

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
November 9, 2017
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Ms. Jessica Kelly, Office of the Governor
Mr. Pat McMurray, CID Mr. Antonio Ortiz, PED (arrived at 8:26)
Mr. Joe Guillen, NMSBA Mr. Gilbert Peralta, PEC
Ms. Stephanie Clarke, DFA Ms. Rachel Gudgel, LESC
Mr. Raul Burciaga, LCS

1. **Call to Order**—Chair Abbey called the meeting to order at 8:06 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 (October 12, 2017)** – Mr. Guillen moved for Council approval of the October 12, 2017 minutes subject to technical corrections. Mr. Peralta seconded and the motion passed unanimously with Mr. Ortiz not in attendance.
 - c. **Correspondence** — None.
2. **Public Comment**— Chair Abbey acknowledged Ms. Clarke’s last day and thanked her for her work on the Council; specifically bonding issues. Ms. Clarke will be the new Finance Director for Santa Fe County. Mr. Abbey then had staff and guests introduce themselves.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

Ms. Irion reviewed the changes to the financial plan since the last meeting: awards totaling \$384,625 were made for the following: Des Moines Combined School Emergency for \$125,000; the Santa Rosa Anton Chico Emergency for \$150,000 and BDCP for Category 2 E-rate Request and Category 2 Equipment of \$2,051 and \$107,574 respectively. Ms. Irion also noted the reversions/reallocations and rescind of award totaled \$2,694,072 and was due to the reversion/reallocation of the FY15 and FY16 appropriations for BDCP for \$2,624,072 and the rescind award for Reserve Glenwood ES of \$70,000. Advance Repayments were reduced \$25,000 from \$150,000 to \$125,000 for Des Moines Combined School based upon the awarded emergency application amount. Raton Municipal Schools repaid \$159,672 of their advance and has one payment remaining for \$79,836 due by June 30, 2018. Communication was received from the Maxwell School District stating the \$15,000 Emergency Advance from Council was not needed as PEDs Emergency Funding was sufficient to cover repair costs and this amount was reduced from the advance amount. Master Plan Assistance awards was increased \$100,000 based upon applications received. The amount was offset towards the FY18 awards and no contingency reserve was used. BDCP reflects \$7.0M in FY19 and may require an adjustment in January 2018 once an estimate is derived from the applications that

are received. Awards are anticipated in April or May 2018. This amount may decrease \$3.5-\$4.0M depending on applications. The PED Pre-K program appropriation is to be expended by the end of FY20, therefore, the appropriation has been split between two fiscal years: FY18 will recognize \$2.0M and FY19 will recognize \$3.0M. As there is a savings under the BDCP, a recertification can occur from previous bonds for the \$2.0M and the current SSTB certification has the \$3.0M included. The FY19 PSFA Operating Budget, originally listed at \$5.0M, was submitted \$5.1M and the financial plan has been adjusted to reflect the \$100,000 increase. Adjustments made to the Awards Scenarios include: 2017-2018 Awards increased \$25,000 for Systems Initiatives and decreased \$100,000 for FMPs and \$2.0M for NM Pre-K. 2018-2019 Awards decreased \$2.0M as a result of the NM Pre-K appropriation shift. 2019-2020 Awards increased \$5.0M as a result of the NM Pre-K appropriation. Estimated Uncommitted Balances are \$45.5M for FY18; \$500K for FY19; \$400K for FY20-21 and \$300K for FY22. The PSCOC Fund balance is estimated at \$251,644,919 following a draw request for \$9.2M submitted on November 6, 2017.

