

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
APRIL 8, 2010
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Dr. Peter Winograd, Office of the Governor
 Ms. Frances Maestas, LESC Ms. Paula Tackett, LCS
 Ms. Katherine Miller, DFA Ms. Lisa Martinez, CID

Designees: Mr. Antonio Ortiz, for Mr. Don Moya, PED
 Ms. Sharon Ball for Paula Tackett, LCS (for only a portion of the meeting)

Absent: Mr. Joe Guillen, NMSBA
 Ms. Catherine Smith, PEC

1. Call to Order—9:10 AM

Ms. Katherine Miller, Chair

a. Adoption of Agenda

Mr. Robert Gorrell, PSFA staff, called roll and presented the agenda noting that the Public School Capital Outlay Council (PSCOC) reserves the right to change the order of the agenda as deemed necessary. Mr. Gorrell also noted that the Gadsden, Eunice and Ruidoso School Districts would join the meeting via webcam.

MOTION: Ms. Paula Tackett moved for Council approval of the agenda as presented. Dr. Peter Winograd seconded and the motion carried.

b. Correspondence

Mr. Gorrell referred the Council to a letter from the Deming School District that was made available to them in their meeting notebooks. The letter is to inform the Council that the district is on schedule with the plan outlined at the December PSCOC meeting to address the building needs of their high school. The letter indicates that the district is meeting their milestones and that they are moving forward with their Education Specifications (Ed Specs). Mr. Gorrell noted that the Ed Specs can be applied to their existing facility or can be applied to the new facility but the district has not determined what route they will take.

2. Adoption of Minutes (January 8, 2010)

MOTION: Ms. Lisa Martinez moved for adoption of the January 8, 2010 PSCOC meeting minutes as presented subject to technical corrections. Mr. David Abbey seconded and the motion carried.

3. 2010 Legislation

Mr. Tim Berry, PSFA staff, presented this item to the Council stating that the PSFA tracked various bills during the regular and special legislative sessions. Mr. Berry highlighted areas in various bills that pertain to the Council.

HB 68 (Public School Capital Outlay Omnibus Bill)

Mr. Berry summarized this bill noting that HB 68 grants the Council authority to allocate \$10 million annually for roofs from current funds. The bill also contains language changes for the reimbursements to the State Fire Marshall and CID. Sections 2 and 3 contain provisions for the 20% rural high school adjustment which was line item vetoed by the Governor. Section 4 allows the PSCOC to allow the PSFA to manage emergency projects pursuant to the audit conducted and recommendation by the Legislative Finance Committee (LFC). Mr. Berry noted that the Council now has the ability to address issues related to procurement and management. Section 5 allows the Public School Capital Outlay Task Force (PSCOOTF) to continue their working group to study issues relating to performance-based procurement for public school capital outlay projects. Section 6 repeals the \$29 million that was part of the special session in October 2009 that was to be transfer from the Public School Capital Outlay Fund to reimburse schools for insurance payments.

HB 145 (Qualified School Construction Bonds)

Mr. Berry noted that HB 145 reflects changes made to the Qualified School Construction Bonds (QSCB) Act to correct various issues that were in previous law. This item will be discussed under item #4a on the agenda.

HJM 22 (Improve High School Science Labs)

Mr. Berry noted that HJM 22 directs the PSFA to work with PED to study the needs to modernize high school science laboratory facilities

Ms. Frances Maestas asked if the PSFA has identified who will be part of the workgroup for HJM 22. Mr. Berry stated that the memorial is directed at PED and the PSFA. Mr. Gorrell stated that PED is also reviewing this issue and the PSFA would have to be informed on the curriculum of science programs before the intent of this memorial can be achieved.

Ms. Tackett informed the Council that memorials do not have force of law and this item would have to come back before the Council after determining the PSFA workload as well as any costs associated. She noted that this study would require staff time and resources and that the Council may not be able to afford the study. She stated that areas of concern should be addressed before moving forward. The Council directed PSFA staff to prepare a report that would reflect the resources and staff workload for this study. The report is to be presented to the PSFA Subcommittee before going before the full Council.

4. Subcommittee Reports**a. Awards Subcommittee Report**

- **Financial Plan**

Mr. Jeff Eaton, PSFA staff, presented the financial report to the Council highlighting the action that was taken by the Council at their previous meeting regarding the following projects and adjustments:

Grants—(P10-005)—Cubero Elementary School—Additional funding for planning and design to renovate/replace existing Cubero Elementary School. The net award

increase is from \$22,584 to \$366,001. The net adjustment to the Supplemental Funding Reserve totals \$343,417.

West Las Vegas—(P07-020)—Union Elementary School—Additional funding for the re-roof of the school. The award increase is from \$2,820,949 to \$2,842,649. The net adjustment to the Supplemental Funding Reserve totals \$21,700.

In regard to the revenue adjustments, Mr. Eaton noted that the supplemental long-term bonds were sold in February. The net proceeds total \$112,891,150.

Mr. Eaton indicated that \$10 million has been set aside for out-of-cycle awards, \$145 million for Phase II projects that were previously identified for Council approval, and \$10 million, which is the maximum annual amount that the legislature approved for roof awards.

