

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES**

**June 14, 2018**

**STATE CAPITOL BUILDING, ROOM 317**

**SANTA FE, NEW MEXICO**

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

1. **Call to Order** – Chair Abbey called the meeting to order at 8:34 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 (May 8, 2018 & May 22, 2018)** – Mr. Burciaga moved for Council approval of the May 8, 2018 and May 22, 2018 minutes subject to technical corrections. Ms. Carranco seconded and the motion passed unanimously.
  - c. **Correspondence** – None.
2. **Public Comment** – Mr. Abbey had guests and staff introduce themselves. Mr. Porter Cutrell, Superintendent of Cloudcroft Municipal Schools provided a 30-day update on the Cloudcroft HS masonry project. The district is moving forward with the project and await documents from the contractor; the construction meeting has been set and purchase orders are in place. The project schedule allows for interior work to be conducted over the summer and exterior work to follow. The low bid was \$780,000 and the contract is being finalized.
3. **PSCOC Financial Plan**
  - a. **PSCOC Financial Plan**

Ms. Irion drew attention to the two financial plans included in the meeting material and acknowledged they were being presented following discussion in both Subcommittees regarding listing and identifying the amount shown from the projected bond proceeds. The amount stated for the June sale increased by approximately \$40.0M. The January SSTB Notes amount was listed closer to \$33.0M and July SSTB Notes amount increased by \$1.0M. Mr. Guillen recalled another issue brought up during the Awards Subcommittee was the point in time when money is moved from uncommitted balances to fully fund all applications received. Ms. Irion confirmed there were adjustments for the revenue projections as there was an increase in FY19 of approximately \$42.0M (30%). However, when looking at the FY19-22 revenue projections the total increase is anticipated at \$79.0M (11.5%). Also included within the financial plan, SSTB Notes projections were adjusted for each of the dollar amounts. Project reversions reflect the West Las Vegas School District repayment of \$481,547 for their gymnasium. Ms. Irion reminded members project closeouts are currently in progress and the

amount would be adjusted at year end following journal entries to recognize the due to/due from amounts. The Capital Improvements Act (SB9) reversion to the fund of \$612,994 was based upon the FY18 SB9 PED Allocation amount; instead of \$18.4M it has been adjusted to \$17.8M. The PSFA Operating Budget was updated; in FY19 is was approved at \$5.1M and amounts have been forecasted flat through FY22. The FY19-22 awards cycles increased following adjustments to revenue, repayments, savings from Clovis Highland and application changes replacing Gallup Central Alternative HS with higher ranked Tohatchi HS resulting in a \$2.9M savings. Following these adjustments, estimated uncommitted balances are \$42.6M for FY18; \$91.7M for FY19 and \$42.7M in FY20-22. Ms. Irion stated if the uncommitted balance within the awards was included the FY19 uncommitted balance would then be \$49.6M. The PSCOC Fund Balance reflects the May expenditures draw of \$7,083,463. The projected fund balance is \$197,172,371 and will be adjusted following the June bond sale.

Mr. Abbey felt this issue did not need immediate resolve and assigned it to the Awards Subcommittee for consideration as well as discussion with the AMS Subcommittee. A recommendation from the Awards Subcommittee shall be brought back to the Council and include input by the AMS Subcommittee. Ms. Carranco agreed with Mr. Abbey’s suggestion and added that discussion during the Task Force meeting included questions as to why the Security and Broadband amounts were listed on the financial plan the way they were. Emergency Reserve for Contingencies was another area Ms. Carranco felt could be better determined in the out-years. Mr. Guillen commented that the Task Force was looking at how to consolidate the programs into the over-all systems program and not have so many separate applications; since the roof program has been moved to the systems program, there is no reason why security cannot be moved as well.

**b. Certification of SSTBs**

The anticipated FY18 spring certification amount is \$119,146,889. The anticipated capacity estimate is \$106,800,000 which results in an over certification of \$12,346,889. Ms. Irion highlighted that individual line items were identified within the certification worksheet. Mr. Abbey commented that \$7.0M was reflected in FY20-22 for instructional materials and suggested the Awards Subcommittee consider reviewing this.

