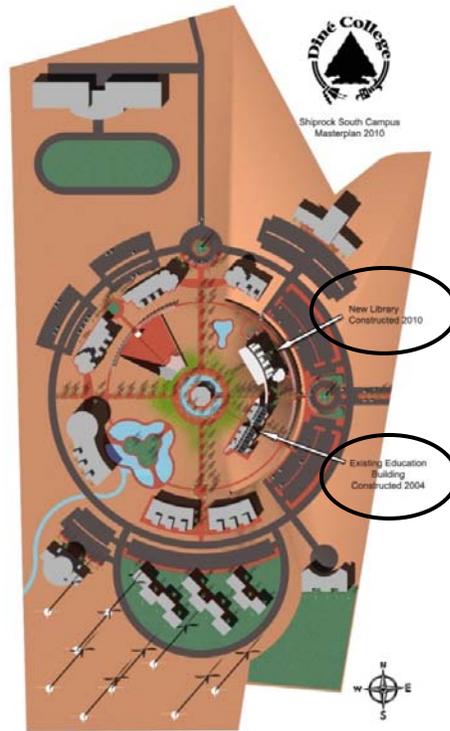


Reading Room



Lecture Hall

The master plan for the new South Diné Shiprock Campus is shown below. The two buildings circled are the 20-thousand-square-foot library and the existing 17-thousand-square-foot Education Building. The college has no other buildings at this campus.

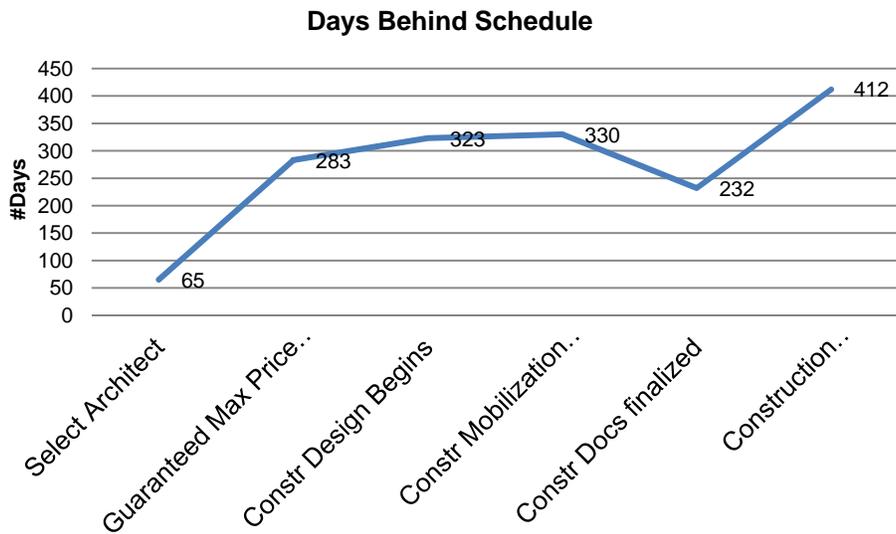


The project was delayed by 412 days. An intergovernmental agreement was signed between the Diné College and the state Indian Affairs Department (IAD) May 13, 2008. This agreement identified the scope of work in exhibit one to the agreement. The scope of work indentified the time frame for project completion. The project was behind schedule from the start and was completed more than a year later than projected. The delay occurred primarily within the planning and architectural process. The construction process was completed in approximately 16 months, which was four months longer than the one year projected. The specific cause for delays was not available from the Diné College. It was explained that college administration turnover and issues regarding insurance were factors. The table and graph below show the projected and actual dates of progress.

Table 5. Diné College Shiprock Library Schedule

Task	Planned Date	Actual Date	Days Difference
Selection of Design Bid A-E	5/28/2008	8/1/2008	-65
Guaranteed Max Price due	7/28/2008	5/7/2009	-283
Construction Design Begins	8/4/2008	6/23/2009	-323
Construction Mobilization begins	10/6/2008	9/1/2009	-330
Construction Documents finalized	11/3/2008	6/23/2009	-232
Construction Completed 365 days	10/6/2009	11/22/2010	-412

Source: Exhibit One to Intergovernmental Grant Agreement



Source: Diné College Project Status Reports

The one-story library was constructed at a cost of \$275 per square foot (psf) more than twice the national and local averages. The national average cost psf for a two-story, 22-thousand-square-foot library is reported at \$106.39 according to the Reed Construction Data. The Reed Construction Data estimated costs for a new library for Farmington to be \$95.14 per square foot. Using this estimate, the library was nearly three times the average Farmington cost. Numerous attempts to clarify costs with the architect were unsuccessful. Furniture, fixtures, and equipment were funded from the college’s general fund and are not included in the psf cost calculation. A review of the procurement process was conducted during the site visit and concluded the architect and general contractor contracts were objectively selected and in compliance with the Dine College procurement process.

The IAD could improve project oversight. For example, the IAD documentation did not contain critical contracts for the grant. The files did not contain the architect’s contract, under which more than \$556 thousand was expended, or the general contractor’s contract, under which more than \$5.5 million was obligated. These contracts were obtained on December 8, 2011. The architect timeline was not included in the contract, which was identified as an attachment.

The IAD did not conduct a site visit during project construction, but attended the site visit with the LFC in November 2011. The IAD oversight was limited to reviewing project status reports, approving reimbursement requests, and maintaining project status documentation. Diné College submitted quarterly status reports regularly.

Oversight should include a reconciliation of grant balances with the grantee. The Diné College quarterly report showed accurate balances up until November 11, 2010, and was inaccurate after that date. The highlighted amounts in Table 6 reflect inaccurate amounts from Diné College. The green shaded numbers show that expenses actually decreased from one quarter to the next. The yellow highlighted numbers show the difference between Board of Finance and Diné College.

Table 6. Status Report Reconciliation
(in thousands)

Project Status Report	Expense Reported by Diné College	Project Bal Reported by Diné College	Board of Finance Balance
11/30/2010	\$4,787	\$163	\$163
3/31/2011	\$4,798	\$152	\$163
6/30/2011	\$3,507	\$152	\$163
9/30/2011	\$3,507	\$152	\$163

Source: Diné College Quarterly Status Reports

The Diné Shiprock College is split between two small campuses that serve 300 students. With a reported student population of approximately 300 full- and part-time students, the school has two small campuses – the established Main Campus and the new South Campus three miles away and on the other side of the San Juan River. The decision to build the South Campus was made by the college leadership in 2001 when the first building was constructed. The new library was the second building, constructed 10 years later.

The distance between the two campuses creates a transportation challenge for students and faculty and an infrastructure challenge, such as computer networking. A long-term plan for the college is to eventually retire the old Main Campus and transition into the new, South Campus. This plan will require substantial funding. The current student utilization rate is not known at this time but the 17-thousand-square-foot educational building was sparsely occupied with very few students when the site visit was conducted. The Diné College administrator explained that Mondays and Wednesdays are South Campus use days. Tuesdays and Thursdays are Main Campus use days. The site visit for the new library was conducted on a Thursday, the day off for South Campus.