The Council thanked Mr. Eaton for his report.

- **Additional Funding/Emergency Funding/Award Language Requests**

- **Clovis—Overall District Plan & Timeline Update/Out-of-Cycle Award**

Mr. Pat McMurray presented this item to the Council. He introduced Dr. Rhonda Seidenwurm, Superintendent, and Mr. Joel Shirley who represent the Clovis School District. Mr. McMurray referred the Council to an update of the district's projects that was made available to them in their meeting notebooks. Their current projects include: La Casita Elementary, Marshall Middle School, Bella Vista Elementary, Lockwood Elementary, James Bickley Elementary School, New Middle School, Zia roof and Zia Elementary School. Mr. McMurray noted that the district has worked closely with PSFA in compiling information and updates for Council review. The district has a current facility master plan on file as well as education specifications for the projects. He also presented a time frame for the above mentioned projects. The district is requesting that the Council approve an out-of-cycle award for La Casita Elementary and Marshall Middle School and indicated that they will come back before the Council for additional funding for the remaining projects.

Mr. Shirley presented the Council with an updated financial plan that reflects how their funding will be brought forward to fund their projects. Dr. Seidenwurm noted that a two mill levy election was approved by voters on February 1, 2005 for a six-year period and their next election will be held in February 2011. A \$12,000,000 bond election was approved by voters on January 29, 2008, with \$6,000,000 sold on April 28, 2009 and \$6,000,000 to be sold in 2010 as Qualified School Construction Bonds. A \$16,000,000 bond election will be held on August 31, 2010 with \$6,000,000 to be sold in 2011 and \$10,000,000 to be sold in 2014.

Dr. Seidenwurm informed the Council that she met with Mr. Kevin Powers, Bond Advisor, and was informed that the district can pay for a construction manager from bond proceeds. Due to the number of projects that the district currently has in place, the district feels that it is critical that they hire a construction manager to oversee the projects.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to modify the previous awards to the Clovis Municipal Schools as set forth in the charts presented to the Council. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Clovis—La Casita Elementary School—Out-of-Cycle Award

Mr. McMurray presented this item to the Council noting that in order to complete this project the district needs an additional \$3,574,243 from state funds. The funding is necessary so the district can begin construction this summer. He noted that the design capacity has been reduced for the school to 450 students. The original plan was for 500 students in all elementary schools serving grades K-6. With the new plan and the creation of the new school, the district is relocating their sixth graders into the mid-school thus reducing the population at each elementary school.

Mr. McMurray noted that the 2007-08 award is for planning, design, and construction for additions and renovations to existing facility to bring to adequacy for grades K-6 with a design capacity of 511 students.

The proposed revised language amends the previous 2007-2008 award to include out-of-cycle construction funding for additions and renovations to the existing facility and completes the project to adequacy for grades K-5 with a design capacity of 400 students.

PSFA staff recommends that the request for additional funds based on the design professional's estimate be approved so that the project may proceed on schedule. The Awards Subcommittee has reviewed this request and recommends approval.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2007-2008 Standards-Based Capital Outlay Award to the Clovis Municipal Schools for La Casita ES to include out-of-cycle construction funding for additions and renovations to the existing facility to adequacy for grades K-5 with a design capacity of 400 students with an increase in the state match of \$3,574,243 (80%) contingent upon a district match of \$893,561 (20%). Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Clovis—Marshall Middle School—Out-of-Cycle Award

Mr. McMurray presented this item to the Council noting that the project was awarded planning and design funding in previous years. The district feels that the project is ready for construction and would be going out for bid within two months. The district's sixth graders will be moved into this school as noted above. Mr. McMurray informed the Council that the amount requested is reflected in the financial plan. Mr. Gorrell stated that these amounts are projections from last year's awards. Mr. Abbey requested that the district provide the Council with a plan and timeframe for the remaining projects that are moving forward and noted that it is important that the

sources of bonds match with the need for funding of their projects. In regard to the 20% match, Mr. Abbey asked if the percentage changes if awards are allocated and the award is not expended in a timely manner. Mr. Gorrell explained that some state shares go down while others go up and by the time the Council commits to a project with planning funds, the same percentage is used. Mr. Abbey requested that staff provide clear information regarding the percentage to the Council. Mr. Abbey commended the district on their projects and stated that the formula must put enough load on the districts for their share. Mr. Berry noted that that there was an 80% match for the Clovis District in 2007 and remained consistent through 2008-2009. However, the share for 2010 will not be known until May 2010 for this award cycle. Ms. Maestas feel that the task force should study the state/local match percentage issues.

