

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
MARCH 3, 2016
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Ms. Rachel Gudgel, LESC
 Mr. Pat McMurray, CID Mr. Joe Guillen, NMSBA
 Mr. Gilbert Peralta, PEC Ms. Jessica Kelly, Office of the Governor
 Mr. Paul Aguilar, PED joined the meeting at 8:43
 Mr. Raul Burciaga, LCS joined the meeting at 8:48

Designees: Ms. Stephanie Clarke, DFA, designee for Dr. Tom Clifford

1. **Call to Order**—Chair Abbey called the meeting to order at 8:40 AM
 - a. **Approval of Agenda**—Mr. Abbey requested the agenda be modified to accommodate Alamogordo who was in attendance and had not been listed on the agenda as presented. Ms. Gudgel moved for approval of the agenda as adjusted. Mr. McMurray seconded. Motion carried.
 - b. **Correspondence**—Mr. Gorrell referred Council to a letter from Reserve Independent School Superintendent Bill Green requesting placement on a future PSCOC agenda to address district needs. The second item was an email from Dr. Clifford appointing Ms. Clarke as his designee to the Council. Mr. Abbey noted this would be a standing designation and no further notice would be required.
 - c. **Approval of Minutes (January 15, 2016)**
Mr. Guillen moved for Council approval of the January 15, 2016 minutes, subject to corrections. Mr. Peralta seconded. Motion carried with Ms. Clarke abstaining.
2. **Approval of Consent Agenda**
Council clarified that the consent agenda requires minimal discussion and gives consent to adopt the motions.

a. Recertification of SSTBs

Discussion: The May 2013 certification for SSTB13SB did not include the Espanola Carlos Vigil MS demolition; and the funds need to be budgeted out of the bond series. The certification for SSTB14SD is for potential motion being considered today for Ditzler Auditorium. PSFA had previously certified \$4.1 million for Ditzler; there is a difference of \$550,475 in need of additional certification. Ms. Irion stated re-certifications would occur each meeting based upon the awards and if there was need for an adjustment. Mr. Abbey inquired as to the procedures manual discussed in a previous meeting regarding re-certifications; Ms. Irion replied Capital Outlay and Board of Finance have requested a postponement until the April meeting due to the timing of the recent Legislative Session. Ms.

Clarke identified an error on the Resolution, Notification and Certification for SSTB13SB 003; Ms. Irion to make the correction.

MOTION: Ms. Gudgel moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification Amendments for reauthorization of unexpended bond proceeds as follows: SSTB13SB 0003 in the amount of \$650,000; SSTB14SD 0001 in the amount of \$550,475 to PSCOC award projects totaling \$1,200,475. Mr. Aguilar seconded. Motion carried.

b. Disposition of PSFA Property

Discussion: PSFA is following the guidelines of the Office of the State Auditors regarding disposition of assets. First right of refusal was obtained from the New Mexico State Agency for Surplus Property. A letter stating the copier/printer was cleaned and sanitized was also received and the hard drives have been certified obsolete.

Ms. Irion stated a charter school in Santa Fe may be interested in the copier/printer and the hard drives of the 426 obsolete computer and equipment items have been destroyed. Mr. Aguilar noted GSD is collecting phones and disposing of them and will forward an email he recently received.

MOTION: Council approval of the AMS Subcommittee recommendation to dispose of one (1) printer/copier and 426 obsolete computer equipment items along with the certification of sanitation from the vendor and PSFA in accordance with Section 13-6-1 NMSA 1978. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

c. NMSD – P15-010 – Cartwright Hall – Out Year Estimate Update

Discussion: Ms. Clarke asked the district representative if they had reviewed the proposed action and were comfortable with the adjusted financial plan. Mr. Moya replied in the affirmative noting initial concerns but felt comfortable the budget was flexible and adjustments could be made.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the estimated total project cost of the 2014-2015 standards-based award to the NM School for the Deaf. At this time, approval is limited to an adjustment of the financial plan, with a decrease to the out-of-cycle state share in the amount of \$2,906,392. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

d. Socorro – P12-011 – San Antonio ES – Out Year Estimate Update

Discussion: Mr. Volpato noted a cost increase from additional site-work and in order to account for such, the district is requesting an increase to the budget.