Recommendations.

The Indian Affairs Department should

1. Increase project oversight and monitor the grantee's scope of work, including the project schedule, as described in the IAD policies and procedures;
2. Reconcile grant balances with the grantee for each quarterly progress report.
3. Conduct site visits during construction to ensure accountability.

THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT ALLOCATED \$3.5 MILLION FOR THE PURCHASE OF CONSERVATION EASEMENTS.

In 2010 the Energy, Minerals and Natural Resources Department (EMNRD) received \$4.8 million in capital outlay appropriations of which \$3.5 million was allocated to purchase conservation easements. In Laws of 2010, Chapter 4, Section 36 (2nd Special Session), \$3.5 million was reauthorized for conservation easements to the EMNRD. The EMNRD has expended \$1.2 million and is in negotiations to commit the remaining \$2.2 million.

Table 7. Conservation Easement Appropriations
(in thousands)

Laws	Source	Amount for Conservation Easements	Expended	Balance
2010	STB	\$3,474	\$1,260	\$2,214

Source: Laws 2010

A conservation easement is a voluntary agreement that allows landowners to permanently limit the type or amount of development on their property while retaining private ownership of the land. Property owners use the easements to protect properties from unwanted development, especially if the property has significant conservation value. The donation of an easement provides significant financial advantages to the donor, including property tax relief, tax credits and income from the sale if the conservation easement is sold to a third party.

The land conservation incentives tax credit (LCITC) was used as the model for allocating the conservation easement appropriations. Administrative rule (NMAC 3.13.20.7) describes conservation purposes as open space and natural area preservation, including habitat conservation, forest land preservation, agricultural preservation, watershed preservation, and historic or cultural property preservation. The resources or areas contained in the donation must be significant or important. The four objectives for selection include are

1. Congruence with statewide conservation plans
2. Multiple conservation benefits
3. Implementation by a government entity with a non-profit trust partner defined as an IRS 501(3)(c) entity, and
4. Leverage with other funding sources.

All properties achieved objectives one, two and three, with the Shortes Ranch achieving objective four by leveraging more than \$600 thousand from a federal farm and ranchland protection program grant from the U. S. Department of Agriculture Natural Resource Conservation Service. Achieving objective four is a direct and measureable benefit to the state, for future appropriations, if and when available.

The EMNRD has selected seven properties for conservation easement grants using a standardized review process. In 2010, the EMNRD distributed requests for applications (RFA) to almost 200 parties interested in easements. The RFA attracted 13 applications and seven were selected by a five-member review panel and approved by the EMNRD cabinet secretary. Of the seven properties selected, the state will grant almost \$3.5 million to conserve 9.5 thousand acres. The cost per acre varies considerably from \$98 in Catron County to almost \$15 thousand in Taos County. The average per acre cost is \$364. All seven properties will achieve multiple conservation benefits fitting the four criteria:

- Scenic open space
- Wildlife habitat
- Public use or educational value
- Historical or cultural site (must be registered with the State Historical Preservation Office)

Multiple criteria were identified in all seven properties, with scenic open space and wildlife habitat the predominant benefits achieved. One property will preserve historical and cultural property, the Galisteo Basin. Watershed protection was also a frequent benefit, but was a secondary consideration. A summary of the conservation easements is shown in the following table.

Table 8. Summary of Conservation Easements

Government Entity	Private Conservation Partner	Private Landowner	CE Purchase	Primary Purpose	Acres	Cost per Acre	Description
EMNRD, Forestry Division	NM Land Conservancy	Gene Simon	\$428,269	Scenic, Wildlife, Watershed, Agricultural	1,009	\$424	Conservation Easement (CE) on 1009+/- acres of private lands on the Simon's Ranch in Luna and Grant Counties (closed 4/7/11)
EMNRD, Forestry Division	NM Land Conservancy	Ronald and Zeke Shortes and Charles Berdell	\$200,000	Wildlife, Scenic	2,040	\$98	CE on 2040 +/- acres of private lands on the Shortes Ranch in Catron County (closed 7/8/11)
EMNRD, Forestry Division	Trust for Public Lands	High Country Ranch, LLC	\$631,800	Scenic, Wildlife, Agricultural	1,170	\$540	CE on 1170 +/- acres of private lands on the Vallecitos High Country Ranch in Rio Arriba County (closed 9/28/11)
Department of Cultural Affairs	Santa Fe Conservation Trust	Commonweal Conservancy, Inc.	\$350,000	Wildlife, Watershed, Archeological	270	\$1,296	CE on 270+/- acres on the Commonweal Conservancy near Galisteo, New Mexico (closed 10/26/11)
Department of Game and Fish	H Bar V Ranch	Nelson Shirley	\$997,990	Wildlife, Agricultural	4,959	\$201	CE on private lands of the H Bar V Ranch (4,485 acres) and the Hay Vega Ranch (474) totaling 4,959 acres in two separate parcels in Catron County.
NM Department of Agriculture	Rio Grande Agricultural Land Trust	Michael, Marge, and Miguel Garcia	\$647,550	Scenic, Wildlife, Agricultural	80	\$8,145	CE on 79.5 +/- acres of private lands on the Garcia family ranch near San Ysidro in Sandoval County
Taos Soil and Water Conservation	Taos Land Trust	Ida Martinez	\$218,425	Scenic, Wildlife, Watershed, Agricultural,	15	\$14,859	CE on 14.7 +/- acres of private lands of the Martinez family near Arroyo Hondo in Taos County
TOTAL			\$3,474,034		9,542		

Source: EMNRD

Conservation easement purchases are of undetermined value to the state. Managing and protecting open space, wildlife habitat, and watersheds is an expensive goal for governments. To accomplish this goal, many mechanisms are available. These include direct ownership of land at the federal, state and local levels, the use of open space and park protections, and providing various forms of easements. Ownership of public lands is generally the most expensive, while easements are generally the least. The benefits of easements are difficult to measure because they may not be apparent for many years. Because each landowner has unique goals and financial needs, it is unknown if financial incentives play a role in conserving desirable property.

Assessing the value of easements is difficult to measure and could be ripe for error. In general, there is no market for conservation easements and thus no comparable sales data exists. The U.S. Joint Committee on Taxation report in February 2004 found the process for appraising the value of the easement is ripe for error, and the subjective nature of assessing the value of the easement before and after the donation makes it “virtually certain that many appraised values are incorrect.” New Mexico uses appraisals to value conservation easement purchases.

Public access to the properties is not a requirement for funding. The public does not have access to the easement-protected area unless the original landowner specifically allows it. Of the seven easements selected for funding, only one allows for unlimited public access. The public access to the properties is shown in Table 9.