The Council asked where the district is looking for cuts and reduction due to the economy and budget cuts. Dr. Seidenwurm said that last year was the district's first round of budget cuts in which they cut approximately \$600,000 in administrative and support expenses, they are increasing class size but the district does not anticipate that educational programs will be cut.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2008-2009 Standards-Based Capital Outlay Award to the Clovis Municipal Schools for Marshall Junior High School to include out-of-cycle construction funding for renovations to the existing facility to adequacy for a design capacity of 590, serving initial grades 7-8, with change to 6-8 after construction of new middle school and reconfiguration of elementary schools to K-5 with an increase in the state match of \$6,263,750 (80%) contingent upon a district match of \$1,565,938 (20%). Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Eunice—Mettie Jordan ES—Increase Design Capacity

Mr. McMurray presented this item to the Council noting that Mr. Dwain Haynes, Superintendent, is joining the meeting via webcam. Mr. McMurray stated that the district is requesting a change in the award language to increase the design capacity for the Mettie Jordan Elementary School project from 300 students to 400 students. He referred the Council to a letter from the district requesting the award language change. The letter was made available to them in their meeting notebooks. Mr. McMurray also referred the Council to a chart from Architectural Research Consultants that reflected the expected growth of the district. Mr. Haynes stated that the enrollment growth was based on the district's Ed Specs which supports the growth. He said that the projection of future growth is based on contractors coming to the district and the need to build homes. Mr. Gorrell explained that the request is only for the core facilities that considers a larger future capacity. Mr. Abbey noted that the district has never been over 300 students in their enrollment and asked why the district anticipates growth. Mr. Abbey indicated that this request may be unrealistic at this point. He suggested that the district prepare for consideration of the issues noting that it is relatively inexpensive to build a larger core but classroom space for instruction is expensive. Mr. Abbey stated that the projections will not go

over 300 students until FY-2016. Mr. Haynes informed the Council that the district has an architect on board and the district will validate the Ed Specs next week. He stated that the classroom would not be built right away but the district is planning for future construction. Ms. Martinez informed the Council that the Construction Industries Department (CID) has been involved in the construction projects for Lea County and the proposed projects, including the ones mentioned in the chart presented to the Council are valid. She stated that based on CID findings, she is confident that there will be significant growth in the district.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Capital Outlay Award to the Eunice Public Schools for Mettie Jordan Elementary School to increase the core capacity from 300 to 400 students with classrooms for 300 students, grades K-5. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Gadsden—Anthony ES—Out-of-Cycle Construction Award

Mr. McMurray presented this item to the Council noting that Ms. Cynthia Nava, Superintendent, and Mr. Richard Chavez are joining the meeting via webcam. Mr. McMurray noted that the district is requesting \$11,953,368 for the existing Anthony Elementary School. Mr. McMurray noted that this amount is based on the architect's estimates and the project will go out to bid within a month. Once the bid comes in, the PSFA will have an actual amount and are not anticipating a higher cost for the project. Ms. Nava stated that she feels that the district has met all contingencies put forth by the Council.

The previous award language is for planning and design only to bring existing facilities at Anthony ES to adequacy for a capacity of 550 students, serving grades K-6. The district is required to update their PM plan prior to Oct. 1, 2008; to execute the updated PM plan; and make continued effective use of FIMS.

The design services are complete through 100% Construction Drawings and are ready to bid the project.

It is the recommendation of the PSFA staff that the request for the additional state funds for construction based on the design professional's estimate be approved so the project may proceed on schedule to the bidding phase.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2008-2009 Standards-Based Capital Outlay Award to the Gadsden Independent Schools for Anthony ES to include out-of-cycle construction funding for renovations to the existing facility to adequacy for a design capacity of 550, serving grades K-6 with an increase in the state match of \$11,953,368 (89%) contingent upon a district match of \$1,477,383 (11%). Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Los Alamos—Los Alamos HS—Expand Scope of Award/Out-of-Cycle Award

Mr. McMurray presented this item to the Council. Mr. Herbert McLean, Director of Facilities and Mr. John Wolfe, Business Manager, represented the Los Alamos District. Mr. McMurray informed the Council that staff has been working closely with the district on renovations and additions to their new high school. The district has completed their facility master plan, their Ed Specs and hired an architect to interpret the Ed Specs. They are near completion of their schematic design and the district has a Construction Manager at Risk (CMAR) as a contractor. Mr. McMurray noted that the district is in the process of demolishing three of the existing wings and a portion of Wing A. He indicated that the project is progressing rapidly. Mr. McMurray noted that the district is paying 72% of project and the state is paying 28%. The district is requesting an out-of-cycle award in the amount of \$5,962,320.

Mr. Abbey asked how this amount compares with the first amount that was anticipated for the project. Mr. McMurray stated that there has been a scope change to include the conversion of the cafeteria to classrooms, the demolition of a portion of Wing A, renovations to classrooms in Wing E for science and additional site improvements. The original estimate was \$7.1 million for the state share. Mr. Wolfe stated the district looked at the existing footprint to reduce costs and upon discussion with the PSFA the scope has changed and has reduced the cost of the project.

Mr. McMurray noted that the previous Award Language was as follows: This award is for educational specifications, planning and design to replace B, C & D wings, and renovations/improvements to media center and gymnasium. The award is based on design capacity of 1,200 students, grades 9-12. The Council may approve an out-of-cycle award pending availability of funds. The district shall continue to advance its use of FIMS working with PSFA staff to develop and implement meaningful measures helpful to enhancing maintenance at the district. The district must also develop and implement documented policies and procedures to support its PM Program. Replacement of B, C & D Wings and Renovations/Improvements to Media Center and Gymnasium.

