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## FISCAL IMPACT REPORT

	ORIGINAL DATE 2-3-06		
SPONSOR	Fidel	LAST UPDATED	HB
	CAPITOL BUILDINGS PLANNING		
SHORT TITLE	COMMISSION PLAN	SB	380
		ANALYST	Hadwiger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$500.0		Recurring	General Fund
\$65.0		Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 380 appropriates \$565 thousand from the general fund to the Property Control Division (PCD) of the General Services Department (GSD) for expenditure in FY06 and FY07 to establish a master planning and asset management function for the needs of state government facilities under the purview of the Capitol Buildings Planning Commission and to obtain associated hardware and software necessary to maintain an updated master plan. The appropriation includes funding for three permanent full-time employees of PCD to provide necessary staff support to maintain the master plan as required of the capitol buildings planning commission and to perform the increased asset management function required for accountability on state projects administered by the property control division.

### FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund; \$65 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

## **SIGNIFICANT ISSUES**

In January 2006, the Capitol Buildings Planning Commission (CBPC) endorsed this bill as a means of linking master planning to standards development, design and implementation and to improve staff efficiency and responsiveness with regard to the state master plan. As approved, this appropriation would support three full-time permanent positions—a project manager, business operations specialist and IT networks and computer specialist, as well as purchase software.

GSD indicated that the CBPC does not have staff to maintain updated facilities and asset management information required to fulfill its oversight mandate for state facilities in Santa Fe and Albuquerque. GSD/PCD's lack of effective asset management capability has been a weak link in the master planning activities of the CBPC. As a result, periodic evaluation of overall master planning objectives has to include update of facilities information. SB 380 will provide a more efficient, cost-effective method for GSD/PCD to perform master planning functions.

DFA noted that PCD currently has no fixed asset or project management system. Depreciation of buildings and improvements are calculated on an Excel spreadsheet. The federal government has disallowed depreciation expense on more than \$150.0 million of improvements that could not be identified with a specific building. Agencies that occupy state buildings are allowed to charge depreciation expense to federal programs. A new fixed assets management system would allow for all improvements to be capitalized with the original construction or purchase cost of a building increasing the amount of depreciation that could be charged to federal programs. The CPBC does not have staff to maintain updated facilities and asset management information required to fulfill its oversight mandate for state facilities in Santa Fe and Albuquerque. The lack of a capitol projects management system has inhibited the Property Control Division's ability to perform efficient, cost effective master planning functions.

## **PERFORMANCE IMPLICATIONS**

GSD indicated, with a viable asset management system, GSD/PCD could provide timely and accurate project and facility information as needed by CBPC. and SB 380 would allow for significantly improved management oversight of GSD/PCD facilities and administration of GSD/PCD capital projects. Software would allow centralized reporting to GSD/PCD management for project status at any time. This would promote better funding decisions, better prioritization of resources, and more proactive identification of poor performing projects and facilities.

## **ADMINISTRATIVE IMPLICATIONS**

DFA reported that having an effective asset management tool would reduce staff time now spent updating various independent tracking spreadsheets and data bases and eliminate data entry errors.

## **TECHNICAL ISSUES**

No technical issues were identified.

## **OTHER SUBSTANTIVE ISSUES**

GSD indicated the proposed software is an “off-the shelf” real estate portfolio and project man-

agement software system used by the Public School Facilities Authority. It has been proven to be a highly effective project management tool. This would allow GSD/PCD to replace its in-house spreadsheets with a fully integrated portfolio management system that is web-based, secure, password protected, and would be available to all GSD/PCD users and vendors. Decentralized information input could be performed by project managers daily from any remote location, provided internet access is available.

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