Table 9. Public Access for Conservation Easements

Project	Public Access
Galisteo (NM Department of Cultural Affairs)	Yes
Garcia Farmland (NM Department of Agriculture)	No
Martinez Farmland (Taos SWCD)	No
Simon's Ranch (EMNRD)	No
Shortes II Ranch (EMNRD)	No
Vallecitos High Country (EMNRD)	Yes - limited
H Bar V Ranch (Department of Game and Fish)	Yes – limited

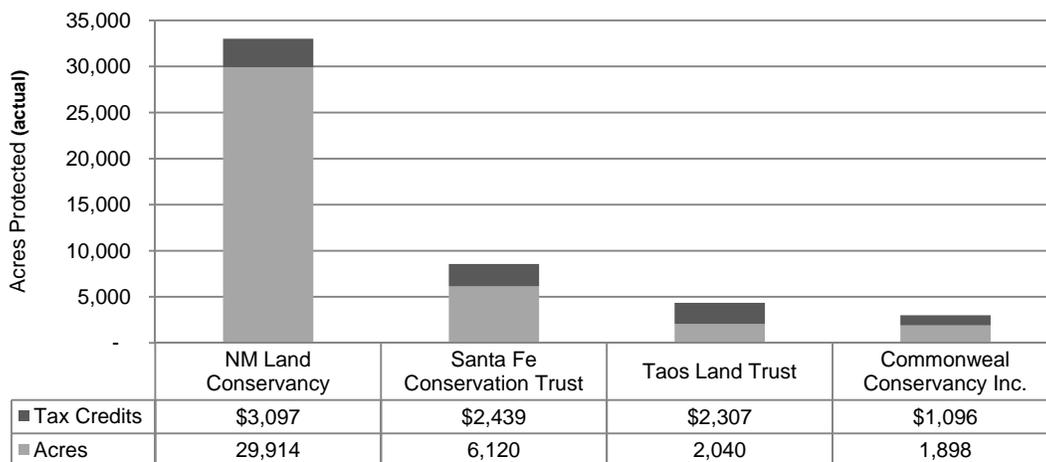
Source: EMNRD

The land conservation incentives tax credit (LCITC) program provides more conservation benefit at a cheaper cost to the state, though accountability and control could improve. The LCITC program, established in 2006, serves the same purpose as conservation easements more effectively at a lower cost. The average cost per acre for the 9.5 thousand acres using the 2010 capital outlay purchases was \$364. By comparison, the LCITC program averages \$279 per acre, a difference of \$85 for potential savings of \$811 thousand. The LCITC program caps the maximum tax credit at \$250 thousand per owner and the appropriations are capped at the 50 percent of the residual land value. While the tax credit expense of \$13.7 million is four times the cost of the conservation easements purchased using appropriations, the 49 thousand acres conserved by the tax credit program is five times the acres conserved by the appropriation. The tax credits also avoid bond issue and interest expense. The capital outlay of 2010 directly benefitted a narrower group of seven property owners, with an average compensation of \$496 thousand each. The LCITC involved 91 property owners averaging \$151 thousand each.

While the easement cost per acre has been cheaper with tax credits, the state has a higher potential cost from future tax credits, and lacks accountability. From a tax perspective, a credit is normally not preferred because of the lack of accountability. With the tax credit and state appropriations for conservation easements, accountability is delegated to the land trust, which the state does not oversee. A potential risk from tax credits is the amount of the expenditure is not easily controlled, as with an appropriation.

Most of the land conservation incentives tax credit easements are managed by state and local environmental organizations. The graph presented below provides the four largest land trusts in terms of acres claimed by easement tax credits. The graph shows acres protected by conservation easements (actual acres), as well as the corresponding dollar amount of tax credits (in thousands of dollars). All four of the land trusts are local to New Mexico. The New Mexico Land Conservancy manages conservation projects statewide while the three other land trusts focus on the Taos and Santa Fe areas. The New Mexico Land Conservancy conservation easements are shown in Appendix C. While an argument can be made regarding market values of property, the New Mexico Land Conservancy overwhelmingly provides more acres of conservation easements at a lower cost.

Conservation Easements
Top Four Land Trusts in Acres Protected and Tax Credits Claimed
 (tax credits in thousands)



Source: EMNRD

Recommendations.

1. The Energy, Minerals and Natural Resources Department, in coordination with the Department of Finance and Administration, Taxation and Revenue Department and the LFC, should consider conducting a cost-benefit study to determine the best formula of tax credits, state appropriations, and leveraging of federal and other funding sources, for the conservation of desirable lands.

THE STATE INVESTED \$3 MILLION FOR IMPROVEMENTS AT THE OHKAY OWINGEH AIRPORT, NOW FULLY OPERATIONAL.

The Ohkay Owingeh Airport improvement project met the intent of the legislation and the airport is available for public use. Protecting the airport and maintaining its facilities contribute to the attractiveness of the airport to users, which potentially supports and promotes the community’s economic success.

Laws 2005 and Laws 2007 appropriated funding to the Indian Affairs Department (IAD) to plan, design, construct, and improve infrastructure for the Ohkay Owingeh airport in Rio Arriba County. State appropriations are shown in the table below.

**Table 10. Ohkay Owingeh Airport Improvements
State Appropriations**

Legislation	Amount	Source	Purpose
Laws 2005, Ch. 347, Section 15	\$2,000,000	Severance Tax Bonds	Plan, design, construct and improve infrastructure for the Pueblo of San Juan airport in Rio Arriba County
Laws 2007, Ch. 42, Section 66	\$1,000,000	General Fund	Plan, design, construct improvements to the airport at Ohkay Owingeh in Rio Arriba County
Laws 2009, Ch.5, Section 2B	\$769,471	Severance Tax Bonds	Plan, design, construct improvements to the airport at Ohkay Owingeh in Rio Arriba County
Subtotal	\$3,769,471		
less 2009 reversion	(\$779,472)		
Total	\$2,989,999		

Source: Laws 2005, 2007, 2009

The project balance from the 2007 general fund appropriation and \$10 thousand from the Art in Public Places program was reverted and swapped for severance tax bonds in Laws 2009. In addition to state funding, the Economic Development Association (EDA) of the U.S. Department of Commerce awarded Ohkay Owingeh a \$1 million grant, bringing total project funding to \$4 million. The project is complete and \$123 thousand in state funds is unspent. Legislation mandates that the agency (IAD) revert the fund balance on completion of the project.

Tsay Corporation, the economic development arm of Ohkay Owingeh, was responsible for project management and administration of state appropriations for the airport improvements project. The 2009 budget allocation does not include \$221 thousand from the general fund appropriation spent prior to the reversion. The project budget allocation detail is shown in the following table.

**Table 11. Ohkay Owingeh Airport Improvements Project
Budget Allocation of State Appropriations**

Project Phase	Laws 2005	Laws 2009	Total
Planning	\$39,000	\$0	\$39,000
Design and Engineering Phase	\$37,000	\$7,695	\$44,695
Bid and Construction Phase – Engineering Services	\$56,000	\$46,168	\$102,168
Construction	\$1,868,000	\$715,608	\$2,583,608
Total	\$2,000,000	\$769,471	\$2,769,471

Source: IAD JPA 609-05-5170 and IGA 609-07-4713

Improvements to the Ohkay Owingeh Airport have been underway since 2002. The Federal Aviation Administration (FAA) Airport Improvement Program provided funding of \$1.8 million for reconstruction of the runway, site grading, drainage improvements, runway lighting system, and aviation navigational aids. State aviation system plans are one of the primary inputs for updating the National Plan of Integrated Airport Systems (NPIAS). For airports to receive federal Airport Improvement Program funding they must be included in the NPAIS. The Aviation Division of the New Mexico Department of Transportation (DOT), responsible for the New

Mexico Airport System Plan (NMAASP) updated the system plan in 2009 for 51 of New Mexico's public use airports. Appendix D shows a map of the 51 airports and their airport roles.