Mr. McMurray noted that the project has now evolved from planning and design to the construction phase. This scope has been revised in accordance with the final completed educational specifications for the high school and project review by PSFA during the Program Statement submittal. The revised scope includes:

- Classroom Wings B, C & D - Demolition & Replacement of Existing Buildings with a new building.
- Classroom/Administration Wing A - Partial Demolition of North Section, Replacement of Demolished North Section of Structure and Renovation of Remaining South A Structure.
- IMC (Library) – Renovation of Existing Library to Code and to Make Cohesive with New Buildings.
- Classroom Wing E – Renovation of 4 classroom spaces to house 2 science labs to meet State Science Curriculum Requirements for Graduation.
- Cafeteria – Renovation of the Cafeteria Building. This building's use will change to house classrooms and a book depository.

- Site Improvements for Bus Drop Off, Fire Lane around the new buildings and temporary construction for portable buildings during construction.

Due to the change of scope, PSFA Staff recommends that the request for construction funds be approved as requested in order for the project to remain on schedule and completed to adequacy as originally outlined. Approving the funding out of cycle as outlined in the previous award language, will allow construction to begin at the end of May 2010, as school lets out for the summer recess.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Capital Outlay Award to the Los Alamos Public Schools for Los Alamos High School to include: Replacement of B, C & D wings; partial replace/remodel of A wing; library renovation; convert cafeteria to classrooms and E wing renovation with out-of-cycle construction funding increase in state match of \$5,962,320 (28%) contingent upon a district match of \$15,331,680 (72%). Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Moriarty—Moriarty MS—Out-of-Cycle Construction Award

Mr. McMurray presented this item to the Council. Ms. Karen Couch joined the meeting via webcam. Mr. McMurray noted that the district has been working closely with PSFA and has done extensive revisions to their master plan. The district has completed their Ed Specs to reduce the footprint of the project. The district is building a new mid-school which was proved to be more cost effective to build new space than to put funds into an existing facility which was designed as an elementary school. Mr. McMurray informed the Council that a contractor has been hired and the district is using CMAR. The district will keep part of the existing facility which includes the gymnasium. The district is requesting \$9,430,799 to complete this project. Ms. Couch noted that the cost to the state and to the district has been reduced. She stated that the district is being prudent with their maintenance costs. She informed the Council that although the project has been delayed the district is currently on schedule. Ms. Couch noted that the Moriarty Municipal School District has changed its name to Moriarty-Edgewood School District.

Mr. McMurray noted that the previous award was for design funds to renovate or replace the existing middle school with an emphasis on renovation with a student capacity of 300, serving grades 7-8. The student enrollment must be verified through submission to PSFA of a new/updated facilities master plan, prior to funds being released. The district's \$680,000 offset will be held in abeyance until a future construction award. The district is required to continue to execute its PM plan and make effective use of FIMS, including utility data in UD.

Mr. McMurray informed the Council that the design capacity was reduced from 300 to 275 students, based on the current and projected enrollment numbers. The local share is available; the Moriarty Middle School project funding was part of the 2008 Bond election. The district completed the Feasibility Study comparing the cost of renovation to the cost of new construction for the classrooms, kitchen and cafeteria

and administration area. The utilization study and educational specifications established the number and configuration of classrooms and support spaces allowed by the adequacy standards. Based on the results of these studies, the replacement of the old classroom building, old kitchen/cafeteria Home-Economics building and portables with a new building sized in accordance with the Adequacy Standards requirements is more cost effective than the remodel and addition option. Moreover, the replacement building will reduce the overall square footage and the overall operational cost for the school. The existing gym building will be renovated based on the adequacy standards requirements. The design development is complete and full construction documents are scheduled to be ready by the end of April 2010. The project is procured under a CMAR method and the maximum allowable construction cost is set at \$13,200,000. The decision to proceed with a CMAR method was supported by the challenges associated with the site, the difficulty related to phased construction next to the existing building in operation during one entire school year and an aggressive construction schedule. The selected contractor is Cameron Construction of Santa Fe. During the design phase the input from the contractor was extremely valuable to the team's efforts to control cost. Some examples of cost control measures are: selection of foundation type, type of walls and connection of structural elements, details and location of structural elements in order to reduce structural elements' size, layout of grading and drainage and utilities work to name only a few. The contractor is ready to complete the subcontractor bidding and contracts buyout as soon as the construction documents are available, in order to take advantage of the current favorable market conditions. The project is progressing on schedule and the entire team is committed to complete the project on schedule as well.

