

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES  
April 12, 2018  
STATE CAPITOL BUILDING, ROOM 321  
SANTA FE, NEW MEXICO**

**Members Present:** Mr. David Abbey, LFC                      Mr. Pat McMurray, RLD  
                         Mr. Raul Burciaga, LCS                      Mr. Joe Guillen , NMSBA  
                         Mr. Gilbert Peralta, PEC                      Mr. Antonio Ortiz, PED  
                         Ms. Nina Carranco, DFA                      Ms. Rachel Gudgel, LESC  
                         Ms. Sara Fitzgerald, Office of the Governor

1. **Call to Order** – Chair Abbey called the meeting to order at 8:30 A.M.
  - a. **Approval of Agenda** – Chair Abbey asked if there was any objection to the agenda as presented; as there was none the agenda was unanimously adopted.
  - b. **Approval of Minutes (March 15, 2018)** – Mr. Guillen moved for Council approval of the March 15, 2018 minutes subject to technical corrections. Mr. Peralta seconded and the motion was unanimously approved.
  - c. **Correspondence** – Mr. Chamblin noted there were two letters included in the meeting material; the first letter, from the Santo Domingo Tribe, resolves issues with the land lease and construction funding for the Santo Domingo ES/MS. The second letter, from Belen Consolidated Schools, includes their corrective action plan for numerous audit findings. Ms. Irion has reviewed the items with the district’s Director of Finance and though some issues will take time to be resolved, feels the plan is good.
2. **Public Comment** – Mr. Abbey had guests and staff introduce themselves. Ms. Carranco was named Chair of the AMS Subcommittee.
3. **PSCOC Financial Plan**

Ms. Irion reviewed the changes to the financial plan since the last meeting: awards were made for \$6.2M for Belen Rio Grande ES, \$1.5M for Bernalillo Santo Domingo ES/MS and BDCP Categories 1 and 2 for \$1.1M. Total awards since the last meeting were \$8.8M. There were no changes in the financial plan for any projects. The Instructional Materials/Transportation distribution amount, originally listed as \$10.0M was adjusted to \$7.0M in FY19 and out-years based upon legislative action. The additional \$3.0M has been added to the awards scenarios for each of the respective years. Based upon legislative action, two security bill appropriations are to be added to the financial plan. SB239 allocates up to \$10.0M for FY19-22 and HB306 appropriates \$6.0M to be used and expended within three years. The financial plan currently reflects the \$6.0M in FY19; the remaining \$10.0M will be added at Council direction based upon the security program PSFA is currently working on putting in to place. BDCP was updated to reflect the \$1.1M approved budget in FY19. The 2018-2019 awards scenario was decreased \$6.0M as a direct result

of the security appropriation for HB306. Ms. Irion stated amounts listed within the awards scenarios would be split for the standards-based and systems-based programs awards; amounts for standards would be allocated 10% for design in FY19 and the remaining 90% would be allocated in out years at 70% in FY20 and 30% in FY21. Estimated uncommitted balances are \$21.4M in FY18 and flat in FY19-22. Following a draw request of \$8.7M for March expenditures, the PSCOC Fund balance is \$211,404,373.

Recalling a discussion with Board of Finance regarding the \$5.0M pre-k allocation, Ms. Irion stated when an appropriation takes place the Board of Finance allocates the dollars and in this case the allocation should have gone to PED. Due to the reauthorization, the funds remain within the PSCOC Fund and will be processed through the fund; Council will review re-certifications next month.

Discussion continued regarding the security funds with Ms. Carranco commenting though the financial plan currently reflects the \$6.0M in FY19, she felt amounts should also be reflected in FY20-22 as up to \$10.0M can be used in those years; Mr. Abbey agreed amounts should be listed in the out-years. Regarding pre-k, Mr. Abbey requested that PSFA work with the Task Force and survey schools regarding the need to fund expansion of classrooms. Ms. Gudgel stated LESC could help with information. Staff to work on a plan and bring to the May AMS Subcommittee.

#### **4. 2018-2019 Awards Cycle**

##### **a. 2018-2019 Final wNMCI Ranking**

Mr. Aguilar drew Member attention to the handout and noted the inclusion of the building FCI in association with each campus wNMCI. Definitions for FCI and wNMCI were also added. Mr. Aguilar noted the state-wide average wNMCI was 23.78% and stated portables were not included on the report. Mr. Chamblin added that district FMAR scores were included as were FMAR scores per campus. Per Mr. Chamblin, districts within the top 25 were contacted and asked about their likely participation; the results were reflected on the handout. Ms. Carranco sought confirmation that the engineer's reports for Central Newcomb HS and Santa Rosa HS were entered into the FAD and new ranks were generated; Mr. Aguilar replied in the affirmative.