Mr. Randy Earwood, Socorro Superintendent, and Mr. Lam, Director of Operations, were in attendance and stated they would go out for bids in May. Mr. Gorrell complimented the district, noting they were the same district that did Midway ES which was brought in at the lowest cost per square foot/student in the state.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the estimates total project cost of the 2011-2012 standards-based award to the Socorro Consolidated Schools for San Antonio ES. At his time, approval is limited to an adjustment of the financial plan, with an increase to the out-of-cycle state share in the amount of \$360,752 (77%), and a corresponding additional local share of \$107,757 (23%). Since this is a Subcommittee recommendation, a second is not required. Motion carried.

3. PSCOC Financial Plan

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Ms. Irion presented one financial plan that shows solvency. The financial plan includes Council action that occurred during the last meeting and revenue estimates distributed in January. All out-year project cost estimates and projected cost over runs are reflected as well as the approved PSFA operating budget. Upon the passing of HB219, \$7 million was allocated for school busses and \$5 million for New Mexico Pre-K classrooms. The financial plan reflects a zero dollar award year in FY17 and includes 18 projects delayed up to four quarters each.

Ms. Irion referred Council to the handout entitled Project Delays Due to Reduced Revenue Estimates noting the addition of wNMCI and FCI per Subcommittee request. Mr. Gorrell noted some projects had already been delayed and those previous delays were not reflected in the handout.

Ms. Clarke stated she is working with staff to see if funding could be spread out over years versus awarding the full amount at one time (i.e.: Deming HS). If this is possible, awards certifications can be amended.

With regards to the SB9, Mr. Abbey asked what the process was to reallocate unused proceeds. Ms. Irion stated she has been communicating with the Capital Outlay Bureau to see who would need to reauthorize the funds within the bond series and what process would be needed to review SB9 funds and dollar amounts. Mr. Aguilar noted there was no budget authority or process to get the money back once sent to PED until there is legislative action re-appropriating it. Mr. Abbey reiterated Legislature appropriates for SB9 and asked Ms. Clarke to see if resolutions could change the purpose of SB9 from one year to another. Ms. Clarke noted if SB9 bonds are taxable there may be flexibility, however, if they are tax exempt additional work may be involved. Ms. Gudgel suggested Council consider revising the language in the authorization i.e.: funds are good for one or two years and then revert back to the Council.

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

a. Belen – P14-005 – Rio Grande ES – Phase 1 Funding & Out Year Estimate Update

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Mr. Perea, District Representative, was in attendance to answer questions. Mr. Huchton highlighted the maintenance program noting the below satisfactory status. Maintenance is working with PSFA on a weekly basis to reach a satisfactory level. Mr. Perea

noted staff changes in facility maintenance and thanked the Chair, members of the Council, Mr. Gorrell, PSFA staff and Mr. Aguilar for their help.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Belen Public Schools for Rio Grande ES to include design to adequacy for 335 students, grades 3&4-year-old DD through 6th, with an increase in the state share amount of \$978,271 (63%) and a corresponding increase in the local share amount of \$574,540 (37%). Based upon revised estimates, an adjustment of the financial plan is approved, with an increase to the out-of-cycle state share in the amount of \$315,103 (63%), and a corresponding additional local share of \$185,061 (23%). Since this is a Subcommittee recommendation, a second is not required. Motion carried.