Discussion turned to the Pre-K appropriation with Mr. Abbey inquiring as to the process involved in getting the funds out this year. Ms. Irion replied there was currently available funding capacity with previous bonds which can be reallocated. If PED has need for those funds, a recertification for \$2.0M would be brought to Council for approval prior to being disbursed. Ms. Gudgel stated the Council has to authorize the funds for PED which has not yet been done, and is reflected in the financial plan. Mr. Abbey requested this item be brought to the December Council meeting; PED will discuss their process to get the money dispersed.

b. Certification of SSTBs

The December sale is anticipated at \$55.4M; projected needs approximate \$56.8M. Projects within the certification include: Capitan ES/HS for \$1.0M; NMSBVI Sacramento Dormitory for \$2.1M; Gallup Thoreau ES for \$13.6M; NMSBVI Garret Dormitory for \$742K and FY18 Systems and Standards awards for \$11.3M. Also included is the Instructional Materials and Transportation Funds distribution for \$25.0M as well as the \$3.0M for PED NM Pre-K. Ms. Irion made note that Systems and Standards-Based awards, originally anticipated at \$15.7M in the financial plan, is closer to \$13.8M and results in a decrease of nearly \$2.0M. Since \$2.5M had already been certified in a previous bond only \$11.3M remains to be certified for the Systems awards. Ms. Gudgel inquired as to why \$3.0M for Pre-K was being certified now since it was budgeted in FY19. Ms. Irion replied the certification is based upon the needs within the current 2018 Q1, Q2 and Q3 quarters.

Ms. Clarke inquired as to the urgency in certifying the \$25.0M for Instructional Materials and Transportation now versus in June. Ms. Irion replied the certification could occur in June and noted there would be a slight timing issue since proceeds would be recognized in July and the adjustment would need to be made within the financial plan. Mr. Ortiz stated the transportation funding goes out in monthly allotments and did not believe it could wait until June. Discussion continued regarding the timing of disbursements; Mr. Abbey requested that Mr. Ortiz work with DFA.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt Certification and Resolution to sell SSTBs subject to review by Deputy Secretary Clarke and Chair Abbey verifying the amounts.

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

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

a. NMSBVI – P14-021 – Recreation/Ditzler Auditorium – Award Language Change

The district is seeking to withdraw the demolition of the Bert Reeves Learning Center from the award language in order to utilize the facility as storage. The district is also requesting the demolition cost, estimated at \$199,700 be returned to the project contingency. The district will take full ownership for all upkeep and repairs to the building. PSFA supports the district's request and recommends that the general contractor validate the actual amount to be reallocated as a measure to ensure completion of the existing scope of work as approximately 2-3 months remain on the project. Ms. Patricia Beecher, Superintendent, reiterated the district would like to retain the funds as a cushion to ensure the project will be completed as there have been some unforeseen conditions arise with the building. Mr. Abbey noted the original project budget would have included a contingency to which Mr. Avila stated it was nearly exhausted.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the NM School for the Blind and Visually Impaired to allow the district to retain existing IRC building (Bert Reeves Learning Center – 11,367sf) in lieu of required demolition. The district will keep the facilities for non-educational uses and will not seek future funding from the PSCOC for this facility. The amount budgeted for demolition shall be reverted to the Public School Capital Outlay Fund for reallocation by the Council. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

b. NMSBVI – P14-021 Recreation/Ditzler Auditorium – Appeal for Additional Furniture Fixtures & Equipment (FF&E) to Adequacy

The district is appealing PSFAs determination of FF&E to adequacy. NMSBVI is requesting 80 additional chairs, and 2 each leather sectionals, chairs and ottomans for a total additional participation of \$21,975. Based upon the number of students, and in accordance with FF&E Guidelines, PSFA assessed the district's furniture submission for the recreation center and determined 143 chairs to adequacy. The district does not feel this is sufficient for the auditoriums range of uses. NMSBVI also believes the sectionals, chairs and ottomans are vital to the social interaction and continued learning for the blind and visually impaired students due to the residential aspect and expanded core curriculum. PSFA has not participated in these items in traditional or special schools and considers the furnishings as above adequacy. PSFA also requested the AMS Subcommittee review and provide feedback regarding participation as this may be a measure of setting precedence.

