

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
MAY 6, 2010
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Ms. Katherine Miller, DFA Mr. Joe Guillen, NMSBA
Ms. Paula Tackett, LCS Ms. Lisa Martinez, CID
Mr. Don Moya, PED Ms. Catherine Smith, PEC
Dr. Peter Winograd, Office of the Governor

Designees: Ms. Cathy Fernandez for Mr. David Abbey, LFC
Mr. Peter vanMoorsel for Ms. Frances Maestas, LESC

1. Call to Order—9:05 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 Roswell School District would join the meeting via webcam. Ms. Katherine Miller announced that Ms. Paula Tackett will retire on June 11th and stated that since this is the last PSCOC meeting Ms. Tackett will attend as a member, it would be an honor to allow her to chair a portion of the meeting.

MOTION: Ms. Catherine Smith moved for Council approval of the agenda as presented. Ms. Tackett seconded and the motion carried.

b. Correspondence

In the correspondence item, Mr. Gorrell noted that a letter was received from Ms. Frances Maestas designating Mr. Peter vanMoorsel to represent the Legislative Education Study Committee in her absence. He noted that there is also an email from Mr. David Abbey designating Ms. Cathy Fernandez to represent the Legislative Finance Committee in his absence.

Other correspondence includes letters that were sent to Mr. Gil Ferran and Mr. Bob Bittner thanking them for their service while employed with the Public School Facilities Authority (PSFA). The last item in the correspondence item is a letter from REC #6 requesting that they be allowed to address the Council regarding their request to continue maintenance coordinator funding. This item will be discussed under the Adequacy & Maintenance Subcommittee report.

2. Adoption of Minutes (April 8, 2010)

Motion: Ms. Tackett moved for adoption of the April 8, 2010 PSCOC meeting minutes as presented subject to technical corrections. Ms. Lisa Martinez seconded and the motion carried.

3. PSCOC Rule Revisions—Approval to Send for Public Comment

Mr. Tim Berry, PSFA staff, presented the proposed PSCOC Rule Revisions. He noted that the Administrative Rule Changes have been reviewed by the PSFA Subcommittee and the Statewide Adequacy Standards and Planning Guide Changes have been reviewed by the Adequacy & Maintenance Subcommittee. Mr. Berry noted that since November 2009 there has been an informal working group reviewing the Statewide Adequacy Standards Changes and the Planning Guide. At this point the Council has delayed approving the rule changes until some language has been agreed upon. The staff is requesting that the Council approve the draft rule changes for solicitation of public comment from all school districts and other interested parties for their input and to schedule a public hearing on rule changes. The revised rules with suggested changes will be brought back before the Council for their approval after the public hearing. Mr. Berry thanked Ms. Smith for her contribution to various changes and expressed appreciation for her overview of the rules. He also expressed appreciation to Mr. David Abbey and Paul Aguilar, LFC, for their input on Rule 6.27.3.9 regarding the state match and percentages.

- **Administrative Rule Changes (6.27.1, 6.27.2 and 6.27.3)**

Mr. Berry noted that the changes in the rules are the result of various statutory changes that have occurred. He highlighted the suggested language and details. The proposed rule changes are as follows:

<u>Rule#</u>	
<u>6.27.1</u>	<u>PSCOC GENERAL PROVISIONS</u>
6.27.1.3	Change delegation of authority from DCU to reference to entire PSCO Act Section 22-24-1 to Section 22-24-11 and Section 22-20-1
6.27.1.7	Add state-chartered charter schools, NMSD, and NMSBVI to definition of a “school district” for purposes of the rules
<u>6.27.2</u>	<u>PSFA DUTIES AND AUTHORITIES</u>
6.27.2.3	Add reference to entire PSCO Act Section 22-24-1 to Section 22-24-11 and Section 22-20-1 to statutory authority
6.27.2.9 (B)	Add FIMS and administration of all previous DCU projects, etc. to PSFA Duties
6.27.2.9 (C)	Update emergency request language and director authority to approve up to \$150,000 in emergency funds with Council Chair approval
6.27.2.11 (B)(5)	Add use of construction information management system, closeout procedures, and included language from DCP rule 6.27.42.8 (currently expired)
6.27.2.12	Revise for projects less than \$200k – PSFA approval of plans not required
<u>6.27.3</u>	<u>APPLICATION AND GRANT PROCEDURES AND REQUIREMENTS RELATING TO PREVENTIVE MAINTENANCE PLANS</u>
6.27.3.3	Add reference to entire PSCO Act Section 22-24-1 to Section 22-24-11 and Section 22-20-1 to statutory authority
6.27.3.8	Removed obsolete (dated) language prioritizing pre-standards-based awards that were not completed, and add language regarding use of FIMS
6.27.3.9	Add language for 5% reduction in match for exemplary PM, and match percentage for phased projects – match percentage remains the same as awarded in first phase
6.27.3.10	Add language for Direct Appropriation Offset - apply to and follow state-chartered charter schools; ARRA funds; 50% reduction for appropriations that will fit with scope of work of requested project; add language for proportional use reduction of