The FAA apportions Airport Improvement Program (AIP) funds annually to airports, giving priority to safety and then pavement maintenance projects. Airports may roll these federal funds over for three years. At that point in time the airport must use those funds or forfeit them. Even though AIP funds are apportioned to each airport they must have the FAA approval on the projects. When an airport receives AIP funds, the FAA provides 95 percent funding and the DOT splits the 5 percent match with the airport.

With a reconstructed runway the airport was re-opened in 2004. To continue the development, Ohkay Owingeh proposed infrastructure improvements to include construction of new roads, primary utilities, T-hangars for general aviation aircraft, security fencing, automobile parking area, lighting, and airport support services, such as a fueling depot and fire protection. The DOT provided the FAA's provisional approval of Ohkay Owingeh's airport layout plan, which includes these infrastructure improvements and future development.

The Ohkay Owingeh Airport is a public use airport owned by the Ohkay Owingeh Tribal Council. The main gate is locked at all times, with a key pad access code available on AirNav.com and the Federal Aviation Administration (FAA) website. The airport payroll is \$92 thousand per year; three individuals are employed part time: an airport manager, bookkeeper, and a fuel operations manager. Airport payroll expenses are subsidized by the Tsay Corporation.

The Ohkay Owingeh Airport is identified as a community general aviation airport. Community airports focus on providing aviation access for small business, recreational, and personal flying activities. It is primarily used by air medical evacuation operators, such as Angel Flights and single engine aircraft operators. Other uses include the Civil Air Patrol for search and rescue operations, flight training and occasionally recreational and business aircraft operations. The FAA airport master record that captures airport operations activity, reported for the 12-month period ending April 8, 2009, the airport had 1 thousand general aviation operations, an average of 83 per month. An operation is defined as a take-off and landing at an airport. The operation activity report for the Jicarilla Apache Nation community general aviation airport for the 12-month period ending April 10, 2009, showed 700 general aviation operations. The FAA website information on comparative operations activity for the 17 community general aviation airports in New Mexico is not current and in many instances, the time periods covered are not the same. The DOT established a baseline in 2007, where the airport operations activities for similar type airports ranged from 150 (Fort Sumner) to 30 thousand (Moriarty). At that time, Ohkay Owingeh and the Jicarilla Apache Nation had 1 thousand general aviation operations.

The IAD could improve project oversight. The IAD joint powers agreement (JPA) and intergovernmental grant agreement with Ohkay Owingeh included the scope of work for the airport improvements project with budget allocations for the state appropriations and a proposed time frame for completion of the project. The IAD had no records in its files indicating they were monitoring the project schedule and holding Ohkay Owingeh accountable for a delay in spending the 2005 appropriation. The schedule in the intergovernmental grant agreement indicated construction would start in November 2005 and was not started until November 2006. Ohkay Owingeh did not provide an explanation for the delay.

The IAD did not conduct a site visit during project construction, but attended the site visit with the LFC in November 2011. The IAD oversight was limited to reviewing project status reports, approving Ohkay Owingeh's reimbursement requests, amending agreements and maintaining project status documentation. Ohkay Owingeh submitted reimbursement payment requests on a quarterly basis. Payment requests were in accordance with the IAD joint powers agreement and intergovernmental grant agreement and included budget status, a statement of account with detail invoices from their subcontractors showing materials received, and worked performed and progress reports.

Although project spending was delayed, it appears subcontracts were properly awarded and authorized. Ohkay Owingeh awarded subcontracts using a competitive bid process, awarding to the lowest bidder. Major subcontract expenditures included \$525 thousand for an 8 foot high perimeter fence, \$277 thousand for design services and drainage study, \$1.7 million for site grading, earthwork, paving, a sanitary sewer line and construction, \$265 thousand for the hangar facility, \$310 thousand for the aviation fuel system, and \$119 thousand for electricity infrastructure. The parking lot with the entrance gate to the tarmac and hangar facility is shown below.



The payment summary in Table 12 shows reimbursement amounts from the IAD and the Economic Development Administration.

**Table 12. Ohkay Owingeh Airport Improvements
Payment Summary by Fiscal Year**

Fiscal Year	IAD	EDA	Total Payments
2007	\$37,987	\$80,769	\$118,756
2008	\$605,417	\$72,752	\$678,169
2009	\$938,749	\$703,459	\$1,642,208
2010	\$1,173,378	\$69,574	\$1,242,952
2011	\$101,370	\$73,446	\$174,816
Total	\$2,856,900	\$1,000,000	\$3,856,900

Source: IAD and Ohkay Owingeh

The airport is not at a breakeven point and Tsay Corporation is subsidizing its operating expenses. During the site visit the airport manager explained the improvements, including infrastructure utilities (electricity, water, telephone) at the adjacent industrial park on the airport property. The Ohkay Owingeh airport now has two fuel tanks; AvGas and Jet A fuel are available self-service 24 hours a day, seven days a week as shown in the photos below. The majority of piston engine aircraft in the general aviation fleet use AvGas while the larger turbo-prop and jet aircraft exclusively use Jet A. The “fuel farm” became operational September 2010, with fuel sales of \$73 thousand from September 2010 through November 2011. Other sources of revenue include hangar leases at \$350 per month, or \$25 thousand annually. At the time of this review six of the eight hangars were leased. All revenues generated by the airport are expended to support the operating costs of the airport in accordance with FAA rules.

Fuel Tanks



Self-Service Pay Station



Recommendations.

The Indian Affairs Department should

1. Revert the fund balance as required by law.
2. Increase project oversight and monitor the grantee's scope of work, including the project schedule, as described in the IAD policies and procedures.
3. Conduct site visits during construction to ensure accountability and those projects are completed on a timely basis.

PIECEMEAL FUNDING AND DELAYS BY DAM OWNERS HAVE IMPEDED COMPLETION OF DAM REHABILITATIONS, THOUGH SOME PROJECTS ARE SUCCESSFUL.

The state appropriated \$5 million for rehabilitation of existing dams throughout the state in need of repair to improve safety as identified by the state engineer. Laws 2003 reauthorized and re-appropriated a \$5 million appropriation to the Office of the State Engineer (OSE) and Laws 2007 extended the expenditure through FY11. The OSE reverted 15 percent (\$754 thousand) of the appropriation at the end of FY11.