b. Cloudcroft-E15-002-CloudcroftHS Emergency -AwardReduction

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: PSFA is working with the district and design professional to determine the best solution with minimal financial impact while meeting code requirements and ensuring students safety. Mr. Dempsey, District Superintendent, felt it was premature to make the award reduction without a clearly defined scope of work. Mr. Aguilar asked if Council was ok with the district coming back and asking for an emergency award if the reduction was approved; Mr. Gorrell suggested placing the money into an emergency fund which would allow Council to advance it again if needed.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2014-2015 emergency award to the Cloudcroft Municipal Schools for Cloudcroft HS, to decrease the advance amount of \$501,791, a reduction of \$500,000, based upon legal remedy obtained by the district as required by the award. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

c. Mountainair -P15-008 -Mountainair Jr./Sr. HS -Out Year Estimate Update

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: The district has worked diligently with PSFA and the design professional to minimize project cost. Mr. Volpato referred Council to a list of above adequacy items the district has eliminated in order to control costs and another list of items that had been considered for cost savings. Per Mr. Huchton the maintenance program and FIMS use was poor and the PM Plan was not current. PSFA is working with maintenance to correct this issue. When the district returns in September, Mr. Abbey stated he would like to see improvement with the maintenance.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the estimated total project cost of the 2014-2015 standards-based award to the Mountainair Public Schools for Mountainair Jr. /Sr. HS. At this time, approval is limited to an adjustment of the financial plan, with an increase to the out-of-cycle state share in the amount of \$6,800,001, which consists of an increase of the project cost and anticipation of a request for

local match reduction. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

d. NMSBVI – P14-021 – Recreation/Ditzler Auditorium – Phase 2 Funding

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Mr. Volpato noted the basement bowling alley was in the scope of the project and was considered to adequacy upon PSFA review. Ms. Linda Lyle, Superintendent of NMSBVI stated this was an existing bowling alley and what had been originally proposed was to replace the broken parts and retain and refurbish everything else. In response to a question posed by Ms. Clarke, Ms. Margie Macias and Ms. Julie Walleisa stated the budget was initially established at \$2.6 million and the total project cost was estimated at \$4.1 million; the project is now at \$4.9 million. Mr. Huchton stated this was the only district consistently above the 80% mark regarding maintenance and are the example every district should strive to be. Mr. Huchton also thanked NMSD for being a top performer.

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 for Recreation/Ditzler Auditorium, to include construction to adequacy with an increase in the state share amount of \$2,262,846, and a corresponding increase in the local share amount of \$2,262,846, to be funded through the balance of the 2014 HB55 appropriation. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

e. Broadband Deficiencies Correction Program – Project Awards

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Mr. Viorica noted there are 15 fiber RFPs in different stages of the procurement process. For six, preliminary information allows us to establish “up to” project estimates. Mr. Viorica referred to a handout showing cost information and “up to” estimates for three additional RFPs: Clovis, Hondo and Cobre. The estimated “up to” amount for state participation on the nine districts is in line with the original estimate developed in November. State funding is expected to be matched dollar-for-dollar by the E-Rate program resulting in a total E-rate participation of 90% and, in most cases, zero cost to the districts. Infrastructure upgrades will allow schools to have access to technology that will support the 2018 connectivity goals of up to 1MB per student. Mr. Abbey asked if satellite was an alternative to fiber when schools are really isolated. Per Mr. Gorrell, satellite has a limited bandwidth. The federal government wants to participate in a solution that will be good for 15-20 years and is willing to put in the additional money for fiber.

Mr. Viorica noted as part of the evaluation process comparisons on service of a long term lease versus purchasing the line itself are being reviewed in order to demonstrate to E-rate the most cost effective solution. Mr. Aguilar clarified the numbers listed in the handout were not based on a bid as the RFP evaluation continues and was instead an “up to” amount based on the lowest viable solution. When reporting back to the Council, Mr. Abbey indicated it would be helpful to know the actual cost versus the projections.