	offsets for joint-use facilities
6.27.3.11	Add requirement of annual maintenance update, inclusion of portables and charter schools in PM plan, and expands on requirements for approval of PM plan; defines exemplary maintenance
6.27.3.12	Adds language concerning five-year facilities plans required for grant applications and that preventive maintenance must be addressed in those plans and updates the rule provisions concerning the roof repair and replacement initiative
6.27.3.13 (B)	Add status of district audits to considerations in making grant assistance determinations
6.27.3.13 (C)	Update emergency purchases to reference 6.27.2.9 NMAC, removed obsolete language
6.27.3.13 (E)	Add PM plan, and effective use of FIMS as requirements
6.27.3.14 (A)	Add lease with option to purchase arrangement information
6.27.3.14 (B)(2)	Remove entirely – obsolete language
6.27.3.14 (C)(D)	Add clarification/requirements of adjustments to previous awards (waivers and advances)
6.27.3.15	Adds language for the administration of loaning portable classroom buildings to school districts, including application procedures, portable classroom use agreement terms, responsibilities of costs incurred, and the requirements for a request for approval of school construction
6.27.3.16	Defines direct administrative space that can included in lease assistance program; allows state-chartered charter schools to apply directly; update for 80 th day adjustment for charters in first year of operation; adjusts per-MEM amounts of lease payments and annual CPI adjustment, allowance to use lease payments as state match for certain federal grants, and adds reversion of funds
6.27.3.17 (new)	Add requirements and guidelines to apply for and receive facility master plan awards
6.27.3.18 (renum)	Add requirement of PM programs for charter schools, including annual update of PM plan

Mr. Berry noted that **Rule 6.27.3** contains substantial changes in regard to the grant awards, the process for maintenance plans and various grant programs administered by PSFA and the Council. He noted that many of the changes are clean-up language and briefly highlighted the various changes which include omitting the previous continuation language to transition from the old critical capital outlay process to the standards-based process. He noted that priority was given to projects that were partially funded under the old process and that all projects are now complete.

In regard to **Rule 6.27.3.9**, Mr. Berry stated that this rule allows the Council to make a 5% reduction in the local match for exemplary preventive maintenance and also addresses the current Council policy to keep the local match percentage the same throughout a phased project. He noted that for administrative and planning purposes it is easier to lock in the percentage when the project is first funded and carry it forward. Mr. Berry noted that allowing the match percentage to fluctuate could cause issues with districts that have passed bond with specific amounts earmarked for their estimated share of the project. He stated that the current formula works on a three-year average which reduces large fluxuations from one year to the next. Mr. Berry explained that when a district passes a large bond issue and increases their bonded indebtedness that the local share will generally decrease. He noted that the standards-based process is predicated on a statewide average of 50%.

Mr. Gorrell stated that the Council has made it a point to do “just in time funding” to assure that funds are expended quickly. He explained that when districts are ready for master planning, educational specifications or design, the awards are made for that purpose. If a project comes up suddenly for a district and is high on the ranking, the Council is able to award early planning for the project. Once the plans for design are complete and ready to bid and the district has its full local match, the Council then makes a Phase II award. Mr. Gorrell went on to explain that with the exception of facility master plans, once an individual project has been identified and the funding begins to flow to the project, the Council is aware of the state/local share at this point which allows staff to move forward with the projected needs in the out-years for funding and it helps districts determine how much their bonds should be as they move forward. Mr. Gorrell indicated that there have been concerns regarding how well the funding formula is working for all districts. He stated that there are perceptions out there that some districts are receiving too large of a share of the funding. Mr. Gorrell said that the Public School Capital Outlay Oversight Task Force studied this issue last year and did not come to any conclusions. However, this issue may be further debated by the task force. Mr. Gorrell stated that there have been cases where districts are awarded funding and during the initial planning there is a huge turn around in their economy and property values increase which results in increasing their local share. However, it could also work the other way if values were to drop. Mr. Gorrell stated that on average each year, the funding formula is calculated so there is a 50-50 balance between state and local share throughout the state. Mr. Gorrell noted that he sent an email to Mr. Abbey with his suggested revision to the rule as follows “Projects which receive phased project funding over multiple award cycles will be applied the state/local match current at the first project specific related planning or design award and construction award and each subsequent award associated with each of these two award types will be applied the beginning ratio”. Mr. Gorrell noted districts are encouraged to pass their bonds before they are awarded funding but there may be difficulty because sometimes districts can not plan adequately or their local share may be reduced which makes it difficult for staff to manage.. Ms. Fernandez informed the Council that Mr. Abbey asked that she convey to the PSCOC that this issue was discussed by the Awards Subcommittee. Mr. Abbey agrees that resources are scarce and limited and he has requested that the local/state match issues be further discussed. Mr. Abbey suggested that the PSCOC apply the match applicable for the year that each phase is awarded and determine whether or not this would increase the staff workload.