PSFA staff recommends that the request for construction funds be approved as requested in order for the project to remain on schedule and completed to adequacy as originally outlined. Approving the funding out-of-cycle will allow construction to begin at the end of May 2010, as soon as school is out.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2008-2009 Standards-Based Capital Outlay Award to the Moriarty Schools for Moriarty Middle School to include out-of-cycle construction funding for renovations/replacement of the existing facilities to adequacy for a design capacity of 275 students, serving grades 7-8 with an increase in the state match of \$9,430,799 (65%) contingent upon a district match of \$5,725,956, including adjustment for direct appropriation offset balance of \$421,092. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- Ruidoso—HS Emergency Advance—Repayment Extension

Mr. McMurray presented this item to the Council noting that Ms. Bea Harris is joining the meeting via webcam. Mr. McMurray referred the Council a letter from the district that was made available to them in their meeting notebooks. The district is requesting an extension for the repayment of the advance for their high school

corrective storm damage until March 31, 2011. The letter indicates that repayment of the advance in full is the district's top priority upon passing the GO Bond.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to extend the repayment date of the advance to Ruidoso Municipal Schools for emergency drainage improvements and repairs at the high school from March 31, 2010 to March 31, 2011. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

- **State Fire Marshall—FY-2011 Budget for Reimbursement for Inspections/Plan Review**

Ms. Martica Casias, PSFA staff, presented this item to the Council. Mr. Randy Arnold, Bureau Chief, Arson Investigation, represented the Office of the State Fire Marshall. Ms. Casias referred the Council to a letter from Ray Wolf, Deputy Fire Marshall and an itemized cost for inspections for plan review for PSFA that was made available to them in their meeting notebooks. The letter states that the estimated FY2010 budget for inspection, plan review, code interpretations and meetings performed on PSCOC projects amounts to \$15,370.

MOTION: Mr. Abbey moved for Council approval of the Awards Subcommittee recommendation to allocate an amount not to exceed \$15,370 to reimburse the State Fire Marshal for estimated plan review and inspection expenses for FY-2010 for PSCOC-funded projects. Since this is a subcommittee recommendation a second is not necessary. There being not objection the motion carried.

- **2009 Qualified School Construction Bonds (QSCB) Application Update**

Mr. Antonio Ortiz, PED staff, presented this item to the Council referring them to a spreadsheet that reflects an update of the 2009 QSCB applications received. He noted that there were more requests from districts than available funds. Mr. Ortiz noted that the total amount requested was originally \$186,500,000 but the amount has now decreased to \$109,200,000 because some districts had to move forward with their projects before the funding was made available. He informed the Council that staff met and based on the new criteria in HB 145 (Qualified School Construction Bonds) they attempted to go through the applications to meet the allocations by priority based on the criteria in the bill. Mr. Ortiz noted that there is information that is missing and PED will gather the information and present recommendations to the Council for the 2009 allocations at its next scheduled meeting.

Mr. Ortiz stated that there is \$64.8 million for the 2009 QSCB allocations and additional authority for \$62.9 million for 2010. The Council asked if districts are showing interest in applying for the funding. Mr. Ortiz said that most district utilize bonding advisors to discuss their bonds before applying for the funding.

Mr. Leo Valdez, representing the Taos School District stated that the district is in need of the QSCB funding for their projects. The Council asked if the delay of the allocations is causing problems for the district. Mr. Valdez stated that the district will be alright until the allocations are awarded on May 6, 2010.

Mr. Charles Casey, Bond Advisor representing the Bloomfield School District stated that the district submitted an application and due to the potential loss of bonding capacity, the district is up against a very tight timeframe. The Council asked if the district can achieve the schedule with the action on May 6, 2010. Mr. Casey stated that the district would hold a special meeting to discuss this but it would still be a tight timeframe. Mr. Ortiz informed the Council that staff has sent a memo requesting the additional information with a deadline within two weeks. Mr. Gorrell noted that due to the lack of information and the timeframe, the Council would have to meet again before the funding is distributed. Due to the timeframe, Mr. Abbey suggested that the Council delegate this item to the Awards Subcommittee. The staff is directed to bring information and recommendations to the Awards Subcommittee at their next scheduled meeting for potential awards at the May 6, 2010 PSCOC meeting.

MOTION: Mr. Abbey moved for Council approval of Awards Subcommittee to direct PED and PSFA staff to gather additional information and prioritize applications based on statutory criteria and bring back to Awards Subcommittee for potential award at the May 6, 2010 PSCOC meeting. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

- **2011 Qualified School Construction Bonds (QSCB) & Qualified Zone Academy Bonds (QZAB) Applications**

Mr. Ortiz presented this item to the Council referring them to the draft applications made available to them in their meeting notebooks. PED is requesting approval of the application. Mr. Ortiz highlighted various changes of the applications. After further discussion, the Council decided to change the deadline for the submission of applications to May 13, 2010, in order to allow districts that do not receive 2009 authorization to reapply for 2010 QSCB approval.

MOTION: Mr. Abbey moved for Council approval of Awards Subcommittee recommendation to authorize release of the 2010 QSCB & QZAB applications. Applications are due May 13, 2010 and tentative award date will be at the June 17, 2010 PSCOC meeting.

b. Adequacy & Maintenance Subcommittee Report

- **Statewide FIMS Implementation—Status**

Mr. Les Martinez, PSFA staff, presented this item to the Council. He referred the Council to the FIMS proficiency (Fourth Quarter) 2009 Chart, and a 2007-2009 Progress Chart that was made available to them in their meeting notebooks. Mr. Martinez stated that the charts reflect what districts are doing well in utilizing FIMS and those that are not using or reluctant to use FIMS. He noted that district utilizing FIMS are beginning to see the benefits of using the system. Mr. Gorrell noted that the PSFA has created a maintenance assessment tool which is being used by the regional managers.