The OSE Dam Safety Bureau ensures that dams in New Mexico are designed, constructed, operated, and maintained safely to prevent dam failures. The responsibilities of the Dam Safety Bureau include inspecting existing dams to verify they are operated and maintained in a safe condition. The bureau reviews plans and specifications for new dams and modifications and repairs to existing dams to ensure compliance with OSE design criteria. The bureau also inspects construction to verify the dams are built or repaired in accordance with the plans on file with the State Engineer. The OSE identified eight publicly owned dams eligible for statewide funding from the \$5 million capital appropriation. A summary funding by project is shown in the table below.

**Table 13. Statewide Dam Rehabilitations
Summary of Funding by Project**

Project	Expenditures from \$5 million STB	% of STB Funds	Other Capital Outlay Appropriations	Federal Cost Share	Total
Power Lake Dam	\$289,000	6%	\$33,960		\$322,960
Bloomfield Dam	\$1,796,552	36%	\$1,945,441		\$3,741,993
Springer Dams	\$567,068	11%	\$70,078		\$637,146
Hackberry Draw Watershed	\$338,343	7%	\$189,970	\$1,040,000	\$1,568,313
Cabresto Dam	\$300,218	6%	\$6,319,226		\$6,619,444
San Mateo Dam	\$59,745	1%	\$172,117		\$231,862
Ponderosa Dam	\$76,750	2%	\$230,000		\$306,750
Bluewater Dam	\$137,104	3%	\$86,890		\$223,994
Subtotal	\$3,564,780	71%	\$9,047,682	\$1,040,000	\$13,652,462
Extreme Precipitation Analysis Tool	\$681,000	14%	\$0	\$0	\$681,000
Total	\$4,245,780	85%	\$9,047,682	\$1,040,000	\$14,333,462

Source: OSE Dam Safety Bureau

The OSE completed rehabilitation of the Bloomfield Dam and Hackberry Draw Watershed, two out of the eight dams or 25 percent of the eligible dams. Although funds were reverted, the amount remaining was not enough to complete another rehabilitation project. Funds for dam rehabilitation projects with multiple funding sources were expended based on earmark versus statewide funds and the expiration date of the funds. Use of earmarked funds is the OSE's first priority and balanced with the expiration date of statewide funds.

Funds were also expended for professional engineering services for an extreme precipitation analysis tool (EPAT) to create a storm library with probable maximum precipitation (PMP) estimates to determine what volume of water the spillway and other relevant parts of a dam ought to be able to handle in a given watershed and location. The EPAT replaces the generalized hydro-meteorological report 55A for central New Mexico between the continental divide and the eastern plains. The EPAT is used for determination of the basin PMP for dam spillway studies. The EPAT has evolved into a Colorado state standard for developing PMP rainfall fields for rehabilitation and sizing of high country dams.

There are 36 publicly owned high hazard dams in unsatisfactory or poor condition in need of rehabilitation at an estimated cost of \$111 million. The OSE leveraged the statewide funds for the other six dams primarily to complete a phase of the rehabilitation. Rehabilitation of the remaining six dams is at various stages and on-going depending on availability of other funds. These six dams deemed poor or unsatisfactory are estimated to require \$22 million to complete. Table 14 shows the rehabilitation status of the other six dams.

Table 14. Status of Statewide Dam Rehabilitation Projects

Dam Name	Owner	Condition	Rehabilitation Project Status	Pending Additional Funding	Estimated Cost to Complete
Power Lake	City of Santa Rosa	Unsatisfactory	Design Complete	Yes	\$5,200,000
Springer	Town of Springer	Poor	Design Complete	Yes	\$7,000,000
Cabresto	Cabresto Lake Irrigation Co	Unsatisfactory	Design Complete & Construction Site Prep	No	\$0
San Mateo	San Mateo Community Ditch	Unsatisfactory	Preliminary Investigation Complete	Yes	\$3,400,000
Ponderosa	Ponderosa Ditch Association	Poor	Preliminary Investigation Complete	Yes	\$6,400,000
Bluewater	Bluewater-Toltec Irrigation District	Fair	Construction Suspended	No	\$0
Total					\$22,000,000

Source: OSE Dam Safety Bureau

Although the OSE has a plan to address deficient dams, rehabilitation on only one to two dams is feasible, given piecemeal funding and staffing resources. Due to regulatory requirements, with only five engineers, the Dam Safety Bureau is limited to a few rehabilitation projects at a time. Funding is requested for one to two dams for planning and design in a given year and then funds for construction are requested in the following years.

Failure of dam owners to meet OSE requirements threatens the successful completion of projects and the use of state funds. The Dam Safety Bureau has processes in place to ensure projects comply with OSE rules and regulations and that fund disbursements are properly authorized. The town of Springer’s subcontracted design engineering firm failed to meet timelines and deliverables for three years, jeopardizing the availability of the capital outlay funds. The bureau continuously monitored the progress and when Springer’s design engineer subcontractor did not meet OSE requirements, the OSE rejected Springer’s payment requests. Springer subsequently terminated the subcontract and had to issue another request for proposal, delaying progress on the dam rehabilitation and the use of state funds.

The Dam Safety Bureau reviews all deliverables for compliance and withholds full payment until the deliverable is approved by the staff engineers. Bureau engineers monitor the deliverable schedule and notify the contractor or dam owner if the project is behind schedule. Initially verbal notifications are sent and if no improvement occurs then the OSE sends written requests on the status of the project.

The condition classification for Bloomfield dam, prior to the rehabilitation, was “poor” and after rehabilitation it is “satisfactory.” The Bloomfield dam is the primary drinking water source for the community. Water is diverted from the San Juan River to the Citizens Ditch where the water is piped to the reservoir (dam) owned by the city of Bloomfield. Water from the dam is released into an 18-inch water line that feeds the city’s water treatment facility. The rehabilitation included the spillway, inflow and outflow concrete pipe and the reservoir intake siphon shown in the following photos.

Ditch Inflow



Ditch Outflow



Intake Siphon



Public safety is at risk due to the lack of a security fence surrounding the ditch inflow pipe and siphon intake area. During the LFC's site visit, staff noted the lack of a fence limiting access to the inlet owned by the Citizens Ditch. In addition, there is no permanent means of protection on the inlet and outlet of the new siphon pipe. The Citizens Ditch is a political subdivision of the state and replacement of the siphon could not occur without the association's approval. Ditch associations have the sole authority to make decisions regarding the operations of their ditches. During the design phase the city's contractor notified the association of the lack of protection and the hazard it would create. The association did not want a permanent means of protection despite the inherent risk of drowning and the risk to the residents below the ditch should the siphon connection and intake be obstructed.

Although community ditches are recognized under New Mexico law as political subdivisions of the state, the OSE does not have authority over a ditch except in the administration of water in the state. The lack of protection presents a potential liability to the Citizens Ditch should there be an obstruction. In addition, the funding agreement with Bloomfield states the acceptance of final payment under the agreement shall operate as a release of the OSE, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under the agreement.