Ms. Tackett informed the Council that this issue was discussed by the PSFA Subcommittee. She noted that there are two separate issues and said that the awards for planning and design should be based on a set ratio and construction phases could be funded at another percentages if conditions warranted, but that substantial evaluation should also be tied in. Ms. Tackett noted that regardless of what happens, the Council may then consider readjusting the local ratio. Mr. Don Moya stated that there might be districts that do not have the expertise and staff to accomplish this and it may impact some districts. Mr. Moya deferred to Mr. Paul Cassidy, Bond Advisor, for his input. Mr. Cassidy stated that the more districts know up front the better they can plan. He said the planning and design phases can be separated from construction phases with every phase having a different funding percentage for the projects. Mr. Berry noted that when the standards-based process began, there were dramatic changes of up to 6% per year and this is why the task force studied this

issue and the legislature instituted the three-year average. He stated that if a normal project goes on schedule within a two to three year period, there should not be significant changes in the match.

Mr. Berry pointed out that **Rule 6.27.3.13**, addresses the status of district audits for considerations in making grant assistance determination. He referred the Council to **Rule 6.27.3.15** that is currently in statute regarding how the Council makes awards. He noted there may be contingencies or other conditions placed on the award. Mr. Berry noted that one of the items that have come up is district financial audits and whether or not they are current. He noted that to date, the Council has not withheld awards because of district audits. Mr. Berry noted that there have been, and could be, in the future, stipulations imposed that until districts complete their audits, they may not be eligible for PSCOC awards. There may also be conditions or stipulations placed on districts that are unable to properly manage their funds to make all payments on contracts; or require PSFA to take over direct administrative oversight on the project. Mr. Moya pointed out that a law goes into effect on July 1, 2010 that allows the Secretary of Education to impose sanctions on districts for their audits. He stated that PED has been working diligently with districts in an attempt to get caught up and only a handful have not completed their audits. Ms. Tackett commented that the Council has a responsibility to assure that the children of New Mexico are not penalized and are provided with the facilities that they need. She stated conditions and stipulations should not be used in a way to deny students of adequate facilities. Mr. Gorrell stated that the Council has not refused school districts an award but instead has created a milestone that is expected to be met before the state funds can flow. He reminded the Council that there was a district that received a substantial amount of funding and the district was not able to meet their match which puts a burden on other districts to move forward with their projects.

Rule 6.27.3.14 (C) (D) adds clarification/requirements of adjustments to previous awards such as waivers and advances and determines local share. Mr. Berry noted that the original awards demonstrate that some districts do not have sufficient capacity and the rule allows the Council to adjust the awards. Mr. Berry explained that districts that are in need of advances submit a form that reflects the districts financial capacity and the forms are reviewed and adjusted. After the original award, the districts have the ability to come back and request adjustments. Upon further discussion, the staff was directed to rewrite part D to make clear the intent. Mr. Berry assured the Council that staff will continue to work on details of this rule. The staff will make note at the public hearing that this rule is still being studied by the Council.

Rule 6.27.3.15 adds language for the administration of loaning portable classrooms buildings to school districts, including the application procedures, portable classroom use agreement terms, responsibilities of costs incurred, and the requirements for a request for approval of school construction. Ms. Smith and Ms. Martinez voiced concern regarding the language. Ms. Smith commented that the rule needs revision because the proposed language may confuse district superintendents and district representative. Mr. Berry noted that **Rule 6.27.2.12** explains other school construction projects and permits.

Rule 6.27.3.17 is a new rule that adds requirements and guidelines to apply for and receive facility master plan awards. The awards require state/local match.

Rule 6.27.3.18 adds requirements of preventive maintenance programs for charter schools, including annual update of PM plans. Ms. Tackett stated that this is also in statute.

After further discussion, Mr. Berry assured the Council that the staff would revise the language in various portions of the rules to make it more understandable and staff would also make technical changes before sending the rules out for public comment. He noted that with approval from the Council, the staff will hold the public hearing on June 3, 2010.

MOTION: Ms. Tackett moved for Council approval of the PSFA Subcommittee recommendation to approve the draft administrative rule revisions as amended (6.27.1, 6.27.2, 6.27.3) to be sent out to districts and formal public comment subject to technical revisions by staff. The staff is directed to clarify language in 6.27.2.12, 6.27.3.9, 6.27.3.14 prior to sending out for public comment. Mr. Guillen seconded and the motion carried.

- **Statewide Adequacy Standards Changes (6.27.30)**

Mr. Andre Larroque, PSFA staff, presented this item to the Council noting that the changes are based on feed-back from the advisory group and the Adequacy & Maintenance Subcommittee. He referred the Council to the proposed rule revisions executive summary that was made available to them in their meeting notebooks.