MOTION: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BCPD) awards to provide the state match eligible to receive additional E-Rate federal funding on special construction projects for application funding year 2016 to the districts set out in the award spreadsheet for the purposes and up to the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. Since this is a Subcommittee recommendation, a second is not required. Motion carried.

f. Alamogordo – P15-001 – New Combined ES – Out Year Estimate

Discussion: The original award was to combine two schools. At the time, Oregon was ranked 11 and qualified for the award while Heights was ranked 111. They were awarded educational specifications and a district-wide utilization study and the award language stated final student capacity for classrooms may be adjusted based upon evidence of need. The district held off proceeding with design until such time Heights would be ranked. Heights, now ranked number nine and Oregon, ranked number six, are slated to request design funds in FY17 Q1. Mr. Vance Lee, Executive Director of Support Services for Alamogordo Public Schools, reiterated they were requesting funds for a single school to replace two schools for a total of 450 students; the schools are currently at capacity with 300 students each. The district is requesting placement on a future Council agenda for consideration and approval for Phase 1 funding.

Mr. Guillen noted the Subcommittee had reviewed, and tabled this project for future discussion as new ground was being tread. Mr. Aguilar noted this project sets precedent by allowing a school that was not eligible when the original award was made to piggy back on the original award simply because they had moved up in rank which is counter to what has been done in the past as placement of schools has always been based on the ranking at the time of the award and not on subsequent action, noting there are far reaching implications beyond trying to solve one issue. Mr. Gorrell stated that it was how the award was made and that discussion was based upon Lordsburg which set the precedent but was for the entire district whereas this is for two schools within a district. Mr. Abbey requested Mr. Gorrell search the records for this precedent.

It was the intent of the Awards Subcommittee to reconsider this at the next meeting with the knowledge if there is to be an application cycle this project would be considered. Mr. Abbey inquired if the district would be able to advance the cost if needed; Mr. Lee stated he would pose that to the Board.

5. Other Business

a. Legislative Update

Staff presented the executive summary included in the PSCOC notebooks for this item.

Ms. McEuen presented the 2016 Legislative update noting HB2, signed by the Governor, gives PSFA an operating budget of \$6,039,700. HB93, also signed by the Governor, calls for all veteran businesses and their subsidiaries with annual gross revenues of up to three million dollars to be 10% lower than the submitted bid. Two additional pieces of legislation

that have gone before the Governor include HJR21 and SJR19 which ratify the sale of the Pecos Valley Regional Education Cooperative.

b. FY15 PSFA Audit

Ms. Irion and Bobby Cordova, Accountant with RPC Consulting Group, presented the FY15 PSFA audit update noting the audit was submitted on time to the State Auditor and a qualified opinion was rendered. Mr. Cordova drew Council attention to items that needed to be worked on and Ms. Irion presented the action plan for those items. Describing the manual log process, Ms. Irion stated with the help of DFA IT, a new query was designed to pull vouchers out of SHARE and institute draw requests based upon the query. PSFA is reconciling the query back to the manual logs, checking for discrepancies between the two. Ms. Irion also spoke to the accounting mechanism in SHARE to track and account for project expenditures to perform reconciliations noting the A-Code process that had been implemented in 2014. The process is still being refined, however, project level budgeting was completed. PSFA is exploring an additional query in order to automate the full reconciliation process.

Mr. Abbey asked Mr. Cordova about the action plan to which Mr. Cordova replied there has been a lot of progress in the current process with catching up on the older items and state it is critical there are enough resources to ensure the project reconciliation process for old projects is timely. Ms. Irion reiterated that she will be providing quarterly updates on the progress of the reconciliation.

c. FY16 Quarter 1 & 2 CID Performance Goals and Reimbursement

Due to CID relocating and switching software systems, they were unable to provide performance measures. Ms. Casias noted inspections and plan review have been received in a timely manner and the total amount of reimbursement for the first two quarters is \$147,614. Ms. Casias reminded Council funds shall be used to supplement rather than to supplant appropriations as indicated in the uses of the Public School Capital Outlay Fund. Noting his disappointment this was an information item only, Mr. McMurray stated he would like to see action on the invoices CID has submitted, to which Ms. Irion stated Finance will transfer money to CID within the week.

d. Construction Cost Forum Report

Mr. Kearney provided the update, highlighting the opinions expressed during the Construction Cost Forum held in December. Ms. Kelly thanked Mr. Kearney for the report and spoke to the wage rate increase and what it equates to regarding the funding of projects.