The Bloomfield city manager reported the Bloomfield Diversion Point and Reservoir Construction project as inoperable to the LFC. Laws of 2007, Chapter 42, Section 58, general fund appropriation of \$500 thousand to the Office of the State Engineer and two grants awarded to the city of Bloomfield totaling \$1.2 million from the Water Trust Board were used to complete this project. As explained by the Bloomfield utilities manager, the water works becomes frequently clogged with sediment from the San Juan River, rendering the project inoperable. Inadequate

planning and oversight might have caused the project to fail. However, the limited scope review and time restrictions did not allow for the LFC to conduct a detailed analysis. This project may warrant further review.

The Hackberry Watershed Project was part of a national pilot rehabilitation project. The Hackberry Draw Watershed Project includes two of four flood control dams near Carlsbad. The U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) provided \$1 million through the 2000 Agricultural Appropriation Act, or 65 percent of the project construction cost and technical assistance. The dams, built in the 1960s, are safe and in good working condition, however land use changes occurred downstream, including increased urban development. These dams were rehabilitated to meet current safety standards due to land use changes in the area to protect lives and property downstream. They provide flood protection for more than 2 thousand people, roads, and other structures.

Recommendations.

1. The city of Bloomfield should work with the Citizens Ditch to ensure public safety is not at risk and prevent potential liability.

Financial audits have identified a material weakness to account for capital assets for five years in a row. A material weakness was identified in GSD audit for FY06 and all four subsequent years, including FY10. This material weakness is caused by a lack of effective accounting procedures and internal controls for construction in progress, which includes the J. Paul Taylor Center construction project. A review of the trial balance reports indicates the finding may recur in the FY11 audit. While the GSD has improved many other audit findings, this area still requires resolution.

GSD's Administrative Services Division (ASD) has prioritized a joint effort between ASD and PCD to develop effective accounting procedures and internal controls for CIP to address the material weakness identified in the audit reports. The primary emphasis in the short-term will be a monthly reconciliation between PCD's Excel spreadsheets and ASD's system of record (currently GEAC). A long-term solution would require PCD to install a system that interfaces directly with ASD's system; this assumes GEAC has been replaced.

The evaluation noted one recommendation pertaining to CYFD that also included the General Services Department's (GSD) Property Control Division (PCD). The recommendation stated "The GSD and the CYFD should ensure that all purchases for goods and services using state price agreement are adequately limited to the scope and specifics of the price agreement." The evaluation had a finding that GSD and CYFD purchased security equipment upgrades that would improperly award \$724 thousand sole source contract through the State Price Agreement.

CYFD received in the 2010 legislative session \$500 thousand to upgrade the security systems at the Youth Diagnostic and Development Center and Camino Nuevo sites in Albuquerque. The appropriation was made to the Capital Program Fund overseen by PCD. CYFD provided PCD with documentation as to new surveillance equipment that needed to be purchased for the facilities. The justification did note the need for 16 megapixel cameras which were purchased by PCD through the State Price Agreement. The 16 megapixel cameras are only used outdoors and provide a much broader field of vision than lower megapixel cameras.

GSD and CYFD appreciate the efforts that LFC has put into this evaluation. The recommendations stated in the evaluation for the J. Paul Taylor Center will reviewed in detail and appropriate actions will be taken by GSD and CYFD to insure that the capital funds allocated to our specific projects will used in a manner that results in the best value for the State of New Mexico.

Respectfully,



Charles S. Gara, Director
Property Control Division
General Services Department

Cc: Edwynn L. Burckle, Cabinet Secretary General Services Department
Michelle Aubel, ASD Director, General Services Department

State of New Mexico

CHILDREN, YOUTH and FAMILIES DEPARTMENT

SUSANA MARTINEZ

GOVERNOR

JOHN SANCHEZ

LIEUTENANT GOVERNOR



YOLANDA BERUMEN-DEINES

CABINET SECRETARY

EDNA REYES-WILSON

DEPUTY CABINET SECRETARY

January 11, 2012

David Abbey, Director
Legislative Finance Committee
325 Don Gaspar Ste. 101
Santa Fe, New Mexico 87501

Dear Mr. Abbey:

The Children, Youth and Families Department (CYFD) appreciates the opportunity to respond to the Legislative Finance Committee Program Evaluation: Selected Capital Outlay Projects. The J. Paul Taylor Center's Education Center (gym and classrooms) project in Las Cruces was included in the evaluation.

The evaluation noted one recommendation pertaining to CYFD that also included the General Services Department's (GSD) Property Control Division (PCD). The recommendation stated "The GSD and the CYFD should ensure that all purchases for goods and services using state price agreement are adequately limited to the scope and specifics of the price agreement." The evaluation had a finding that GSD and CYFD purchased security equipment upgrades that would improperly award \$724 thousand sole source contract through the State Price Agreement.

CYFD received in the 2010 legislative session \$500 thousand to upgrade the security systems at the Youth Diagnostic and Development Center and Camino Nuevo sites in Albuquerque. The appropriation was made to the Capital Program Fund overseen by PCD. CYFD provided PCD with documentation as to new surveillance equipment that needed to be purchased for the facilities. The justification did note the need for 16 megapixel cameras which were purchased by PCD through the State Price Agreement.

If you have any questions or require further assistance, please contact John Sweeney, Juvenile Justice Services Deputy Director at (505) 795-4256, or Renada Peery-Galon, Administrative Services Division Director at (505) 827-8069.

Sincerely,

Yolanda Berumen-Deines
Cabinet Secretary



Susana Martinez
Governor

**STATE OF NEW MEXICO
INDIAN AFFAIRS DEPARTMENT**

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Arthur P. Allison
*Cabinet Secretary
Designate*

Jeff Canney
Program Evaluator II
Legislative Finance Committee
325 Don Gaspar - Suite 101
Santa Fe, NM 87501

Re: LFC Evaluation of Capital Outlay Projects – Ohkay Owingeh Airport Project and
Dine Shiprock Library

Dear Mr. Canney:

Per LFC directive, this written response was requested to address IAD's respective section(s) of the report within seven business days following receipt of the draft. After reviewing the LFC recommendations, IAD is in agreement with LFC. IAD Agency procedures and guidelines will be strengthened to increase project oversight and better monitor project schedules per intergovernmental agreements.

IAD strives to provide New Mexico's Native American citizens access to resources necessary to improve their quality of life and maintain their cultures and languages through collaborative, productive and lasting government-to-government relationships. This is my priority when it comes to our fiduciary responsibilities as the State agency responsible for capital project oversight. We will continue to improve our internal systems to carry out the legislative intent of these appropriations. Thank you.

Sincerely,

Rebecca Martinez
Capital Outlay Manager

cc: Lillian Brooks, Acting Deputy Secretary/ASD/CFO



STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER

Scott A. Verhines, P.E.
State Engineer

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130 SOUTH CAPITOL
SANTA FE, NEW MEXICO 87504-5102
(505) 827-6091
FAX: (505) 827-3806

January 10, 2012

David Abbey, Director
Legislative Finance Committee
Via email: David.Abbey@nmlegis.gov

RE: Dam Rehabilitation Capital Outlay Evaluation Report

Dear Mr. Abbey:

The Office of the State Engineer (OSE) appreciates the thorough evaluation of the use of the \$5 million appropriation provided to this agency in 2003. The report related to the \$5 million dam rehabilitation funds is a fair, objective report on the use of the funds. Because the OSE regulates the safety of dams, the agency has qualified engineers to review and evaluate engineering proposals, work products and construction related to dams. The processes in place by the OSE Dam Safety Bureau ensure funds are expended for sound engineering designs and construction.