**MOTION:** Council approval of the AMS Subcommittee recommendation to release the Final wNMCI Rankings for the 2018-2019 award cycle based on criteria and weights previously adopted by Council. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

##### **b. 2018-2019 Application Announcement & Preliminary Funding Pool**

The application announcement was reviewed in detail with special attention given to the eligibility requirements for both large and small projects. Ms. Cano reviewed the handouts and discussion occurred over instances when Council approved awards for districts that fell under the 60% wNMCI threshold. Recalling a conversation with a school district representative, Ms. Carranco stated it appeared though the district was in need of a systems-based award, they did not want to lower their wNMCI and wanted the opportunity to come forward with a standards-based application in the future. Ms. Carranco acknowledged that the handout clearly showed

there was opportunity to work with the district and help them determine if a new school was needed or if they should come forth with a systems-based application.

Extensive discussion ensued on the eligibility requirements. Mr. Abbey inquired if a building could be considered a system; Ms. Cano replied it would be up to Council to determine and Ms. Gudgel read aloud the statute defining a building system. Mr. Chamblin spoke of a two stage filtering for participation in the systems-based program; the first filter would be to invite participation per the ranked list then, based on funding, the second filter would be set by the building FCI. Regardless on how the campus is ranked per the wNMCI, the award would be based on the building level FCI. Ms. Gudgel saw value in casting a wider net and reiterated the need to be very explicit within the letter that though an application has been submitted, the district may not be awarded and that there would be a second round of analysis. Ms. Carranco felt schools didn't fully understand the systems-based program and felt staff could assist them throughout the application process. Mr. Chamblin reiterated if the initial pre-application pool was limited to the top 100 or 200, there was a risk of not getting much participation for small projects as those schools will continue to wait whereas, under the two filters we can ensure money is spent on buildings in need and not to those still in good shape. Mr. Guillen stressed the importance of having high application numbers as many legislators feel the demand is not there for the available funds. Referring to the pre-application letter, Mr. Abbey suggested adding a sentence stating "*the following thresholds were set to provide an opportunity for applications and that funding decisions are limited by available funding.*" Ms. Gudgel expressed concern with the awards timeline and reminded members previous awards were made months earlier. Ms. Cano reminded staff that in August 2017 Council made changes to the timeline which included adopting the final ranking and using it as the basis for awards consideration going forward as well as doing pre-applications, site-visits and full applications. Mr. Abbey agreed with Ms. Gudgel and suggested that the pre-application submittal deadline be extended an additional two weeks and that the proposed schedule be reduced two months with awards done in September. The pre-application letter will be updated and sent to Mr. Guillen for approval prior to the April 16<sup>th</sup> release. A new timeline will be presented to Council in May.

**MOTION:** Release the 2018-2019 application announcement and timeline with a preliminary funding pool of the 2018-2019 Final wNMCI Ranking as follows: for large projects (standards-based), facilities with a weighted NMCI score of 60% or greater; for small projects, (systems-based) facilities within the top XX. Based on the number of pre-applications received by the April 27, 2018 due date, a final funding pool will be established that will be used to determine eligibility to complete the full application and be considered for an award.

**AMENDED MOTION:** Mr. Abbey moved for Council approval to release the 2018-2019 application announcement and timeline with a preliminary funding pool of the 2018-2019 Final wNMCI Ranking as follows: for large projects (standards-based), facilities within the Top 75; for small projects, (systems-based) facilities within the Top 300. The application announcement shall include additional language indicating that although districts may apply, they may not be funded; final approval of the application announcement with this language is delegated to the Chair of the Awards Subcommittee. Mr. Guillen seconded and the motion was unanimously approved.

Ms. Gudgel moved for Council approval to set the minimum FCI score for systems-based applications awards at 40%. Mr. McMurray seconded and the motion was unanimously approved.

**c. PSCOC Work Plan/Timeline** *(informational)*

Due to schedule conflicts, the May PSCOC meeting will be changed to May 8<sup>th</sup>. The work plan/timeline will also be updated to reflect the accelerated awards cycle.

**5. Other Business**

**a. Broadband Deficiencies Correction Program – 2018 Category 2 (Equipment) Budget Estimates** *(informational)*

The meeting material includes a list of 64 potential projects and accounts for approximately \$13.0M in equipment upgrades based on applications to the E-rate program. This is an increase compared to previous years and affects approximately 446 schools. Requests for budgets will be submitted to Council in the coming months, with final award requests presented once E-rate funding letters are received.

**b. Offsite Utilities and Infrastructure Expenses**

Mr. Guillen noted occasionally a district may need additional consideration for extraordinary situations and can submit for a waiver if there is something outside of the boundary where it would be cost effective for Council to consider. Ms. Carranco recalled that discussion during the AMS Subcommittee indicated additional language was not needed in the MOU as Council already has that option.

**MOTION:** Council approval of the AMS Subcommittee recommendation to revise the language in the MOU for project awards to read: All awards are exclusive of land acquisition costs and ~~offsite~~ **any** utilities and infrastructure expenses **outside the surveyed property boundary**, which are the ~~total~~ **sole** responsibility of the District and community and will not apply to the District’s matching fund requirement. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**c. Procedures for Disposition of Capital Assets**

Ms. Irion reviewed the proposed adjustments to the current Manual of Accounting Procedures to accommodate the disposition of assets. Additional edits were proposed and Ms. Irion acknowledged they would be made prior to the document being made final. Ms. Gudgel stated that the disposition of portables, regardless of value, should come before the full Council and not be at the sole discretion of the AMS Subcommittee; members agreed.