Ms. Beecher reiterated the auditorium is used for multiple student and family related functions and is also utilized for state-wide trainings for parents and educators of students who are blind and visually impaired. Ms. Beecher acknowledged while the core curriculum is taught, the school is also obligated to teach an expanded core which consists of different areas that need to be specifically taught to students with visual impairments such as social skills, technology, recreation/leisure, career readiness, and orientation mobility. The recreation area and auditorium are places in which those skills can be taught and the furniture helps students negotiate social exchanges. Per Ms. Kelly, the AMS Subcommittee agreed with PSFAs determination of adequacy as well as the suggested furniture options for the recreation area.

MOTION: Council approval of the AMS Subcommittee recommendation to deny the appeal from the NM School for the Blind and Visually Impaired, and uphold the PSFA determination of the appealed FF&E items as above adequacy. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

c. NMSD – P15-011 – Delgado Hall – Rescind Award

Originally awarded in July 2014, the Delgado Hall project was to renovate support space as well as demolish the attached annex. Although support spaces are traditionally 100% local match, the Council did award a 50% waiver in design funding with a state share of \$133,175. At the time of the award, the district was instructed to seek funding for 100% of the cost of construction. The current award is for \$266,350 with a committed amount of \$197,430. Although out-year construction funding has been reduced to zero in the financial plan, the request to rescind the balance of the design award was delayed in order to complete an accounting of design phase expenditures. Staff recommends reverting the uncommitted funds with a state share of \$34,459 and close out the project. The district agrees and acknowledges all future work will be 100% district responsibility.

MOTION: Council approval of the Awards Subcommittee recommendation to Amend the 2014-2015 standards-based award to the NM School for the Deaf for Delgado Hall to revert all uncommitted award funding. Remaining work to complete the project will be funded at 100% local share. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

d. Broadband Deficiencies Correction Program Farmington Schools

This request is related to one of the first fiber upgrade projects developed under the BDCP approximately two years ago. The project scope covered upgrades with fiber for the circuits serving locations that did not have that technology available. Mr. Viorica introduced Mr. Charles Thacker, Executive Director of Technology for Farmington Municipal Schools and acknowledged Mr. Thacker sits on the broadband school advisory group advising PSFA and partner agencies with the development of the program. The Farmington district also hosts the regional E-rate training provided by the E-rate consultant and funded with financial support from the Council.

Mr. Thacker hopes the Council will continue supporting the district through the 10% agreement originally made for E-rate projects in spite of USACs denial which was based on factually incorrect information and an appeal has been filed; the district expects a positive

response. In the interim, the district has decided to move forward with their own funding as the project is critical to the connectivity needs within the schools; Dr. Eugene Schmidt, Superintendent, agreed and emphasized the variety of educational services the district provides including those at the Juvenile Justice Center. Ms. Gudgel sought clarification as to the relationship with the Juvenile Justice Center. Mr. Thacker replied the San Juan Juvenile Services Center is a physical space owned by the county, however, the classrooms within are managed and staffed by the district for educational purposes; the Center also has an official state code from PED. The district provides the network connectivity which is completely isolated from the county's network for safety and security purposes and is a site where the curriculum is 100% digital. Mr. Thacker added that USAC provided inquiries on the original project and one of the questions was the justification for the Juvenile Services Center. The site is now in USACs records as a billable entity and has a BEN number which indicates the E-rate program officially recognizes it as a school within Farmington Municipal Schools. Ms. Clarke sought clarification on if the site is leased from the county; Mr. Thacker replied in the negative stating the facility was not being leased and that the space being occupied was specifically constructed as a classroom for Farmington Municipal Schools to provide educational services to those students. Ms. Clarke suggested Mr. Thacker have the county get, or confirm, approval of the disposition of the property with the State Board of Finance.

MOTION: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) final award to provide the state match for application funding year 2016 for Category 1 (fiber) upgrades to Farmington Schools for a total of up to \$142,494 or 10% of USAC approved amount, whichever is lesser, for the purposes and up to the amounts specified. The allocation amount is contingent on eligibility for Juvenile Services Center and is intended to fully complete the project, phase, or specified purpose.