Dr. Peter Winograd commented that a portion of the proposed rule revisions presented are difficult to understand since the information reflects spaces proposed as opposed to differences in spaces. Mr. Gorrell explained that the adequacy standards have a minimum and a maximum and the school districts develop their plan and have at times gone to the maximum spaces. When the total space was determined, it was not affordable to the state or district in many cases. He noted that the Council had previously set rules for 150 square foot per student in the past for some of the large high schools that were to be built. Mr. Gorrell noted that the number recommended is 160 square feet per student. He said that this issue may possibly be studied by the PSCOOTF and the footage could be increased but with an incentive it would encourage the districts to reduce other spaces so that the overall building footprint would be smaller. Mr. Gorrell further explained that this allows districts to determine what the Council is expecting and allows them to plan accordingly.

MOTION: Ms. Martinez moved for Council approval of the Adequacy & Maintenance Subcommittee recommendation to approve the draft Statewide Adequacy Standards rule revisions as amended (6.27.30) to be sent out to districts and formal public comment subject to technical revisions by staff. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

- **Adequacy Planning Guide Changes**

Mr. Larroque presented this item to the Council referring them to the executive summary for the proposed revisions to the planning guide that was made available to them in their meeting notebooks (see attached). The summary reflects the history of meetings held for discussion of the changes from December 8, 2008 to May 8, 2010. Mr. Larroque noted that the staff has worked with various committees and workgroups and the documents provided to them have been reviewed by the Adequacy & Maintenance Subcommittee. Mr. Larroque also noted that the adequacy standards refer to the planning guide, therefore,

a public hearing is required. The PSFA is requesting that the Council allow the planning guide be included at the Statewide Adequacy Standards hearing. Mr. Gorrell noted that an acknowledgement page will be included in the final version of the planning guide.

MOTION: Ms. Martinez moved for Council approval of the Adequacy & Maintenance Subcommittee recommendation to approve the draft revisions to the Adequacy Planning Guide as amended, which is incorporated by reference in the Adequacy Standards, to be sent out to districts and formal public comment subject to technical revisions by staff. The draft changes are to include the staff recommended gross square footage tables with agreement for ongoing review/adjustment or PSCOOTF consideration of incentives or other options for reduction of the overall building footprints. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

4. Subcommittee Reports

a. Awards Subcommittee Report

- **Financial Plan**

Mr. Jeff Eaton, PSFA staff, presented the financial plan to the Council noting that there are no revenue changes to the plan previously presented. He informed the Council that a number of the awards approved at the last PSCOC meeting were previously certified as estimated amounts therefore, edits are necessary for the next financial plan.

The Council thanked Mr. Eaton for his report.

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

- **Roswell—Sunset Elementary School—Additional Funding Request**

Mr. Pat McMurray, PSFA staff, presented this request to the Council noting that the Mr. Kevin Dillon, Construction Manager for the district; as well as Mr. John King, PSFA Regional Manager are joining the meeting via webcam. Mr. McMurray reminded the Council that an award for design, planning and construction was made to the district in the 2007-2008 funding cycle and since early planning was not part of the process, the scope for this project was not fully defined. It was been determined that there are scope changes necessary to meet adequacy in the facility for administrative space, special education, fire protection and grading and drainage requirements that were not anticipated.. The district is requesting additional funding in the amount of \$1,309,260.

This award is for planning, design, and construction for classroom additions and renovations to the existing facility serving grades K-5, with a design capacity for 350 students. The district is encouraged to improve its preventative maintenance program through consistent use of FIMS PMD.

Adequacy Standards for administration and special education required more square footage than existed in the building therefore additional space had to be added to meet adequacy. This new space impacted the existing parking and required additional parking area. As the project was developed it was determined that the water pressure was insufficient to meet code requirements for fire suppression and that a water storage tank and pump would be necessary.

Based on an increase in square footage in order to meet adequacy, site issues as outlined, and the additional requirements for fire protection, PSFA staff recommends that the request for additional State funding in the amount of \$1,309,260 (based on the architect's estimate) be approved in order for the project to be completed to adequacy as originally intended. Approving the additional funds as requested allows construction to begin at the end of May 2010 when school recesses for the summer.

Mr. McMurray informed the Council that the district has their additional match for the project and construction will begin in May 2010.

MOTION: Mr. Joe Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2007-2008 Standards-Based Capital Outlay Award to the Roswell Independent Schools to bring Sunset ES to adequacy by \$1,309,260 (70%) contingent upon a district match of \$561,112 (30%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

- **2009 QSCB (Qualified School Construction Bonds) Allocation Recommendations**
Mr. Antonio Ortiz, PED staff and Mr. Berry presented this item to the Council referring them to Awards Subcommittee recommendations that were made available to them in their meeting notebooks. Mr. Ortiz stated that conditional information and statutory criteria that was established in HB 145 were applied to the 2009 QSCB application. Mr. Berry informed the Council that the Awards Subcommittee had also requested that the New Mexico Finance Authority (NMFA) be present at this meeting to answer questions that the Council may have. Mr. Berry then introduced Mr. Michael Zavelle of the NMFA. Mr. Berry noted that legislation was changed to allow the NMFA to assist in this process. Upon discussion, Mr. Gorrell noted that if every district goes out and sells these bonds the issuance cost may be high. He indicated that the Awards Subcommittee would prefer that state assemble the bonds and have one sale.

