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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/18

SPONSOR Herrell LAST UPDATED _____ HM 113

SHORT TITLE Higher Education Facilities Assessment SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	\$5,000.0	\$650.0	\$5,650.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Memorial

House Memorial 113 directs the Higher Education Department (HED) to perform a study of the facilities and infrastructure needs of New Mexico’s 17 public post-secondary institutions (universities and branch community colleges, its seven independent community colleges and its four tribal post-secondary institutions, for the purpose of planning capital projects and establishing priorities among them, based on “the mission and financial capacity of each higher education institution”. A goal is identified: “to determine current and future maintenance cost savings and to reduce current cost[s]... from misuse or excess use of materials or funds.”

HED is asked to assess the current status of buildings on each campus, and the needs for repair or modernization of those facilities. HED would be asked to consult with representatives of the facilities assessment industry and other appropriate consultants. HED would then present its findings to the Legislative Finance Committee and other appropriate interim committees of the Legislature.

FISCAL IMPLICATIONS

The Higher Education Department would be asked to devote personnel time to this comprehensive assessment of campus needs. To some degree, the HED would probably have to depend upon the educational institutions to provide information for such a study; costs would accrue to both HED and the educational institutions, and a consultant firm might need to be hired

to perform the assessment of current condition.

HED states that “In Fiscal Year 2016, a Special Appropriation request was made by the NMHED for \$3.3 million to provide a Facility Condition Assessment of all public post-secondary institutions. The budget for this request included the following: Assessment of 24 million square feet at 32 public post-secondary institutions; Software and maintenance for four (4) years; Initial Training; and consultant fees.” The current cost of performing an evaluation of the sort envisioned in the memorial, HED estimates, would be

The memorial anticipates cost savings from having performed the study.

SIGNIFICANT ISSUES

The utility of the study would depend on the objectivity of those providing information to HED, as the scope of the investigation is very large; UNM-Albuquerque alone has 390 buildings, including some of its smaller buildings; the count of larger buildings at New Mexico State University in Las Cruces is 58. HED estimates that the state’s higher education institutions totals 24 million square feet in 2016.

A previous comprehensive assessment of the then-existing post-secondary buildings was done in 2006. HED notes the following regarding that assessment:

The 2006 general facility condition assessment was completed with a non-recurring appropriation to the HED. The information provided by the assessment was used to develop a Five – Ten Year Infrastructure Plan with Capital Project Recommendations for 2007 – 2008. The process however was not sustainable due to lack of continued funding.

In 2006, the HED, in collaboration with public post-secondary institutions, commissioned a general facility condition assessment of 100 percent building renewal and renovation (BRR) funded buildings totaling 17.3 million gross square feet at all state funded institutions. According to the assessment, which was conducted by Parsons, New Mexico’s higher education and special schools’ Facility Condition Index (FCI) was 35.13 percent, which represents the relative physical condition of facilities. An FCI greater than 10 percent was considered poor by national standards. The assessment consisted of the following tasks:

1. Coordinated the assessment process with the HED institution facility management staff
2. Reviewed existing facility drawings and records prior to data collection
3. Physically surveyed the facilities and infrastructure assets defined within the scope of the project
4. Coordinated the new Condition Management Estimating Technology (COMET) software and procedures within the NMHED
5. Facilitated assimilation of the assessment data collected during and after the facility condition assessment. Assisted in the development of an initial spending plan
6. Developed a FCI and Extended FCI for each building in the assessment to quantify the deficiencies in each building
7. Developed forecasts for the renewal of building systems through life-cycle analysis
8. Sorted and categorized combinations of deficiency
9. Created Cost Scenarios and preliminary funding analysis for long-range plan development

10. Installed COMET and assessment data on HED's server system
 11. Facilitated initial project planning and packaging
 12. Provided training to COMET users, which included HED management and institution facility management staff
 13. Provided written reports of facility condition (Facility Condition Audit)
- Funding for the 2006 general facility condition assessment was not recurring. Future funding was not appropriated for the maintenance and upkeep of the COMET database or for future facility condition assessments. As a result, each public post-secondary institution was responsible for adopting the COMET database or utilizing their own process for addressing deferred maintenance and prioritizing infrastructure needs.

PERFORMANCE IMPLICATIONS

HED states that “HM113 requests a needs assessment and capital process study of all public higher education facilities in the state. Without an appropriation the HED budget cannot support a facility assessment or the costs of sustaining the program.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HED states the following: “If HM113 were not enacted, the HED, through its Capital Outlay Committee made up of representatives from the NMHED, Legislative Finance Committee, Department of Finance and Administration Capital Outlay Bureau, and the Energy Minerals and Natural Resources Department, would continue to review and recommend projects based on the criteria outlined in 5.3.9 NMAC Capital Budgets – Planning and Funding Recommendations.”

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