AMENDED MOTION: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) final award to provide the state match for application funding year 2016 for Category 1 (fiber) upgrades to Farmington Schools for a total of up to \$142,494 or 10% of USAC approved amount, whichever is lesser, for the purposes and up to the amounts specified. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

5. 2017-2018 Awards Cycle

a. Overview of Systems-Based Capital Outlay Application Process/Requirements (informational)

The second round for the 2017-2018 systems-based application process included the following qualification criteria:

- the school is within the Top 200 of the 2017-2018 preliminary wNMCI rank list
- the post project wNMCI is 1/3 lower than the pre-project wNMCI
- the total project cost is 50% or less of the total facility replacement cost
- the district has their funding match
- the facility FMAR score is 60 or better

Applications are scored based on content with a maximum 60 points available. Six districts presented systems-based funding requests for seven facilities with a potential state match of \$13.8M.

b. District Presentations

- a. Los Alamos – Mountain ES (RM: David Biggs)
- b. Farmington – Country Club ES (RM: David Biggs)
- c. Gadsden – Loma Linda ES (RM: Anthony Lucero)
- d. Dexter – Dexter ES (RM: Jeremy Sanchez)
- e. Floyd – Combined School (RM: Jeremy Sanchez)
- f. Clovis – Cameo ES and Mesa ES (RM: Jeremy Sanchez)

Los Alamos - Mountain ES (RM: David Biggs)

Dr. Kurt Steinhaus – Superintendent

Ms. Lisa Montoya – Assistant Superintendent, Finance & Operations

Mr. Herb McLean – Construction Administrator

Rank: 77 wNMCI: 27.51%

FCI: 49.30% FMAR: 75.89%

The 2016 audit is current; an unmodified opinion was received with 1 audit finding. The total estimated project cost is \$3,413,065. After applying the local state match percentages and offsets, there is a potential local match of \$2,120,544 and a potential state match of \$1,292,521.

District Presentation: Mountain ES is approximately 60 years old and is ranked #1 in the facility master plan. Funding for the project will come from G.O. Bonds. The funding request is for site utilities, walkways, exterior walls, exterior doors & windows, roof, ceiling finishes, floor finishes, foundation/slab/structure, interior doors, partitions and stairs, interior walls, air/ventilation, HVAC, main power/emergency, lighting/branch circuits, plumbing, fire sprinkler and portables.

Member Questions/Comments: Mr. Guillen thanked Dr. Steinhaus for attending. Mr. Abbey inquired as to the district's unused buying capacity to which Dr. Steinhaus replied the local district match of \$2.1M is from their recent bond sale. Mr. McMurray inquired as to what the work would accomplish in extending the life of the facility; Dr. Steinhaus replied 10-15 years.

Farmington – Country Club ES (RM: David Biggs)

Dr. Eugene Schmidt – Superintendent

Mr. Phil Valdez – Deputy Superintendent

Mr. Randall Bondow – Chief Financial Officer

Mr. Ted Lasiewicz – Chief of Operations

Rank: 142 wNMCI: 24.95%

FCI: 50.09% FMAR: 79.01%

The 2016 audit is current; an unmodified opinion was received with 8 audit findings. The total estimated project cost is \$4,890,521. After applying the local state match percentages there is a potential local match of \$1,760,587 and a potential state match of \$3,129,933.

District Presentation: The five year FMP is current and Country Club is ranked as the #1 priority in the district. Mr. Lasiewicz stated all projects have been completed on time and under the original or modified budget. Country Club ES was originally constructed in 1958 with numerous additions over the years and is in urgent need of repairs and upgrades for systems currently beyond their useful life. The school is operating at 97% utilization with student enrollment at 578 and no sign of decreasing. The district hopes to upgrade the systems identified in the application which should result in no additional work for 10-20 years. The funding request is for site utilities, exterior windows & doors, roof, ceiling finishes, floor finishes, foundations/slabs/ structure, air/ventilation, HVAC, main power/emergency, lighting/branch circuits, plumbing and fire sprinklers. The district has their matching funding in place from a G.O. Bond passed in February 2017 and is able to begin work immediately upon Council approval. Dr. Schmidt complimented Mr. Lasiewicz and his staff on the work they have done in partnership with PSFA and reiterated that Farmington builds award winning schools adding that last year the district was named the southwest winner of best design for a school.