Unfortunately, some dam owners do not have the ability to get a dam rehabilitation project moving forward. In a few situations, the OSE Dam Safety Bureau has provided Project Management support to scope the project, contract for the engineering services, track investigation and design progress, coordinate design solutions with the dam owner, bid the project for construction, contract for construction services, negotiate a final contract and track construction progress. This is currently being done for Cabresto Dam in Taos County and the OSE Dam Safety Bureau is on course to do the same for San Mateo Dam in Cibola County. Providing Project Management for these projects and for expenditure of these funds diverts the agency's time away from performing our required regulatory duties for dams.

The report notes a lack of oversight for the Bloomfield Diversion Dam which is a separate project. An appropriation was directed to the OSE in 2007 by the Legislature for this project as well as some Water Trust Board funds. The diversion dam is not a jurisdictional dam regulated under Section 72-5-32 NMSA by the OSE Dam Safety Bureau. The diversion was intended to provide a second source of water supply for the city of Bloomfield. The OSE has no regulatory authority over this project other than to ensure the city has valid water rights to divert from the structure. Therefore, a standard "flow through" funding agreement was set up with the City of Bloomfield to pass the funding to them. It is the responsibility of the City to ensure the project was properly designed and constructed and that proper oversight took place under the agreement. The OSE does not have the resources to provide adequate oversight for a project that is not regulated by the OSE.

The recommendation that was given in the report is directed to the city of Bloomfield. There are no recommendations for the OSE and we believe we have been good stewards of the dam rehabilitation appropriation, which was the focus of the review.

I'm looking forward to working with the Legislative Finance Council on future funding projects.

Sincerely,

/s/

Scott A. Verhines, P.E.

State Engineer

SAV/ECP/kme

cc: Via Email:

Jeff Canney, LFC, jeff.canney@nmlegis.gov

Brenda Fresquez, LFC, Brenda.fresquez@nmlegis.gov

Estevan Lopez, PE, Director of Interstate Stream Commission

John Romero, PE, OSE

Elaine Pacheco, PE, Dam Safety Bureau Chief

Curtis Eckhart, Program Support Director

APPENDIX A: Objectives, Criteria, and Scope

Evaluation Objectives.

- Identify funding sources and intended purpose of the project(s).
- Assess the cost-effectiveness of project planning, management and oversight, and whether the project's results met the intended purpose.
- As appropriate, assess the implementation status of incomplete projects and whether they are on-time and on-budget.
- Verify compliance with applicable laws, rules, and regulations.

Criteria for Selected Projects.

- Large appropriation amounts (greater than \$2.5 million).
- Ranked "red" or "yellow" in quarterly status report.
- Completed or near-completed projects.
- Legislative interest, request and/or known risk.
- Representative combination of agencies and sponsorships.

Scope and Methodology.

- Review appropriation language for all funding sources
- Review previous internal and external audit reports, including reports by oversight agencies
- Review policies and procedures
- Interview appropriate agency staff
- Tour facilities and visit project sites
- Identify and review project contracts, grants, memorandum of understanding (MOU), and joint power agreements (JPA)
- Assess project management, outcomes and progress

Authority for Evaluation. LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Evaluation Team.

Jeff Canney, Program Evaluator/Team Lead
Brenda D. Fresquez, Program Evaluator

Exit Conferences. The contents of this report were discussed with all five agencies on January 4, 2012.

Report Distribution. This report is intended for the information of the Office of the Governor; the General Services Department, Children, Youth and Families Department, Indian Affairs Department, Energy, Minerals and Natural Resources Department and Office of the State Engineer; Office of the State Auditor; and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Charles Sallee, Deputy Director for Program Evaluation

Report #12-01
Evaluation of Selected Capital Outlay Projects
January 16, 2012

APPENDIX B: J. Paul Taylor Center Capital Outlay Funding

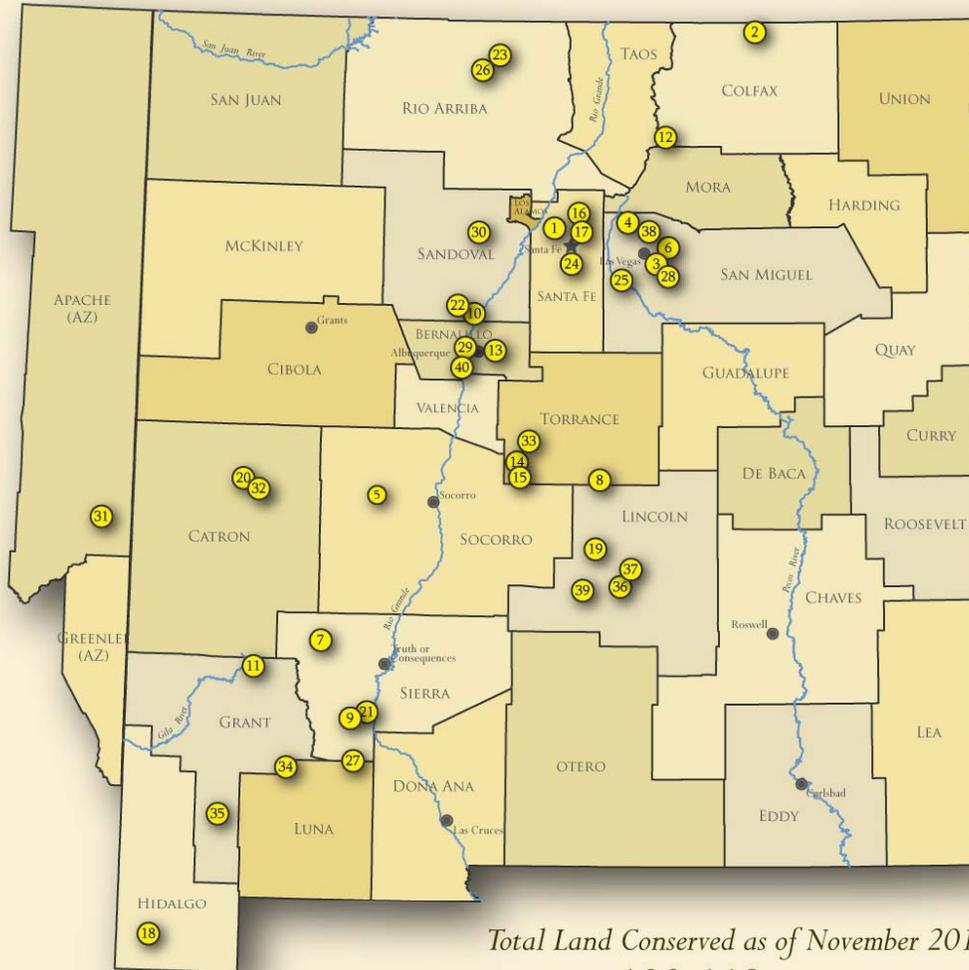
Appendix B: J. Paul Taylor Center Capital Outlay Funding