Ms. Clarke inquired as to how seriously districts and their design teams take the award amount; Mr. Aguilar reiterated 30% of the awards are for over and above estimates. Mr. McMurray felt it was incumbent on PSFA to review the material and establish budgets that take in to account inflation. Noting this is an evolving process to ensure schools are functional and adequate for their need, Mr. Gorrell stated PSFA continues to work with the districts during the planning stages on what their needs are and to make decisions on how to solve it.

6. Informational Items

a. Broadband Deficiencies Correction Program Status Report

Staff presented the executive summary included in the PSCOC notebooks for this item.

The state-wide agreements for E-Rate eligible equipment are in final stages and online quotes will allow districts to price needed upgrades. There are approximately 46 entities submitting RFPs for equipment and more are expected as nearly all facilities need broadband updates. The Department of IT is working on a state-wide network which is expected to be completed by the end of April and will make achieving the 2018 connectivity goal affordable. Mr. Viorica will bring all remaining equipment and fiber proposed project estimates to the April PSCOC meeting in order to comply with the April 29, 2016 E-Rate deadline.

b. PSCOC Project Status Report

Staff presented the executive summary included in the PSCOC notebooks for this item.

This is an informational item.

c. Master Plan Project Status Report

Staff presented the executive summary included in the PSCOC notebooks for this item.

This is an informational item.

d. Lease Assistance Status Report

Staff presented the executive summary included in the PSCOC notebooks for this item.

This is an informational item.

e. Maintenance Program Status Report

Staff presented the executive summary included in the PSCOC notebooks for this item.

This is an informational item.

f. FY16 Budget Projections & Personnel Update

Staff presented the executive summary included in the PSCOC notebooks for this item.

Ms. Kelly stated with the current budget projections all agencies are having to accommodate for it would be incumbent upon PSFA to look at the positions they have, those being requested and question if all positions were needed. Ms. Clarke clarified a prior request made by Dr. Clifford on preparing a memo regarding the agency budget being a percentage of certain capacity to which Ms. Cano replied staff is working on developing a white paper to formally define the average prior three years grant assistance, what grant assistance is in terms of that 5% and will present the white paper at the next AMS Subcommittee meeting.

g. 2016-2017 Proposed Work Plan/Timeline

Ms. Cano drew Council attention to the work plan noting the proposed April 5th Awards and April 18th PSCOC meetings. Due to Council availability, the PSCOC meeting will take place on April 19th at 1:30. Mr. Abbey requested all proposed meeting dates be sent out as Outlook invitations.

7. Public Comment

8. **Consideration for Approval to Adjourn to Executive Session Pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H) (2) for the purposes of discussing limited personnel matters.** Ms. Gudgel moved for Council approval to adjourn to Executive Session pursuant to the Open Meetings Act NMSA 1978 10-15-1 (H) (2) for the stated purpose of discussing a limited personnel matter related to a complaint against an employee. Mr. Guillen seconded.

Roll Call

Ms. Kelly - Yes	Raul Burciaga - Yes	Ms. Gudgel - Yes
Mr. Aguilar - Yes	Mr. McMurray - Yes	Mr. Peralta - Yes
Ms. Clarke - Yes	Mr. Guillen - Yes	Mr. Abbey - Yes

9. Reconvene to Open Session


Mr. Guillen moved for Council approval to reconvene from Executive Session pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H) (2) for the stated purpose of discussing a limited personnel matter related to a complaint against an employee. Only the above-referenced item was discussed and no action was taken. Mr. Aguilar seconded.

Roll Call

Ms. Kelly - Yes	Raul Burciaga - Yes	Ms. Gudgel - Yes
Mr. Aguilar - Yes	Mr. McMurray - Yes	Mr. Peralta - Yes
Ms. Clarke - Yes	Mr. Guillen - Yes	Mr. Abbey - Yes

10. Adjourn

There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Ms. Gudgel seconded. Motion carried. Meeting adjourned at 11:50 a.m.


 _____ Chair
 4/25/16
 _____ Date