Member Questions/Comments: Mr. Guillen thanked district representatives for their presentation and noted his concern with the size and timeframe of the project and requested that the timeframe be tightened up to ensure the money is out and working quicker.

Gadsden – Loma Linda ES (RM: Anthony Lucero)

Mr. Ralph Gallegos – Executive Director for Energy Management and Construction

Rank: 171 wNMCI: 23.53%

FCI: 30.48% FMAR: N/A

The 2016 audit is current; an unmodified opinion was received with 4 audit findings. The total estimated project cost is \$6,796,500. After applying the local state match percentages, there is a potential local match of \$1,019,475 and a potential state match of \$5,777,025.

District Presentation: The FMP reflects Loma Linda as the #2 concern for the district. The funding request is for parking lots, site specialties/landscaping (drainage), site utilities, roof, ceiling finishes, floor finishes, air/ventilation, HVAC, main power/emergency, and lighting/ branch circuits. The district will be going out for their next G.O. Bond in February 2018.

Member Questions/Comments: Ms. Gudgel asked if the school had an FMAR score; Mr. Tillotson replied in the negative and stated a scheduled FMAR will be done within 30 days. Ms. Gudgel then asked how many schools were without FMAR scores to which Mr. Tillotson replied the new FMAR cycle began May 1, 2017 using the new F6 database function. The last cycle completed 71% of the state and was stopped as a result of the new F6 database. Mr. Tillotson acknowledged many schools were not done in the second cycle. Mr. Abbey requested the Awards Subcommittee look at scenarios resulting in a smaller state project; prioritizing the systems with dollar amounts. Ms. Gudgel inquired if the square footage was within adequacy; Ms. Cano stated as a result of the first round, small discrepancies were found between the existing building and capacity within the existing building however, adequacy for Loma Linda ES is 59,474sf based on the number of students.

Dexter – Dexter ES (RM: Jeremy Sanchez)

Ms. Lesa Dodd – Superintendent

Mr. Danny Rochelle – Director of Operations

Ms. Jeannie Harris – Business Manager

Rank: 77 wNMCI: 29.63%

FCI: 43.72% FMAR: 64.60%

The 2016 audit is current; an unmodified opinion was received with 7 audit findings. The total estimated project cost is \$977,421. After applying the local state match percentages and offsets, there is a potential local match of \$304,165 and a potential state match of \$673,256.

District Presentation: Dexter ES is 22 years old with no major renovations. The funding request is for air/ventilation, HVAC and main power/emergency. The district has their funding in place due to recent bonds sales. The FMP lists HVAC replacement as a priority.

Member Questions/Comments: Ms. Gudgel sought clarification on the adequacy calculations noting the square footage differed in the district presentation material and the application; Ms. Cano replied the difference was based on the current enrollment and noted there is excess capacity. Mr. McMurray acknowledged the square footage reflects it was built prior to PSFA standards which indicates we are building more efficient schools today than in the past.

Floyd – Floyd Combined School (RM: Jeremy Sanchez)

Mr. Damon Terry – Superintendent

Mr. Aubrey Sparks – Maintenance Director

Rank: 136 wNMCI: 25.42%

FCI: 39.00% FMAR: 74.15%

The 2016 audit is current; an unmodified opinion was received with 3 audit findings. The total estimated project cost is \$153,635. After applying the local state match percentages and offsets, there is a potential local match of \$73,997 and a potential state match of \$79,637.

District Presentation: Mr. Terry stated that not all areas within the facility have fire alarms. SB-9 funds will be used to pay for the offset and local match. The funding request is for main power/emergency and portables.