The Council voiced concern regarding districts not moving forward to utilize FIMS and districts becoming reluctant to use the system. Mr. Martinez said that this may be

attributed to some districts cutting down on maintenance staff and there may be issues with the learning curve in regards to how to enter and analyze the data. Ms. Martinez suggested that in the future, the Council consider providing the PSFA report to the districts to make them aware of the long-term benefits of using FIMS. This item is for informational purposes and does not require action by the Council.

- **Statewide Preventive Maintenance Plans—Status**

- **NM School for the Deaf—PM Plan Approval**

Mr. Martinez presented this item to the Council noting that the PSFA is working with the school to make certain that their preventive maintenance plan is effective. Mr. Gorrell stated that the staff recommends that the New Mexico School for the Deaf continue to meet guidelines and expectations and staff recommends approval of the plan.

Mr. Peter Winograd noted that the NMSD is in the red on the chart provided to the Council. Mr. Martinez explained that the analysis provided is for Calendar Year 2009 and from the data recently collected the NMSD is up to date.

MOTION: Ms. Martinez moved for Council approval of the Adequacy & Maintenance Subcommittee recommendation to approve the preventive maintenance plan for the School for the Deaf contingent upon the following conditions:

1. The NMSD shall execute an effective preventive maintenance program, as prescribed in their PSCOC approved PM plan (which shall be reviewed and updated annually to insure proper implementation at each building and campus);
2. Effectively utilize all Facility Information Management System (FIMS) modules—Maintenance Direct (MD), Preventive Maintenance Direct (PMD), and Utility Direct (UD); and
3. Prior to occupancy of any new or renovated building, an amendment to the approved maintenance plan must be submitted defining how appropriate maintenance will be provided.

Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

- **Recommendation for Incentive for Reduction in Building Footprint Toward Funding “over adequacy” Spaces—PSCOOTF—For Review and Consideration**

Mr. Gorrell presented this item noting that it would require legislative revisions. He said that the staff recommends that this concept go before the Public School Capital Outlay Task Force (PSCCOTF) for further study and consideration. Mr. Gorrell stated that this item was presented to the subcommittees as a draft of what a reasonable footprint would be to determine the correct size for facilities to provide adequate education. Mr. Gorrell noted that there are schools that are larger than necessary and there is a need to create an incentive to build schools that are the correct size for students. The staff is requesting that the Council endorse this item and send it to the PSCOOTF for their consideration.

The Council agreed that student performance is an important factor and should be taken into consideration. The Council agreed that although the incentive is worth considering, there are factors regarding teachers and student achievement and there could be some issues regarding funds being put into facility spaces with no improvement in student achievement. After further discussion, the Council agreed that there are many questions that need to be addressed regarding the man-hours and resources that this study would require.

On behalf of the Adequacy & Maintenance Subcommittee, Ms. Martinez stated that the subcommittee recommends approval of this study.

The staff is directed to compile information and provide it to the PSFA Subcommittee for their recommendations. The information would then be taken to the remaining subcommittees and finally to the full Council for consideration.

c. PSFA Subcommittee Report

- **Study Charter School Capital Outlay Needs (SJM 59)—PSCOOTF**

Mr. Gorrell presented this item to the Council noting that SJM 59 (Study Charter School Capital Outlay Needs) is a senate joint memorial to study charter schools and how they would move forward with their facility needs. He stated that through the GIS, the staff would be able compile information regarding how well facilities, including charter schools are utilizing their space. Mr. Gorrell informed the Council that the PSFA Subcommittee has reviewed this request and recommends approval.

MOTION: Ms. Tackett moved for Council approval of the PSFA Subcommittee recommendation to request that the Public School Capital Outlay Task Force (PSCOOTF) study the capital outlay needs of charter schools during the 2010 interim similar to and for the purposes contained in SJM 59 and SB140 that failed to pass the 2010 Legislature.

The Council noted that study is a joint memorial and reiterated that the study would require man-hours and resources. The Council also noted that in comparison to i.e., Cleveland High School, Rio Rancho District, there is a common scale that can not be achieved in smaller high schools. Mr. Gorrell stated that it does scale down in that the smaller the school gets the larger the square foot per student. The Council also noted that it is difficult to measure student performance and it can not be tied to teachers. Mr. Gorrell indicated that when all data has been collected and entered into the PSFA database, it will reflect correlation on school quality.

Ms. Maestas noted there would be a necessity for staff from other entities become involved in these studies. Mr. Abbey suggested that the staff compile information that includes a workplan that would reflect strengths and weaknesses and also to develop a workplan to determine how to address the charter schools and capital outlay. After further discussion, the Council directed the staff to compile an analysis regarding the man-hours and cost for the “Recommendation for Incentive for Reduction in Building Footprint toward Funding “over adequacy” Spaces” and the “Study Charter School Capital Outlay Needs” items discussed. The staff is directed to compile information and

provide it to the PSFA Subcommittee for their recommendations. The information would then be taken to the remaining subcommittees and finally to the full Council for consideration.