Mr. Zavelle stated that there is flexibility in public and private sales and that the NMFA and the Council would not have to take further action in regard to the bonds. Mr. Charles Casey, Casey Financial, stated that timing to sell the bond is an issue and that for some districts the bond issues need to be closed by July 2010. Mr. Zavelle stated that they have always advocated to aggregate the issues especially for the smaller districts. He said that they evaluate NMFA against the public markets. He noted that some district may need to deliver bonds prior to the assessed valuation being published in order to have sufficient capacity. It was stated that the NMFA does not need to consolidate the bonds and as they come up they are attached to their broader bond issues. Mr. Berry noted that it is necessary to allocate the 2009 QSCB awards by June. He stated that because of the limitation of the authority, the Rio Rancho High School is only partially funded but if any other districts decline or do not use the allocations that this project would receive the additional allocations.

MOTION: Ms. Fernandez moved for Council approval of the Awards Subcommittee recommendation to make 2009 Qualified School Construction Bonds (QSCB) project

allocations to the districts and in the amounts outlined in the spreadsheet. Those districts with projects that were only partially funded or fell below the cut-off limitation of funding authority for 2009 allocations are authorized to receive any unneeded or unused capacity from the awarded projects in priority order. In addition, these districts are encouraged to reapply for authorization from 2010 QSCB allocations which are due to submitted to PED by May 13, 2010 with anticipated awards at the June 17, 2010 PSCOC meeting and that the district be authorized to use any remaining unauthorized capacity. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. Adequacy & Maintenance Subcommittee Reports

- **REC #6—Request to Continue Maintenance Coordinator Funding**

Mr. Gorrell presented this item to the Council referring them to a letter from REC #6 that was made available to them in their meeting notebooks. REC #6 includes the Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon and Texico School Districts. Region #6 is requesting additional assistance to continue the maintenance coordinator pilot project for an additional year. Mr. Gorrell stated that these are very small school districts and noted that the program has very worked well in the past. The request is for \$40,000.

Dr. Winograd informed the Council that the PSFA Subcommittee discussed this issue and that the program should be declined by \$10,000. Ms. Tackett noted that the amount for this program is taken for the PSFA budget and therefore the reduction of funding is necessary.

Motion: Ms. Martinez moved for Council approval of the Adequacy & Maintenance Subcommittee recommendation to allow PSFA to contract with REC#6 to continue the pilot maintenance coordinator project in an amount not to exceed \$30,000 for fiscal year (FY11) contingent upon member districts contributing all additional funds necessary to support the contracted services and meeting the goals outlined and agreed to between the REC and PSFA. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

c. PSFA Subcommittee Report

- **Workload Analysis**

- **Improve High School Science Labs (HJM 22)**

Ms. Martica Casias, PSFA staff, and Mr. Gorrell presented this item to the Council noting that the Council directed the staff to study HJM 22, which was passed by the legislature. Ms. Casias gave a brief overview of the memorial and the required tasks, timeline and estimated underlying cost to develop a credible forecast of the full cost to make the changes to New Mexico high school science labs. She noted that PED and other groups studied this item and programming issues still remain regarding equipment required and other concerns. The total amount required is estimated at \$127,500.

MOTION: Ms. Smith moved for Council approval of the PSFA Subcommittee recommendation to direct PSFA staff to draft a letter on behalf of the PSCOC to the PSCOOTF that the survey and study of high school science lab facilities requested

in HJM 22 will not be performed by PSFA at this time due to planned curriculum changes and costs associated with conducting the study. Since this is a subcommittee motion a second is not required. There being no objection, the motion carried.

-- Study Charter School Capital Outlay Needs (SJM 59)

Ms. Casias presented this item to the Council noting that the Council directed the staff to study SJM 59 which was not passed by the legislature. She gave a brief overview of the required tasks, timeline and estimated underlying costs to develop a credible forecast of the full current cost of charter school capital needs in New Mexico. The total estimated cost is \$1.65 million.

MOTION: Ms. Smith moved for Council approval of the PSFA Subcommittee recommendation to delay any formal study of charter school capital outlay needs by the PSFA similar to or for the purposes contained in SJM 59 and SB 140 that failed to pass the 2010 Legislature due to workload and funding constraints.