Member Questions/Comments: Mr. Abbey stated there had been a point when every fire alarm and system was fixed in the state and inquired as to what work had been done at Floyd; Ms. Cano replied under the DCP Floyd only received a DCP roof and no other funds were received which means the fire alarms may not have been a deficient system when the initial assessment occurred. Ms. Clarke inquired as to what led this application to receiving the lowest score. Ms. Cano replied it was primarily due to the application focusing on one system. The district was not applying for multiple or high risk systems and instead decided to focus on their immediate needs. Ms. Gudgel pointed out the difference in square footage listed as adequacy versus the project square footage and, reminding members of an open lawsuit in Gallup, reiterated Council needs to be careful about decisions made regarding funding systems and above adequacy spaces.

Clovis – Cameo ES and Mesa ES (RM: Jeremy Sanchez)

Ms. Carrie Bunce – Deputy Superintendent of Operations

Mr. John King – Executive Director of Operations

Cameo ES

Rank: 108 wNMCI: 27.06%

FCI: 46.12% FMAR: 65.22%

The 2016 audit is current; an unmodified opinion was received with 2 audit findings. The total estimated project cost is \$1,670,375. After applying the local state match percentages, there is a potential local match of \$434,298 and a potential state match of \$1,236,078.

Mesa ES

Rank: 108 wNMCI: 27.06%

FCI: 46.12% FMAR: 85.32%

The 2016 audit is current; an unmodified opinion was received with 2 audit findings. The total estimated project cost is \$2,173,500. After applying the local state match percentages, there is a potential local match of \$565,110 and a potential state match of \$1,608,390.

District Presentation: Ms. Bunce noted of the 12 projects PSCOC has assisted with, one came in on budget, two came in over budget \$441,000, eight came in under budget with a savings of \$5.4M and one project currently in construction reflects a potential savings of \$2.4M. The district has their match requirements under the current G.O. Bond. Cameo ES and Mesa ES are ranked #1 and #2 respectively in the current FMP. Cameo's funding request is for parking lots, site lighting, walkways, site specialties/landscaping (drainage), exterior windows and doors, ceiling finishes and floor finishes. Mesa's funding request is for parking lots, ceiling finishes, floor finishes, air/ventilation and HVAC.

Member Questions/Comments: Mr. Guillen inquired about a cost for each item listed within the construction schedule; Mr. King drew member attention to the cost breakdown within the application. Mr. McMurray acknowledged that Clovis was unable to attend the recent Ben Lujan Maintenance Awards luncheon and asked Mr. Tillotson to present them with their award. Mr. Tillotson congratulated the district and acknowledged they are to be emulated regarding their maintenance program.

c. 2017-2018 Master Plan Assistance Program Awards

Thirteen applications were received for Master Plan assistance of which ten were from school districts and three were from state-chartered charter schools. Ms. Kelly inquired as to the additional information the Awards Subcommittee had requested; Ms. Casias replied staff was to look at historical information to determine how many charters had received awards while in private facilities, how long they were in those facilities, what was done and what the state and district costs were. Ms. Casias explained the information would be presented at the December meeting.

MOTION: Council approval of the Awards Subcommittee recommendation to award 2017-2018 Facilities Master Plan fund assistance in the amount of \$449,236.16 to the districts listed as 1-9 on the spreadsheet on page 1 of this agenda item. These amounts represent the state

share portion of the estimated cost to develop a facility mater plan at each of these districts/state-chartered charters to the PSFA guidelines and require a corresponding district match as set forth in the current state/local match formula. Funding assistance for state-chartered charter schools listed on the spreadsheet as items 10-12 are deferred until the next Awards Subcommittee meeting pending additional information by staff. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

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

Ms. Cano noted a potential conflict for the December 14th PSCOC meeting. Ms. Gudgel replied her new Deputy Director could attend the meeting and Ms. Kelly acknowledged that Ms. Sara Fitzgerald, Deputy Director for Policy, would attend in her absence.