- **PSFA Quality New Mexico Roadrunner Recognition**

Mr. Gorrell presented this item to the Council referring them to a letter from Quality New Mexico that was made available to them in their meeting notebooks. The letter congratulates the PSFA achievement of Roadrunner Recognition. The recognition reflects that PSFA is now one step from achieving the level of proficiency of running the agency to be on a national level for the Baldrige Award. Mr. Gorrell noted that the PSFA had won two previous Pinon Awards. Mr. Gorrell then referred the Council to a second letter from Quality New Mexico that acknowledges the PSCOC for guiding and assisting the PSFA on its “journey to excellence”. On behalf of the PSFA staff Mr. Gorrell thanked the Council for their support.

The Council congratulated the staff and expressed appreciation for their work, professionalism and leadership.

- **Facility Assessment Database—Request For Proposal (RFP)**

Mr. Gorrell and Ms. Tanya DeLara, PSFA staff, presented this item to the Council. Mr. Gorrell stated that the Facility Assessment Database (FAD) is the dynamic tool in managing school projects continuously by various interfaces, direct observation, maintenance inspections and measurements at school sites. Ms. Tanya DeLara explained that the FAD is the hub of the PSCOC/PSFA process. It is the tool for analyzing the condition of facilities and prioritizing funding under the standards-based capital outlay process. She said that the current software to manage FAD is hosted by Parsons (formally 3D-I). Ms. DeLara stated that PSFA is currently using the 3.0 version and there is a newer version available. She also informed the Council that there is a cost associated with the customized programming needed to upgrade the package and renewing the contract would be necessary. The staff is requesting that the Council allow the PSFA to submit a Request for Proposal (RFP) to explore other vendors and associated costs.

In regard to the cost, Mr. Gorrell noted that there is a potential for budget adjustment. He informed the Council that Parsons wanted over \$1 million just to upgrade the system, but has since revised the amount to \$736,000. Mr. Gorrell informed the Council that the system was purchased before the PSFA was created. The PSFA has not upgraded the system and the vendor will no longer provide on-going support unless the system is upgraded.

The Council asked if upgrading the system was included in the PSFA budget. Mr. Gorrell answered in the negative. The Council then asked if the PSFA has to coordinate with the Department of Information Technology (DOIT) or the Information Technology Commission (ITC) on this request. Mr. Gorrell answered in the negative. Mr. Berry explained that this issue came up previously when the Deficiency Correction Unit (DCU) was in the process of developing the Construction Information Management System (CIMS). He stated that there was disagreement between State Purchasing and

the former CIO as to where PSFA fits in. Attorneys, including the attorney for the Governor's Office, weighed in to determine if the DCU should be considered an executive or legislative entity as they didn't want other agencies buying off PSFA contracts and encouraged the DCU to seek exemption under the procurement code from going through State Purchasing. He stated that the Higher Education Department (HED) and General Services Department (GSD) also had similar assessments done by the same company for their facilities. The PSFA has initiated joint meetings with HED and GSD to determine whether or not there is a possibility that the three entities can submit a joint RFP that will have the combined buying power in a common system that would be beneficial to other agencies as well as public schools. The PSFA staff has scheduled additional follow-up meetings with GSD and HED to discuss facility assessment data needs.

Ms. Martinez asked if there is a need for a RFI (Request for Information). Ms. DeLara stated that the PSFA is in the discovery process to determine what vendors exist that can provide these types of services. She said that the PSCOC/PSFA process is unique in that she does not know of any other state using this type of process. The Council asked if the PSFA has budget adjustment authority and can it be used in this process. Mr. Berry stated that although it is not in the current budget, the PSFA has budget increase authority for project management expenses. He stressed that the FAD is vital to the standards-based process as it provides the basis for assessment and priority ranking of all school buildings throughout the state. Mr. Berry stated that the PSFA would be seeking authority through the budget adjustment authority for project management expenses once the cost is known. Mr. Gorrell informed the Council that the PSFA has sent an informal RFI to vendors informing them of PSFA requirements and sample data has been taken from the current system so other vendors can demonstrate how their system would operate. Mr. Gorrell indicated that the PSFA is prepared to go out for an RFP after the meeting with GSD and HED. Mr. Berry noted that the only limiting factor on the amount of the increase is the 5% cap and the cost of the system would come from the Capital Outlay Fund. He stated that the cap applies to the core administrative expenses of the PSFA not exceeding 5% of the average of the previous three years of awards from the fund. Mr. Eaton stated that the budget in HB 2 cites the increase authority that is under the Public School Capital Outlay Act which specifies that the core administrative function of the PSFA budget shall not exceed 5% but does not put a cap on project management expenses. Ms. DeLara informed the Council that currently Parsons has not indicated a date that they will no longer support the product but have recommended and quoted a cost for the upgrade. The PSFA is at the mercy of the vendor supporting the product and when they decide that they will not support the product it will become a problem. The PSFA is currently exploring available vendors and other options.