• **Facility Assessment Database (FAD)—Vendor Selection Process & Budget Adjustment Request (BAR)**

Ms. Tackett was allowed to chair this portion of the PSCOC meeting. Mr. Gorrell, Ms. Tanya DeLara, PSFA staff and Ms. Aurora Sanchez, Legislative Finance Committee presented this item to the Council. Mr. Gorrell noted that the Facility Assessment Database (FAD) allows PSFA staff to perform the comparisons for the standards-based capital outlay awards. He reminded the Council that the staff had previously alerted the Council that the current vendor has had a difficult time keeping up with required revisions and customizing the system to meet PSCOC/PSFA needs. Mr. Gorrell noted that the vendor preferred that the PSFA move to a new version of their system but were charging well over \$1 million for the updated version. He informed the Council that the staff has met with Ms. Sanchez and Mr. Ralph Vincent to determine whether to move forward with developing a PSFA database or attempt to contract with new vendor. It was determined that it would be best to find a vendor with a product that would meet the PSFA needs. Mr. Gorrell informed the Council upon searching for a vendor that would meet the requirements, VFA ranks above the others and meets the requirements of the PSFA. The PSFA is requesting that the Council authorize a Budget Adjustment Request (BAR) adjustment for development and start-up costs and includes the projected annual fees and maintenance costs in future budget requests.

Ms. DeLara noted that the PSFA evaluated multiple vendors that are on the market that could provide services that are able to rank schools based on the current FAD system. In addition, the PSFA staff also looked at the ability for the product to provide access the school districts, assessors and the ability for information sharing within PSFA and various agencies. PSFA located a particular vendor that is ready to provide services needed and the product fits in with the mission of the PSFA. Ms. DeLara noted that the evaluation of the system and costs information was shared with Ms. Sanchez and Mr. Vincent. She stated that the requirements were provided to the vendor as well as identified milestones for the future.

Ms. Sanchez noted that there were concerns regarding the vendor requiring customization of the product and due to the cost, the LFC strongly advised against this. She noted that the program will be configured and not customized which will put the PSFA in a better position. Ms. Sanchez also noted the LFC requested that the PSFA assure that the contract negotiations address everything possible to protect the PSFA and keep them above what the vendor believes is in their interest so that PSFA is in control and not the vendor. She stated that all IT contracts in the state require a 20% retainage on the deliverables and it is recommended that the contracts include the 20% retainage cost. Ms. Sanchez stated that the vendor will ultimately get it back but it gives the PSFA a stick against contractors to keep them in line in case issues arise. Because the cost of annual maintenance is so high in customization, Ms. Sanchez informed the Council that the cost reduced dramatically once there was vendor verification. The LFC recommends that the project plan be written and approved by the Council before the work begins to implement the system and should include clear objectives, clear requirements and milestones. It should also include resources that the PSFA can put into the project including those the vendor would bring and should also include and executive manager support with both the PSFA and the Council to ensure that there is support and that the project will not go astray.

Ms. Sanchez noted that most agencies must go through a certification of IT process but she was informed that PSFA does not have to go through this process. If this is the case, Ms. Sanchez recommends a process be instituted similar to the executive agencies that require periodic reporting to the Council to inform them as to where the project is and to determine whether or not issues need to be addressed.

Ms. Tackett informed the Council that the PSFA Subcommittee met and noted that it is a straightforward process and the subcommittee recommends approval. She thanked Ms. Sanchez and Mr. Vincent for their time in compiling their reports. Mr. Gorrell also thanked Ms. Sanchez and asked that, if she is available, she continue to review the plan. Ms. Tackett agreed that Ms. Sanchez should be involved in the certification process.

Mr. Guillen agreed that the FAD system is a great process and asked where the funding comes from for the system. Mr. Gorrell stated that the funds come from the PSCO Fund and noted that the cost for the previous system was \$4 million so contracting with VFA appears to be a less expensive option than what has been invested. He noted that the PSFA does not have the budget and intends that the yearly cost come from the operating budget beginning in the second year of the contract. In regard to the first year cost, Mr. Gorrell indicated that the PSFA has some savings through good management to put towards the system and if the cost is higher, the PSFA may need a BAR. The PSFA is requesting BAR authority for 2010-2011 up to these amounts.

Motion: Mr. Moya moved for Council approval of the PSFA Subcommittee recommendation to approve the staff recommendation to contract with VFA to develop and host the new Facility Assessment Database (FAD) with authorization for BAR increase and category transfers in FY-2010 and FY-2011 of up to \$875,000 for development and start-up costs and include projected annual fees and maintenance

costs in future budget requests. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

5. Director's Report

- **Status Reports**

- **Critical Capital Outlay Report—(Pre-Standards-Based)**

- The Public School Capital Outlay Status Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. This report is for informational purposes. No action is required.

- **Standards-Based 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. No action is required.

Mr. Gorrell noted that there have been formatting changes in the Standards-Based Capital Outlay report which will make the report more user-friendly. The report also reflects completed projects.

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.

- **Deficiencies Corrections Report**

- Mr. Berry noted that this report reflects the two deficiency projects that have been extended. The report also includes the New Mexico School for the Deaf and the New Mexico School for the Blind & Visually Impaired. The projects in the report will be tracked on a monthly basis and a report will be provided to the Council. Mr. Berry noted that these projects are included in the financial plan.