At this time Mr. Abbey requested a 10 minute recess. Upon reconvening from the recess, Mr. Abbey stated there were additional conflicts with the proposed date. Ms. Birge will work to obtain member availability and reschedule accordingly.

6. Other Business

a. Program Improvements/Changes to Facilities Assessment Database (FAD) Ranking Methodology

Ms. Casias drew attention to the handout reflecting what would happen to the ranking and wNMCI with the proposed changes. Mr. Chris Aguilar, Facilities Data Manager, noted two issues: system cost uniformity and systems building composition. What had been previously done is remove from the model systems that didn't exist in the buildings. Originally, 19 systems were listed for elementary schools and 21 for middle/high schools. PSFA is attempting to change the scoring metrics without jumbling the need priority. Two components affecting the position change will be the category 4 weight factor and the degradation curve. Both are areas where specific items are being undervalued. Mr. McMurray added this will bring them in line with industry standards and will take into effect the true age of the system. Mr. McMurray also stated this will provide a better understanding of where schools actually are for ranking purposes. Mr. Chamblin reiterated the handout presents the percent change in wNMCI with the proposed changes in place versus the current system. In general, the wNMCI for every school will go up and schools closely packed in the center will see more separation in rank. Though Mr. Abbey agrees this is a good thing he is concerned that the picture reflects the worst buildings are a lot worse. Ms. Clarke stated the proposed changes will result in scores that are more accurate which should help the Council make better decisions. Whether or not the scores step up or not, the delta achieved in the past is unchanged. It need to be understood the condition of the schools didn't deteriorate overnight, it is simply a matter of measuring more accurately. Ms. Clarke encouraged the Council to move forward with the changes. Ms. Kelly stated a decision did not have to be made today and could be brought back at the next meeting. Mr. Chamblin reiterated the root goal of the proposed changes was to instill more accuracy and differentiation into the FAD system. The changes are steps towards making the FAD more accurate, stable, transparent and credible. Schools within the state have expressed frustration with fluctuations in the ranking. The proposed changes will help to stabilize the system going forward. Discussion continued regarding the consideration to change the threshold number. Mr. Guillen suggested discussing with school districts, architects and

engineers. Mr. Abbey suggested the study session be held during the next PSCOC meeting and delay adoption until January. Staff to bring feedback to the December meeting.

MOTION: Council approval of the AMS Subcommittee recommendation to apply the following technical corrections to the Facilities Assessment Database: 1) change degradation curve to match industry standards, 2) use system costs as averaged in the FAD, 3) add needed or remove unnecessary systems as they apply to facilities, 4) change category 4 (beyond expected life) weight factor to 1; effective upon the next ranking cycle.

AMENDED MOTION: Mr. Abbey proposed a work session at the December PSCOC and delay adoption to January. Ms. Kelly seconded and the motion was unanimously approved. Ms. Clarke did not participate in the vote and was no longer in attendance for the remainder of the meeting.

b. FY17 Annual Report

Ms. Cano referred to the handout with proposed content changes; if approved by Council the changes will be made to the final version prior to printing.

MOTION: Council approval of the AMS Subcommittee recommendation to approve the draft annual report and authorize PSFA staff to complete the report and make final edits and technical corrections prior to printing and distribution. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

c. 2017 Ben Lujan Maintenance Achievement Awards (*informational*)

Mr. Tillotson thanked Mr. McMurray for being the keynote speaker at the awards luncheon and announced the winners in each category as listed in the meeting material.

