

# CAPITAL OUTLAY 2021 TRAINING SERIES

## Session 1: Capital Outlay Process Overview



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**Block 1: 2019 Capital Outlay Process Review Report**  
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# Presentation Overview

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## Housekeeping Items

- Keep yourself muted during presentation
- Use raise hand function or enter comments/questions in chat
- Closed Captions are available if needed
- Training is being recorded

## What we will be discussing today

- Facility Condition Assessment
- SB536 funding
- 2019 Capital Outlay Process Review





## Acting Secretary Stephanie Rodriguez



# SECTION 1

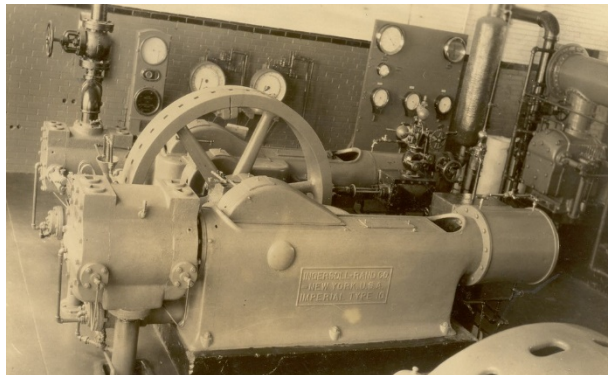


## Facility Condition Assessment



# Facility Condition Assessment

- What is a facility condition assessment and why is it important?
  - A Facility condition assessment is an analysis of the condition of a facility in terms of age, design, construction methods, and materials
  - It could be compared to an inventory - a list of what a facility has and what it needs in order to function on a daily basis
  - Facility Condition Assessments are important because they determine the extent to which a facility is able to meet the intended purpose





# HM 113 – Facilities Assessment

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- 2018 Legislative Session
  - Requesting the Higher Education Department to conduct a facilities assessment and capital planning process study of higher education facilities
    - › A needs assessment of each facility could lead to a capital planning process that would include a complete project list tied to the institutional mission and financial capacity of the institution;
    - › A systematic approach and prioritization of structures could result in improved efficiency and effectiveness when scheduling replacement, repairs or maintenance of higher education facilities;
    - › The goal of a study would be to determine current and future maintenance cost savings and to reduce current cost savings from misuse or excess use of materials or funds;





# SB 536 - Facilities Needs Assessment

- 2019 Legislative Session
  - Two hundred thirty-two thousand dollars for expenditure in fiscal years 2019 through 2022 to obtain a facility needs assessment and institutional analysis for each public post-secondary educational institution and to organize and execute a statewide plan that uses space optimization and other best practices to develop a comprehensive and uniform method for capital planning and funding



# SECTION 2



SB 536 Funding





## Looked back at what was done in the past

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- 2006 Assessment
  - PROS: Established a statewide inventory with condition assessment data – created a web-based system to update and track facilities –
  - CONS: Was not sustainable – needed recurring funding – only assessed facility condition
- Form Updates
  - 2018 Summer Hearing Forms
  - 2019 Summer Hearing Supplemental Information
- HM113
  - Facilities Assessment – No appropriation





## Where we were?

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- Looked at our current funding request process
  - What are we asking for and what are we receiving?
  - Does the information make sense?
  - Does the data translate into measurable outcomes?
  - What processes do each of the HEI's in the state use for managing their capital assets and for preparing their funding priorities?
  - What do other states use?
  - What kinds of software are available that could assist with the process?
  - How do we ensure sustainability?





## What we did?

- In May 2019 the NMHED sought out a vendor to provide us with detailed information on the following:
  - Obtaining a facility needs assessment and institutional analysis for each HEI in the state
  - Executing a system wide plan that uses space optimization and other best practices
  - Developing a comprehensive and uniform method for capital planning and funding for higher education statewide; and
  - Based on the information gathered, recommendations on the best options available for establishing a sustainable capital planning and funding process for New Mexico

# SECTION 3



## 2019 Capital Outlay Process Review



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# Capital Outlay Analysis

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PROCESS REVIEW FOR THE NEW MEXICO HIGHER EDUCATION DEPARTMENT

by GHaubold Consulting



# Scope of Work I

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Meet with all 32 public post-secondary institutions and prepare documentation of existing processes