**MOTION:** Council approval of the Awards Subcommittee recommendation to adopt the Certification and Resolution to sell SSTBs subject to review by AMS Chair Carranco and Chair Abbey verifying the amounts. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**4. 2017-2018 Awards Cycle**

**a. 2017-2018 Pre-Kindergarten Capital Awards**

Ms. Cano drew member attention to the handouts which included five options for consideration; Mr. Guillen acknowledged three funding scenarios had been reviewed during the Awards Subcommittee and a recommendation had been made in support of Option 3. Mr. Abbey questioned whether the amount for Barranca Mesa ES would change if they received a standards-based award; Ms. Cano replied in the affirmative noting they were applying for 3&4 year old DDs that could be accommodated under a standard-based award if one was received. Mr. Abbey clarified they would need zero dollars from the pre-k program; Ms. Cano replied

in the affirmative. Mr. Abbey inquired as to Barranca's ranking, Mr. Chamblin replied they were ranked number 11.

Mr. Abbey suggested considering Option 1 which essentially funds everything, doing pre-k at Thoreau ES since it has already been awarded and reducing the award for Barranca ES by \$336,872 which would still give them approximately \$300,000 to start their project. Following a request for comment from the Los Alamos representative, Mr. Herb McLean, Coordinator of Bond and Construction, agreed it made more sense to fund the project through the standards-based program. Ms. Gudgel sought clarification on the request for three classrooms when half day morning and afternoon sessions meant only 2 classrooms should be needed. Mr. McLean replied he would look in to it.

Ms. Fitzgerald noted members came close to denying four projects recognized to have merit and questioned what the procedure was when applications come in; how districts are counseled that another program may be a better fit. Ms. Cano replied it was part of the prioritization process and discussions occur with the district during site visits. Per Ms. Cano it was also made known there were more applications received than there were available funds and things may or may not be funded.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make 2017-2018 pre-kindergarten capital funding awards to the districts set out in the Option 3 award spreadsheet for the purposes and in the amounts specified under column N, including any special conditions contained in the award language for each school (see attached). For line items 1-10, each allocation is intended to fully complete the project, phase, or specified purpose. For line items 11-14, each allocation is intended to complete planning and design; the district must commit to completing the full project including construction and funding the remaining balance at their sole cost. Awarded funds must be expended by June 30, 2021.

**AMENDED MOTION:** Mr. Abbey moved for Council approval to make 2017-2018 pre-kindergarten capital funding awards to the districts in lines 1-14 set out in the Option 1 award spreadsheet for the purposes and in the amounts specified under column N, including any special conditions contained in the award language for each school, with the exception to reduce the Los Alamos Barranca Mesa ES award by \$336,872 and include verbiage within their project description that "this award amount shall be coordinated with a potential standards-based award to be made in August." Mr. Guillen seconded and the motion was unanimously approved.

Following approval of the motion, Mr. Abbey asked if there was any comment from the districts in attendance; Mr. Rafael Gallegos with Gadsden Independent School District thanked Council for the opportunity to make the awards.

Ms. Carranco suggested that information on other applications received by PSFA would be useful especially when looking at systems and security awards as there was some overlap and suggested adding a column to the spreadsheet; Mr. Chamblin agreed it could be done.

**5. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**

**a. Clovis – P16-001 – Highland ES – Construction Funding**

Through prudent planning and careful monitoring of construction costs, the state has worked closely with the district to ensure the amount was within the project budget awarded by the Council. Bid tabulations resulted in a savings to the state share in the amount of \$783,511. The district intends to utilize the existing Parkview ES as swing space during construction of Highland ES. Though the city had intended to take ownership of the old Parkview ES facility upon completion of Highland ES that is no longer their intention. As there is funding available the district may return to Council and request an award language change to include demolition of the Parkview facility. Regarding maintenance, Mr. Tillotson stated the district sets the bar and is well above every performance metric adding their FMAR is the first in the state to drive a 90<sup>th</sup> percentile average. Mr. McMurray asked the district to speak on how they came in \$700,000 under budget; Mr. John King replied they worked through the design process with the architects, extensive design reviews were performed at each submittal phase and design elements were kept simple. Ms. Carrie Bunce thanked Council for all they have done for Clovis.

**MOTION:** Council approval of the Awards Subcommittee recommendation to amend the 2015-2016 standards-based award to the Clovis Municipal Schools for Highland ES to include construction to adequacy for 320 students, grades K-5, with an increase in the state share amount of \$10,148,633 (76%), and a corresponding increase in the local share amount of \$3,201,831 (24%). As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**b. Broadband Deficiencies Correction Program – 2018 Category 2 (Equipment) Budgetary Awards**

Mr. Govea stated there are 29 projects affecting approximately 340 sites across the state and \$9.0M of E-rate funds have been leveraged. Mr. Guillen stated the Task Force was surprised more funds weren't being spent and were also surprised by how much E-rate funding was being generated.