7. Informational

a. Alamogordo ES/MS Projects

Mr. J. Vance Lee, Executive Director of Support Services, and Mr. David Weaver, School Board President, presented a summary of recent construction at Alamogordo Public Schools and acknowledged the current FMP focuses on renovation of facilities rather than system repairs. Holloman Air Force Base is potentially acquiring two F-16 squadrons; however, a key component in determining if the relocation of the squadrons will be permanent are the educational opportunities for military families; particularly the schools located on the base: Holloman ES and Holloman MS. Holloman ES is currently #3 on the wNMCI rank list and the district anticipates making an out-of-cycle application for replacement. Holloman MS has system issues and the district anticipates submitting a systems application by the April deadline. Mr. Lee spoke to the potential state-wide impact of a permanent bed-down noting preliminary indications suggest anticipated economic impacts of \$2.5B to Otero County and New Mexico every five years. The state's 63% matching fund is critical for the district being able to utilize their bonding to complete the schools and provide adequate facilities. Mr. Weaver stated this is an opportunity to bring solvency to Otero County. While there are currently 65 planes on the ground Mr. Mark Van Dyke, Office of Lt. Governor, reiterated the bed-down is in a temporary status and the Air Force has indicated their desire to make it permanent. It is likely the Air Force will make a decision in January or February 2018 with an announcement made in the summer regarding a permanent bed-down of the mission. The

\$2.5B economic impact is in line with the economic impact currently seen in the community and will also yield population growth and bonding capacity in the future. The urgency comes since the Air Force will make a decision based on the criteria indicated. The School Board has indicated their willingness to proceed with planning and design phases with the hope funds will be reimbursable as awards are given as well as pursuing federal grants to offset the cost. A team is in place to take advantage of this opportunity and since the Lt. Governor's office sits on the military base planning commission everything is being done to make sure this opportunity comes to New Mexico on a permanent basis. Mr. Chamblin stated he has been in contact with the Office of Economic Adjustment at the federal level and spoke to getting the projects started as soon as possible. Mr. Lee highlighted the systems to be taken care of at each facility. Ms. Kelly inquired as to the district's bonding capacity; Mr. Weaver replied the last two bonds have passed at 80%. If the district is able to move forward with both of the schools they would go in to the next bonding cycle for a portion of the funding to complete Chaparral. The district is capable of coming up with their match for Holloman ES. Mr. Abbey stated items to consider include facility size and the number of potential students. Mr. Abbey reiterated out-of-cycle is rarely done, pending an emergency, and does not view Chaparral as an emergency but does see them as ranking high and very likely as needing to be addressed on the regular schedule. Holloman however, is closer to an emergency since there could be an influx of students and Council action could be critical to a decision that would benefit the state. Mr. Abbey suggested funding programming to determine what needs to be done. This would also be a clear message of our commitment and Council could send a letter indicating we are confident we will do what needs to be done expeditiously. Mr. Van Dyke agreed a letter would signify an important step to the Air Force and may be favorably reviewed in their decision process. Ms. Kelly stated the Governor is quite involved and has been working with the Economic Development Secretary. Though Ms. Kelly agrees it is important and is a unique situation she does not want to set precedence for other districts that could view this as an opportunity to apply at the last minute. Mr. Guillen stated the Awards Subcommittee would work with the district.

b. Broadband Deficiencies Correction Program Status Update

Approved BDCP projects are progressing. Several 2016 fiber projects received denials or are on hold; staff is working with schools to appeal and determine how to move forward. 2017 fiber projects have not yet received E-rate funding approval. BDCP is working with schools to develop new projects for 2018 E-rate applications. The department is working with Human Resources to fill the open Project Manager position. BDCP is also working with partner agencies to coordinate E-rate training for schools.

c. PSCOC Project Status Report

No significant changes to report.

d. Master Plan Status Report

No significant changes to report.

e. Lease Assistance Status Report

One hundred lease assistance award letters were sent out of which 71 have been returned and are being processed. Mr. Abbey reminded staff that information needs to be validated and

additional due diligence done in light of a recent situation where fraud was committed at a school.

f. Maintenance Program Status Report

No significant changes to report.

g. FY18 Budget Projections and Personnel Update

No significant changes to report.

8. Next PSCOC Meeting – Proposed for December 14, 2017. Due to conflicts, Ms. Birge will work on rescheduling the December PSCOC meeting.

9. Adjourn - There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Mr. McMurray seconded and the motion passed unanimously with Mr. Peralta, and Ms. Gudgel not in attendance for the vote. Meeting adjourned at 12:20 p.m.


_____ Chair

_____ Date