Allocations to date (as of May 6, 2010) include 375 projects totaling \$291.4 million. Contracts entered into to correct the various deficiencies are currently at \$278.7 million with expenditures at \$276.4 million.

- **Facilities Master Plan Status Report**

- The Facility Master Plan Status Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. The report is for informational purposes.

- **Lease Assistance Status Report**

- The Lease 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 May 6, 2010 total \$5,552,330.

2008-2009 Awards made at the July 30, 2008 PSCOC meeting were to 75 schools for \$7.3 million. Total awards reimbursed as of May 6, 2010 total \$7,140,429.

- **PSFA Budget Status**

Mr. Gorrell presented this item to the Council noting that, at a previous meeting, staff had been to provide a quarterly report to the Council. The report is for informational purposes.

6. Other Business

- **2010-2011 Workplan/Timeline**

Mr. Berry presented this item referring them to the 2010-2011 workplan/timeline that was made available to them in their meeting notebooks. He noted that there are no suggested changes to the timeline.

- **Next PSCOC Meeting—Proposed for June 17, 2010**

After discussion the Council unanimously agreed to hold their next PSCOC meeting on June 17, 2010.

Public Comment

Mr. Gorrell informed the Council that the PSFA has received an award from the Construction Specifications Institute for the high standards that is set for staff. The Council thanked staff for their hard work and noted that they are deserving of an award such as the one they received.

The Council reiterated that Ms. Paula Tackett will retire in June 11, 2010. Mr. Gorrell and PSFA staff presented Ms. Tackett with cards and a gift with the inscription “Paula, your inspiration will stay with us and you are simply irreplaceable”. Ms. Tackett gratefully accepted the gift and expressed her appreciation to the Council and staff. She gave sincere thanks to the Council and PSFA and PED staff in addressing the serious capital outlay needs in school districts. Ms. Tackett tearfully said that she is honored to have been a part of this important work.

Each Council member, PSFA staff and others expressed appreciation for the hard work, her commitment while serving on the Council.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 11:45 AM.

David Abbey *Acting*
Chair

6/17/10 Date

• **GENERAL SUMMARY**

1. The *Guide* has been revised to be less ‘prescriptive’, and more ‘performance-based’. It now provides guidance in planning a functional facility in a holistic sense rather than concentrate on standardizing details of the many components of all schools. This approach recognizes the variability existing among school programs, sizes, site locations, and socio-economic characteristics in New Mexico schools.
2. The *Guide* now provides for more space flexibility constrained mainly by the following basic criteria and described in the new Section III – Policies and Procedures :
 - a. The spaces and features must not go below the minimum requirements of the *Adequacy Standards*.
 - b. The spaces and features must be within the categories of those typically funded by PSCOC. (A list of spaces and features typically not funded by PSCOC is now listed in Section III of the Guide.)
 - c. The total gross building area eligible for PSCOC funding may not exceed the Total Gross Square Foot Area per Student figures based on total number of students and listed for each school type in the new Appendix A. (See the final study draft of the tables in Attachment No.1)
3. The document has been revised to address the reader in a more consistent, active voice.
4. The introductory sections of the document have been re-organized without eliminating essential existing content.
5. Additional procedural and policy information has been included or supplemented in the front end of the document in categories including the following:
 - a. Educational specifications
 - b. Building efficiency
 - c. Utilization
6. The section on tare has been relocated to the front end of the document, and includes examples for calculating building efficiency ratios and tare.
7. The information on specific facility areas has been re-organized as follows:
 - a. The heading “Area Description and Size Guidelines” has been changed to “Adequacy Requirements”.
 - b. The paraphrased language on the *Adequacy Standards* minimum requirements has been eliminated and replaced with the actual *Adequacy Standards* text pertaining to each facility area. *Adequacy Standards* requirements that are being proposed for revisions are highlighted in yellow (See Attachment No.2).

May 6th, 2010

Public School Capital Outlay Council Meeting

- c. The tables entitled “Area Description” have been renamed to “Adequacy Standards Area Summary”. These have been streamlined to function more as outlines of the *Adequacy Standards* minimum area requirements without superfluous information.
 - d. The heading “Additional Considerations” has been changed to “Best Practices” in order to better define the use of that information.
 - e. The information in “Best Practices” is simplified and re-organized as bullet-point text.
8. The section on “Food Services” has been significantly revised based upon recommendations received from an independent food services consultant experienced in the design of school kitchens.