**MOTION:** Council approval of the Award Subcommittee recommendation to make Broadband Deficiencies correction Program (BDCP) Category 2 budgetary awards of E-rate project amounts to provide the state match to 29 districts/schools, for a total of \$1,366,053, as listed in column G of the award spreadsheets on page 2 of this agenda item, for the purposes and up to the amounts specified. Actual award requests will be based on Funding Commitment Decision Letter (FCDL) amounts and will be presented to the Council for final approval. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**6. Other Business**

**a. School Security Project Initiative – Amendment to Eligible Security Systems**

Per Mr. Chamblin, the first two items of the proposed motion were clarification changes while the third was a potential new item. Staff suggests the ID scanner be subjected to the same potential limits on the amount of money available per each item. Mr. Chamblin stressed that

participation limits would be for the hardware only and software costs associated to make it operational would be the responsibility of the district.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make amendments and clarifications to the school security system application as follows:

- Line 7 – Add “intercom and/or multi-hazard alarm system”
- Line 10 – Change to “exterior door access control system”
- New line item #27 – “school visitor ID scanner or other access control system\*”.

As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

**b. Draft FY20 PSFA Appropriation Request (*informational*)**

PSFA is requesting the budget remain flat from the FY19 request of \$5,171,800 consisting of 49 perm FTEs and 1 temp FTE for a total of 50 FTEs. Included is the FTE reclassification of the BDCP positions as SB64 removed the sunset provision of the program. The budget currently includes 3 term FTEs which would be reclassified to permanent and has no financial impact to personal services or benefits. PSFA expects to maintain a 4.1% vacancy savings rate which is comprised of 2 FTEs. Mr. Abbey requested that the AMS Subcommittee think about compensation and retention when working on the budget.

**c. Exemplary Maintenance Policy**

Mr. Tillotson reviewed the executive summary and handouts provided while stressing the widespread implementation of the FMAR products and its reliability to measure maintenance performance. Recalling to a question posed during a previous meeting on whether it was possible to obtain a high FMAR rating on an older facility Mr. Tillotson acknowledged that schools could perform to a high level even with older facilities and referenced Clovis and Tucumcari, both of which have a 90<sup>th</sup> percentile district average.

Mr. Abbey sought clarification on the proposed policy change; Mr. Tillotson replied the proposal was to adopt the exemplary maintenance criteria. Ms. Carranco reminded members a district had brought up the 5% reduction during a prior Council meeting and it was being presented so a policy could be established for the next awards cycle. The AMS Subcommittee had discussed the item and recommended that schools with a district FMAR average over 90.1% would be looked at; performance criteria was also established during the Subcommittee meeting. Ms. Gudgel asked if analysis had been done on what potential awards could look like under the policy; Mr. Tillotson replied scenarios had not been run as there were no districts eligible under this cycle. Ms. Gudgel stated she would like to see a timeline added to the requirements in order to see a consistent commitment to good maintenance; Mr. Tillotson agreed and reiterated the new FMAR cycle began May 2017 as a brand new platform with new review criteria ensuring districts are treated equally and are not compared under different sets of criteria. Mr. Guillen felt a cap should be considered on the amount; Mr. Abbey agreed and suggested the AMS Subcommittee consider adding verbiage to the percentages stating “up to a maximum of \$100,000.” Mr. Abbey asked for comment from Clovis as they were already above 90%; Ms. Bunce stated the district began working towards improving their maintenance plan four years prior and reiterated getting to 90% was not done overnight.

Ms. Carranco stated she would like input from the Awards Subcommittee regarding caps and amounts, time frames, the FMAR score review, recognition of an exemplary gain along with identifying criteria, as well as feedback from AMS Subcommittee members on which option they preferred. Mr. Guillen preferred a modified option 2 with simpler percentages ranging from 90%-95% and 95%-100%; Mr. Abbey agreed. Ms. Gudgel if good maintenance is being incentivized it should be on construction projects not security and acknowledged she preferred option 1 where a district with a higher FMAR rating is rewarded higher than a district with a lower rating as it sets the expectation they should be in the higher rating as opposed to receiving the same potential award reduction with a lower score. Ms. Fitzgerald would like to see additional information on what it takes to get a higher score; specifically what steps Clovis took to get their high score. Mr. Chamblin stated the intent of the potential motion is to make this more known and noted this would require annual review and renewal prior to pre-applications going out.