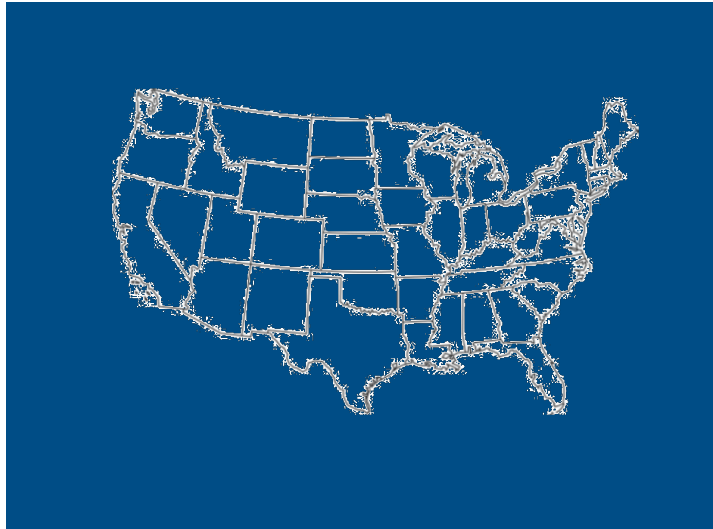


- ❖ Review the current facility management systems of all of the public post-secondary educational institutions in the state
- ❖ Provide a report to the NMHED detailing each of these systems and how each institution uses them in prioritizing their capital needs



## Scope of Work II

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Review, with the assistance of the NMHED IT Division, cloud-based software programs and methodologies used by other Higher Education Departments/Commissions in other states to manage and track public-post secondary institution facilities.





## Scope of Work II (cont'd)

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Provide a report to the NMHED detailing the results of this study and include the following:

- ❖ Data and information housed within the system;
- ❖ Information on how institutions provide the data; and,
- ❖ Reporting capability of the software.

Prepare a recommendation, based on the existing systems currently used by all 32 public post-secondary institutions, which would allow the NMHED to incorporate the data into a single system



## Scope of Work III

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Provide a report to the NMHED on the methodology used by other Higher Education Departments/Commission in other states to prioritize and recommend funding to their Legislature

- ❖ Review methodologies adopted by other states in managing and prioritizing their capital funding recommendations, to include cloud-based software solutions used in housing institution data and prioritizing capital funding recommendations
- ❖ Provide a report to the NMHED detailing the results of the study, highlighting states with similar attributes as New Mexico



## Scope of Work IV

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Provide a summary report of all the findings, to include recommendations to the NMHED on the top 3-5 options for implementing a sustainable method for housing, prioritizing, and providing capital funding recommendations to the Legislature each year.





# Institutions

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- ❖ Visited with 11 institutions personally
- ❖ Talked, met, or traded emails with all 32
- ❖ Universal concern with aging infrastructure
- ❖ Dedication is universal





# Visits with institutions

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- ❖ Substantial planning is being accomplished
- ❖ Architectural Research Consultants has finished numerous Facility Master Plans
- ❖ Ad Astra and Dude Solutions software are in use at many institutions
- ❖ Visits with schools was enlightening in that everyone is listening to direction from NMHED about goals



# Observations

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Three general observations about other states:

- ❖ Most are trying to demonstrate an objective ranking system for capital outlay
- ❖ Many are using their prioritization system to encourage investments in infrastructure
- ❖ New Mexico is one of the few with regular capital outlay funding



# Report Conclusions

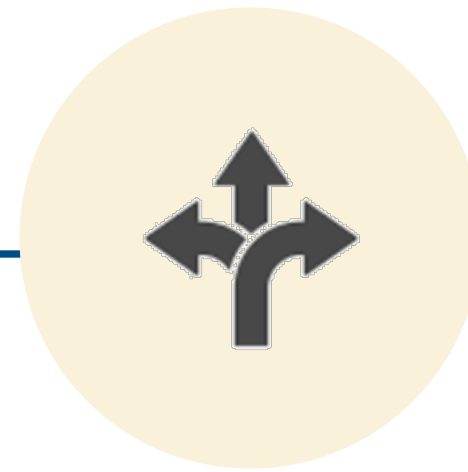
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- ❖ HED software should prioritize projects based on criteria to be defined – facilities condition, utilization, program needs
- ❖ NMHED should define basis for FCI, replacement cost, utilization, standard week for 4-year and 2-year schools, and ultimately elements for Master Plans.
- ❖ HED role should be to define data, institutions should accumulate and manage





# Three Options



- ❖ Continue “As-Is”
  - Always an option
- ❖ Manage the data through a 3<sup>rd</sup> party
  - Not sustainable, has been tried before
- ❖ Provide guidelines and incentives (recommended)
  - A widely accepted best practice



# Recommendations

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- ❖ Develop and Implement Project Prioritization
- ❖ Reinstate and Update the Building Repair and Renewal Process
- ❖ Increase the NMHED Role



# Develop and Implement Project Prioritization

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- ❖ Software
- ❖ Guidance on Standard Elements
- ❖ Overall Space Utilization
- ❖ Classroom Efficiency and Utilization
- ❖ Facilities Condition



# Holistic View

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Alignment of limited capital resources with the overarching goals, strategies, priorities, and aspirations for higher education in New Mexico can take place by providing the proper incentives through an objective criteria