Legislation	Amount	Revenue Source	Purpose
Laws 2006, Ch. 111, Section 25	\$55,000	Severance Tax Bonds	Improvements and athletic equipment at the J. Paul Taylor juvenile facility in Dona Ana county.
Laws 2006, Ch. 111, Section 62	\$1,000,000	General Fund	Plan, design and construct a cafe and gymnasium at the J. Paul Taylor juvenile justice center in Dona Ana county.
Laws 2007, Ch. 42, Section 6	\$2,500,000	Severance Tax Bonds	Plan and design a gymnasium and weight room and construct vocational classrooms and bathrooms at the J. Paul Taylor juvenile justice center in Dona Ana county.
Laws 2008, Ch. 92, Section 5, Subsection 4	\$3,200,000	Severance Tax Bonds	Complete construction of vocational rooms and an indoor basketball gymnasium, including a weight room, showers and bleachers, at the J. Paul Taylor center in Las Cruces in Dona Ana county.
Laws 2008, Ch. 92, Section 5, Subsection 5	\$600,000	Severance Tax Bonds	Planning, designing and renovating the J. Paul Taylor juvenile detention center in Las Cruces in Dona Ana county and for modifications at other juvenile detention facilities statewide based on the "Missouri model", which allows for individualized education, behavioral health and substance abuse services for youth in detention.
Laws 2009, Ch. 71, Section 1	\$5,000	Property Control Reserve Fund	Purchase from the federal bureau of land management the real property occupied by the southern New Mexico correctional facility and the J. Paul Taylor juvenile justice center.
Laws 2009, Ch. 128, Section 497	N/A	Reauthorization Change Purpose Severance Tax Bonds	The unexpended balance of the appropriation of Laws 2008, Ch. 92, Subsection 5 of Section 5 shall not be expended for the original purpose but is changed to <ul style="list-style-type: none"> A. \$500 thousand for master planning, design and renovations to juvenile detention centers statewide to implement Cambiar New Mexico; and B. The unexpended balance of the appropriation not appropriated above is to furnish, equip and renovate the J. Paul Taylor juvenile detention center to implement Cambiar New Mexico in Las Cruces in Dona Ana County.
Laws 2010, Ch. 4, Section 4 – (2 nd S. S.) – See below	\$500,000	Severance Tax Bonds	Upgrade the security systems at the youth diagnostic and development center and at the Camino Nuevo site in Albuquerque in Bernalillo county.
Laws 2011, Ch. 183, Section 36	N/A	Reauthorization Severance Tax Bonds	The time of expenditure for the capital program fund project in Subsection 2 of Section 6 of Chapter 42 of Laws 2007 to plan and design a gymnasium and weight room and construct vocational classrooms and bathrooms at the J. Paul Taylor juvenile justice center in Dona Ana county is extended through fiscal year 2013.
Laws 2011, Ch. 183, Section 45 (expand purpose)	N/A		The capital program fund project in Subsection 4 of Section 5 of Chapter 92 of Laws 2008 for construction of vocational rooms and an indoor basketball gymnasium, including a weight room, showers and bleachers, at the J. Paul Taylor center in Las Cruces in Dona Ana county may include furnishings, installation and equipment at that facility.
Laws 2011, Ch. 183, Section 46 (expand purpose)	N/A		The capital program fund project authorized in Subsection 3 of Section 4 of Chapter 4 of Laws 2010 (2 nd S.S.) for upgrades to the security systems at the youth diagnostic and development center and the Camino Nuevo site in Albuquerque in Bernalillo county may include security system upgrades at the J. Paul Taylor juvenile justice center in Las Cruces in Dona Ana county.
Laws 2011, Ch. 183, Section 50	N/A		The time of expenditure for the capital program fund project in Laws 2009, Chapter 71, Section 1 to purchase from the federal bureau of land management the real property occupied by the southern New Mexico correctional facility and the JP Taylor juvenile justice center is extended through fiscal year 2013.
Laws 2011, Ch.5, Section 5 – (1 st S. S.)	\$2,000,000	Severance Tax Bonds	Infrastructure upgrades, renovations and construction for the youth diagnostic and development center campus in Albuquerque in Bernalillo county and the John Paul Taylor center in Las Cruces in Dona Ana county.

APPENDIX C: New Mexico Land Conservancy Conservation Easements

NEW MEXICO LAND CONSERVANCY

Completed Conservation Projects



Total Land Conserved as of November 2011
100,119 acres

- | | | | |
|---------------------------------------|---|--|---------------------------------------|
| 1 Jacona Farm Trust - 2 acres | 10 Ventana Grande - 6 acres | 21 North and South Lake Valley Ranch - 1,845 acres | 31 EC Bar Ranch (AZ) - 94 acres |
| 2 La Tier - 20 acres | 11 XSX Ranch - 160 acres | 22 Gonzales Farmland - 5 acres | 32 Shortes XX Ranch - 4,920 acres |
| 3 Tyson - 58 acres | 12 Agnew - 110 acres | 23 Ancones Ranch - 197 acres | 33 Mesteno Draw Ranch - 868 acres |
| 4 Zaplin - 103 acres | 13 Hawkwatch - 63 acres | 24 Petchesky Ranch - 282 acres | 34 River Ranch - 1,010 acres |
| 5 Montosa Ranch - 30,828 acres | 14 Goat Canyon - 1,786 acres | 25 Forked Lightning Ranch - 1,726 acres | 35 Pitchfork Ranch - 5,160 acres |
| 6 Melton - 1,105 acres | 15 Cain Ranch - 6,400 acres | 26 Rutherford Land & Cattle - 53 acres | 36 Carrizo Valley Ranch - 3,330 acres |
| 7 Dethlefsen - 380 acres | 16 Anonym - 65 acres | 27 Diamond Cross Ranch - 3,220 acres | 37 Tucson Valley Ranch - 4,689 acres |
| 8 Cougar Mountain Ranch - 6,160 acres | 17 Las Acequias Farm - 96 acres | 28 Sierra y Llanos Land & Cattle - 225 acres | 38 Rampart Ranch - 125 acres |
| 9 Berranda Creek Ranch - 7,447 acres | 18 Bioresearch Ranch - 1,760 acres | 29 Sparks - West - 5 acres | 39 Pino Family Ranch - 2,480 acres |
| 10 Corrales Gateway - 18 acres | 19 Ancho Cattle Company - 9,871 acres | 30 Eagle Heights - 63 acres | 40 Witkin Farm - 8 acres |
| 10 Kendall - 2 acres | 20 Alegres Mountain Ranch - 3,240 acres | | |
| 10 Minge - 2 acres | | | |

APPENDIX D: New Mexico Airports

New Mexico Airports