September 3rd, 2009

Public School Capital Outlay Council Meeting

ATTACHMENT NO.1

Max. Building Gross Square Footage per Student for Elem. Schools (Grades K - 6)		
Maximum Total Projected Enrollment	Gross Square Footage per Student (GSF/Student) 'To Adequacy'	Total Facility GSF 'To Adequacy'
25	250	6250
50	200	10000
100	180	18000
150	170	25500
200	160	32000
250	150	37500
300	150	45000
350	150	52500
400	140	56000
450	135	60750
500	130	65000
550	125	68750
600	125	75000
650	125	81250
700	125	87500
750	125	93750
800	125	100000
850	125	106250
900	125	112500
950	125	118750
1000	125	125000

Max. Building Gross Square Footage per Student for Mid Schools (Grades 6 - 7 - 8)		
Maximum Total Projected Enrollment	Gross Square Footage per Student (GSF/Student) 'To Adequacy'	Total Facility GSF 'To Adequacy'
50	300	15000
100	250	25000
150	200	30000
200	180	36000
250	170	42500
300	170	51000
350	160	56000
400	160	64000
450	150	67500
500	150	75000
550	150	82500
600	140	84000
650	140	91000
700	130	91000
750	130	97500
800	130	104000
850	130	110500
900	130	117000
950	130	123500
1000	130	130000
above	1000	130

Max. Building Gross Square Footage per Student for High Schools (Grades 9 - 12)		
Maximum Total Projected Enrollment	Gross Square Footage per Student (GSF/Student) 'To Adequacy'	Total Facility GSF 'To Adequacy'
50	300	15000
100	250	25000
150	230	34500
200	220	44000
250	210	52500
300	200	60000
350	200	70000
400	190	76000
450	190	85500
500	180	90000
550	170	93500
600	170	102000
650	170	110500
700	170	119000
750	170	127500
800	170	136000
850	170	144500
900	160	144000
950	160	152000
1000	160	160000
above	1000	160

NOTE: An incentive for space reduction is currently being studied which may allow a future increase in the unit GSF/student amounts for some school sizes listed on this chart.

5/4/2010

Appendix A

**LIST OF POTENTIAL ADEQUACY STANDARDS CHANGES RESULTING
FROM PROPOSED REVISIONS TO THE ADEQUACY PLANNING GUIDE**

	Location in <i>Adequacy Planning Guide.</i>	Location of <i>Adequacy Standards impacted</i>	Description of proposed change to <i>Adequacy Standards minimum requirements</i>	Notes
1	Page 26 – Special Ed	6.27.30.14.B. Special education classroom	Add: Toilet, sink, and shower stall/tub limited to Type II (D Level) CRs only.	<i>Question need for such space in Type I special ed CR. Will need to list Special Ed space types in Adequacy Standards (Types I, II, III).</i>
2	Page 27 – Special Ed	6.27.30.14.B. Special education classroom	Add: Kitchenettes may be included or used on a shared basis with other programs (e.g.) Home Ec.) and are allowed for 7 th Gr. and above only.	
3	Deleted	Deleted	Deleted	<i>Change net sf area of Career Ed space</i>
4	Page 40 – Physical Ed	6.27.30.15.A-(1) – Physical education – Elem school	Change “2,400 net s.f.” to “15 net s.f. / student” for PE teaching space.	

	Location in Adequacy Planning Guide.	Location of Adequacy Standards impacted	Description of proposed change to Adequacy Standards minimum requirements	Notes
5	Deleted	Deleted	Deleted	<i>Removing PE office space</i>
6	Page 41 – Physical Ed	6.27.30.15.A- (2), – Physical education —Mid school / Jr. High	Add: Mid-Jr. HS gyms not required when a HS gym exists or provided in a combo school.	<i>Mid-Jr HS students can use HS gym on shared basis w/HS students.</i>
7	Page 44 – Libraries and Media Ctrs	6.27.30.16.A-(1) – Libraries and Media Ctrs., etc. – Elem school	Eliminate “no less than 1,000 net sf” for stacks and reading space.	<i>Electronic media and flexible space takes up less area now.</i>
8	Page 44 – Libraries and Media Ctrs	6.27.30.16.A-(2) & (3) – Libraries and Media Ctrs., etc. – Mid/Jr or high school	Eliminate “no less than 2,000 net sf” for stacks and reading space.	<i>Electronic media and flexible space takes up less area now.</i>
9	Page 47 – Food Services	6.27.30.17.A-(3-b) – Cafeterias – Fixtures and equip.	Add “dry” storage to “cold storage” or elim. “cold”	<i>Need to clarify since only refers to one specific type of storage required.</i>
10	Page 47 – Food Services	6.27.30.17.B-(1-a) – Kitchen – Food prep – Elem school	Eliminate 1,000 net s.f. minimum requirement	<i>2 net sf per meal served should suffice.</i>
11	Page 47 – Food Services	6.27.30.17.B-(1-b) – Kitchen – Food prep – Mid/Jr HS	Eliminate 1,600 net s.f. minimum requirement	<i>2 net sf per meal served should suffice.</i>
12	Page 47 – Food Services	6.27.30.17.B-(1-c) – Kitchen – Food prep – HS	Eliminate 1,700 net s.f. minimum requirement	<i>2 net sf per meal served should suffice.</i>