**MOTION:** Council approval of the AMS Subcommittee recommendation to adopt the Public School Facilities Authority Disposition of Capital Assets policy and procedures. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**d. School Security Discussion** *(informational)*

Copies of the draft security workshop presentation were handed out. Mr. Chamblin requested direction from Council on what staff should discuss during the state-wide security workshops

in terms of a program schedule, funding and participation. Mr. Guillen stated school safety was one of the top discussion topics during the recent regional school board meetings. Per Mr. Chamblin, it is anticipated the workshops will be well attended in each region by district staff, school board members, superintendents, and teachers. Discussion panels will consist of PSFA staff as well as representatives from PED, POMS, state police, local law enforcement, SROs, etc.; a survey will be circulated at each workshop to get direct input on specific topics. Mr. Abbey questioned if changes would be made to the adequacy standards; Mr. Chamblin replied that the adequacy standards would be updated as part of a separate scope of work beginning next month and would need to include security as it is not clearly defined. Mr. Abbey stressed that districts should be made aware that a process is being developed and will be presented in the future. Discussion continued on the funded versus non-funded program list with Mr. Guillen seeking clarification on how it was determined where items were placed on the list; per Mr. Chamblin, items listed as non-funded are what Council has not participated in and acknowledged that the list could be changed if Council were to decide to participate. Ms. Gudgel felt it was important that facts be shared with the districts however, as the process is still in development information should be outlined in broad terms until Council has made a decision on what they will do. Mr. Burciaga reiterated staff should be cautious about what information is being publicly discussed and shared regarding school security. Ms. Carranco felt it would be beneficial to list the two pieces of legislation and what they entail. Mr. Guillen advised against entering into agreements with vendors at this point as there would be no reimbursements given. Mr. Abbey suggested the security timeline and awards cycle timeline be dovetailed and challenged staff to present a scenario for fine-tuning at both Subcommittees in May.

## **6. Informational**

### **a. Broadband Deficiencies Correction Program Status Report**

Per Mr. Viorica, there are approximately 87 projects funded and it is anticipated there will be 60-70 new projects this year. Mr. Abbey requested that staff think about how infrastructure being done for schools relates to infrastructure that rural communities want, i.e.: how are they funded and coordinated. Mr. Viorica stated DoIT, PED, Education Superhighway and PSFA are already working on the coordination however, though there is currently an MOU in place supporting the combined effort, Mr. Viorica felt because of resource limitations most of the progress was made with the schools' broadband infrastructure upgrades as the matching funds were in place and acknowledged that Council has been very supportive of these projects.

### **b. PSCOC Project Status Report**

Mr. Abbey drew attention to the projects that are not making any progress. Ms. Gudgel suggested as Council begins deliberating the next round of awards, guidelines should be discussed and if progress isn't being made, projects should be unawarded and districts should be made to come back to Council for funding.

### **c. Master Plan Project Status Report**

No significant changes.

**d. Lease Assistance Status Report**

No significant changes.

**e. Maintenance Program Status Report**

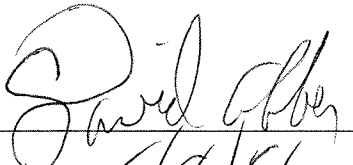
Mr. Tillotson stated progress continues to be seen in the 2017 FMAR performance and continued progress is anticipated in 2018. Mr. Burciaga questioned why scores were getting better; Mr. Tillotson replied that a 60-day response process was implemented in May 2017 which gives districts the opportunity to improve their performance by looking at the FMAR details.

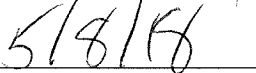
**f. FY18 Budget Projections and Personnel Update**

Projected reversions are \$431,000. Regarding the operating budget, there is a reduction of six FTEs and since those positions were not filled, the salary category will project a lower dollar amount for the FY19 budget. Ms. Irion stated the fund would be able to accommodate the compensation increase; and the dollar amount would be included in next year's budget. Performance evaluations are ongoing as the Agency transitioned from a fiscal year to anniversary date basis. Mr. Abbey stressed that evaluations would need to be completed by the end of the fiscal year and inquired as to the plan for the increase; Ms. Irion replied it would be across the board to which Mr. Abbey urged that a plan be determined and presented to the AMS Subcommittee on how it will be implemented. Ms. Gudgel requested an update on the Deputy Director position; Mr. Chamblin replied that interviews have been completed and a final decision between the top two candidates will be made soon.

7. **Next PSCOC Meeting** – Due to schedule conflicts, the meeting will be rescheduled to May 8, 2018.

8. **Adjourn** - There being no further business to come before the Council, Ms. Gudgel moved to adjourn the meeting. Mr. Burciaga seconded and the motion passed unanimously. Meeting adjourned at 11:05 A.M.

  
\_\_\_\_\_  
Chair

  
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Date