Mr. Abbey reminded the PSFA that there is a process for state agencies to go before the legislature for IT projects. However, he recommends that the PSFA move forward with the RFP as this type of system has worked for the past nine years.

MOTION: Mr. Abbey moved for Council approval of the PSFA Subcommittee recommendation to issue a request for proposals (RFP) for developing a new facility assessment database system; review with DOIT and LFC; and present information and

costs at a future PSCOC meeting for potential budget adjustment consideration. Dr. Winograd seconded and the motion carried.

5. Director's Report

- **Standards-Based Capital Outlay Pre-Applications Received**

Mr. Berry presented this item to the Council referring them to a spreadsheet in their meeting notebooks that reflects all pre-applications received for Phase II projects (see attached). He indicated that the pre-applications were reviewed and broken into various categories that include: (1) Phase II requests meeting all contingencies; (2) Phase II out-of-cycle; (3) Phase II out-of-cycle-funded or pending; and (4) Phase II out-year—no pre-application received.

Mr. Berry referred the Council to the spreadsheet that reflects the project for Roosevelt Elementary School located at the Bernalillo School District. He noted that the Bernalillo District is the only district that complied with the various contingencies for getting their Phase II project approved for the current award cycle.

Mr. Berry stated that the amount for the current projects, potential out-of-cycle awards and projects funded at this meeting amounts to \$200 million for the state share that includes all current projects, all potential out-of-cycle awards and all projects that were funded at this meeting. Mr. Berry noted that there may be some out-of-cycle projects that may not be ready due to the need for passing bond issues or other unforeseen problems in developing their projects.

The PSFA is requesting that the Council allow the PSFA to give the districts, listed on the first section and second section of the spreadsheet, the go ahead to proceed with the full application process. He noted that the staff recommends not conducting formal site visits on these projects as they have already been assessed. Mr. Berry noted that there particular projects which received previous PSCOC approval to request out-of-cycle awards. However, the remaining projects would have to be given out-of-cycle authority to be able to come back during the year or wait until the next PSCOC funding cycle.

Since the projects are Phase II projects, Mr. Abbey questioned why it would be necessary to hold district presentation meetings. The Council determined that the district presentation meetings are not necessary. However, a PSCOC meeting will be held in June to review the Phase II projects. The staff is directed to discontinue the full applications process for this funding cycle and inform the districts to not complete the full application this year. The award requests would be brought before the Council on a monthly basis.

MOTION: Mr. Abbey moved for Council approval to give all Phase II Pre-applications for the current award cycle and requested out-of-cycle consideration the ability to bring back out-of-cycle requests for additional funding throughout the year upon developing the projects to the construction documents or equivalent phase and meeting all conditions of the original award. The Council further directs the PSFA to terminate the remainder of the formal application process and cancel the District Presentations for this award cycle. Districts are reminded that any out-of-cycle allocations will be subject to funding availability and will be awarded on a first come, first funded basis. Ms. Ball seconded and the motion carried.

- **Status Reports**

- **Public School Capital Outlay Report**

The Public School Capital Outlay Status Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. The report is for informational purposes.

The Public Education Department (PED) & PSFA jointly provide the report on the previously allocated PSCOC projects. The PSFA is responsible for awards beginning with the 2004-2005 cycle.

- **Lease Payment Assistance Report**

The Lease Payment Assistance Status Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. The report is for informational purposes.

2009-2010 Awards made at the July 30, 2009 PSCOC meeting were to 69 charter schools and 8 schools in 21 districts in the amount of \$8.1 million. Total awards reimbursed as of April 8, 2010 total \$4,807,860.

2008-2009 Awards made at the July 30, 2008 PSCOC meeting were to 75 schools for \$7.3 million. Total awards reimbursed as of April 8, 2010 total \$7,062,902.

- **Red Flag Report**

The Red Flag Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. The report is for informational purposes.

- **HUD—Sustainable Communities Planning Grant Program—Letter Requesting Inclusion of K-12 Public Education**

Mr. Gorrell presented this item to the Council referring them to a draft letter to the Honorable Shaun Donovan; Department of Housing and Urban Development (HUD) which was made available to them in their meeting notebooks. The letter requests that the grant selection criteria include K-12 public education in the regional planning process. The final letter is to be signed by Ms. Katherine Miller, PSCOC Chair.

MOTION: Mr. Abbey moved for Council approval of PSFA staff recommendation to send letter to HUD requesting K-12 inclusion into the Sustainable Communities Planning Grant Program. There being no objection the motion carried.

6. Other Business

- **2010-2011 Workplan/Timeline**

The Council was provided with an updated 2010-2011 workplan. Mr. Berry noted that the plan would need to be revised due to the decision to not move forward with the application process and to cancel the formal district presentation meetings.

- **Next PSCOC Meeting—Proposed for May 6, 2010**

After discussion the Council unanimously agreed to hold their next meeting on May 6, 2010 at 9:00 AM.

Public Comment

There was no public comment at this time.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 12:35 PM.

Atherton B. Miles Chair

May 6, 2010 Date