**MOTION:** Council approval of the Awards Subcommittee recommendation to adopt the Exemplary Preventive Maintenance Program criteria applicable to the 2018-2019 capital outlay award cycle. School districts meeting the following performance criteria may be eligible for up to five percent (5%) reduction in its local match on a capital outlay award.

And,

Adoption of the Exemplary Maintenance “up to 5% reduction in local match” performance criteria:

FMAR district average performance rating of > 90.1% (Outstanding) which is inclusive of the following performance criteria,

- Preventive Maintenance Plan is current;
- Use of all 3 FIMS modules to a level 2.0 performance level or greater;
- More than ten (10) types of equipment being maintained within the preventive maintenance program;
- Preventive maintenance work order completion rate of 90% or greater;
- Transaction rate of above 100%;
- Energy Management Program implemented; and
- Meaningful Maintenance Metrics (M<sup>3</sup>) or other data driven report implemented and shared with district leadership up to the School Board level.

And, to include either of the following performance criteria options:

**Option 1:**

<b>FMAR District Average Performance Rating</b>	<b>% Reduction in Local Match</b>
90-92% Outstanding	1% Reduction in Local Match
92.1-94% Outstanding	2% Reduction in Local Match
94.1-96% Outstanding	3% Reduction in Local Match
96.1-98% Outstanding	4% Reduction in Local Match
98.1%-100% Outstanding	5% Reduction in Local Match

**Option 2:**

<b>FMAR District Average Performance Rating</b>	<b>% Reduction in Local Match</b>
90-92% Outstanding	2% Reduction in Local Match
92.1-100% Outstanding	5% Reduction in Local Match

No action was taken on this item.

**8. Informational**

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

2016 equipment projects should be closed by December and includes both Category 1 and 2; some are complex projects while others have been put on hold by the districts. FY17 E-rate projects are moving forward and are under construction or in development. FY18 projects are in the funding stage. BDCP is projecting to have 80-100 projects ongoing on a yearly basis. Mr. Abbey inquired about the Jemez broadband project that had a June 30<sup>th</sup> deadline; Mr. Govea replied the permitting issue has been resolved.

**b. PSCOC Project Status Report**

There are 14 projects in project development, 7 projects are in design and 15 projects are in construction. Mr. Abbey suggested that the Awards Subcommittee may want to look at projects not making progress.

**c. Master Plan Project Status Report**

The Cariños Charter School Governing Board resolution to close the school was accepted by the PEC. PSFA recommends rescinding their FMP award. The award amount was \$14,805; the committed amount is \$9,149.64 and the current remaining balance is \$5,655.36. Following discussion, Ms. Gudgel stated there needs to be an expectation put in place that if the FMP is completed and not used the district would owe the Council money and felt staff should try to get the \$9,149.64 refunded. It also needs to be determined when the funds were expended as there is a problem if the charter school knew they were facing closure and continued to spend state dollars. Ms. Casias stated she would research the dates and report back to the Awards Subcommittee.

**d. Lease Assistance Status Report**

FY19 lease assistance applications were received on June 8<sup>th</sup> and are under review. There are approximately 100 applications; some of which are from new charter schools. A meeting has been scheduled for June 26<sup>th</sup> to review with staff from LESC, LFC as well as some members from both Subcommittees.

**e. Maintenance Program Status Report**

No significant changes.

**f. FY18 & FY19 Budget Projections and Personnel Update**

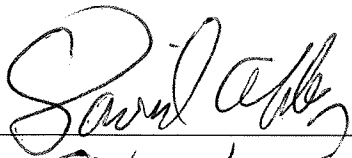
No significant changes.

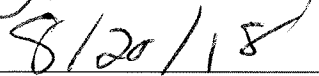
**8. Next PSCOC Meeting – Proposed for July 27, 2018.**

Mr. Abbey asked if staff was working on a pre-K survey; Ms. Casias replied staff has received information from LESC and PED and the database has been looked at regarding what is/is not available however a survey has not been sent out to the schools. Ms. Casias stressed that a report would be provided at the next PSCOC meeting reflecting pre-K needs based on the current and projected number of students, available space and an estimated dollar amount. Mr. Abbey asked if the information had been shared with the districts, Ms. Casias replied in the negative but noted it would be.

Due to several conflicts with the proposed July 27<sup>th</sup> meeting Mr. Abbey Mr. Abbey proposed having meetings on August 20<sup>th</sup> and 21<sup>st</sup>.

**9. Adjourn** - There being no further business to come before the Council, Ms. Gudgel moved to adjourn the meeting. Ms. Carranco seconded and the motion passed unanimously. Meeting adjourned at 11:09A.M.

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Date