

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
JULY 25, 2013
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Gene Gant, PEC
 Mr. Joe Guillen, NMSBA Ms. Francis Maestas, LESC
 Mr. Paul Aguilar, PED Mr. Raul Burciaga, LCS
 Mr. Dee Dennis, RLD

Designees: Ms. Mindi Jones representing the Office of the Governor in the absence of Mr. Keith Gardner.

1. Call to Order at 9:00 AM **Mr. David Abbey, Chair**

a. Approval of Agenda

Clerk called roll noting that Ms. Mindi Jones would serve as designee for Mr. Keith Gardner, Office of the Governor.

MOTION: Mr. Guillen moved for approval of the agenda as presented with minor changes. Ms. Frances Maestas seconded. Motion carried.

b. Correspondence

Mr. Gorrell referred the Council to a letter dated July 18, 2013 from the Jemez Valley School District regarding the 2013-2014 roof application. The letter indicated that the application was completed but not submitted due to the fact that the deadline for application was before their board meeting and the district staff was unable to get the application approved in time to submit to the PSFA. The district is requesting assistance for their roof repair.

Mr. Gorrell informed the Council that a letter was received from the Espanola School District explaining how the district would go about producing an action plan for the Velarde Elementary School project. Staff has not received the action plan as indicated in the letter. Staff is directed to follow up on this issue. Mr. Guillen noted that there was a teleconference with the superintendent and board members indicating that the district could lay out a process by which they return to the Council to discuss the possible consolidation Mr. McMurray, PSFA staff, noted that staff attended the district's board meeting, during a work session and the district was open to an idea of bringing in an educational planner to tie into their facility master plan and educational specifications which would take time. The staff will keep Council informed on updates and reports.

2. **Approval of Minutes (June 17th & June 20th, 2013)**

Upon review by the Council, Mr. Guillen moved for adoption of the June 17, 2013 PSCOC minutes subject to technical corrections. Mr. Gant seconded. There being no objection, motion carried.

Upon review by the Council, Mr. Guillen moved for adoption of the June 20, 2013 PSCOC minutes subject to technical corrections. Mr. Gant seconded. There being no objection, motion carried.

3. **Subcommittee Reports**

a. **Awards Subcommittee**

➤ **Financial Plan**

Summary of PSCOC Financial Plan Changes since 6/20/13

Projects Funding Adjustments:

- **Valley View ES @ Roswell (P11-016).** Funding for Phase 2.
Net Award: \$6,837,365
- **Goddard High HVAC Emergency @ Roswell (E13-003).** Emergency Advance.
Net Award: \$10,500,000
- **Escalante HS/Tierra Amarilla MS @ Chama (P06-007).** Emergency grant for to replace mechanical system. Net Award: \$1,780,250
- **Estancia MS @ Estancia (P12-009).** Funding for Phase 2.
Net Award: \$5,647,478
- **WLV Family Partnership @ West Las Vegas (P12-013).** Funding for Phase 2.
Net Award: \$1,622,114
- **Placitas ES Roof @ Bernalillo (R13-007).** Additional Funding.
Net Award: \$8,255
- **Bayard ES @ Cobre (P11-003).** Funding & Advance for Phase 2.
Net Award: \$8,360,603
- **Rio Grande ES Roof @ Hatch (R13-018).** Additional Funding.
Net Award: \$72,190
- **T or C Elementary @ T or C (P12-012).** Funding for Phase 2.
Net Award: \$5,331,450
- **Magdalena Schools (E13-004).** Emergency Funding for Well/Water Issues.
Net Award: \$300,000

Total Net Awards: \$40,459,705

Ms. Casandra Cano, PSFA staff, reviewed the Sources and Uses in the financial plan. She noted under the list of district local match advances that the project audit and project closeout was completed in May 2013 for Fort Sumner. The Council had advanced the district \$1.8 million. At the completion of the audit, the payment amount was less than \$1 million and a payment was made in the amount of \$250,000 with the remaining amount owed of \$740,000 and the district is developing a repayment schedule to be presented to the Awards Subcommittee and subsequently to the Council.

Ms. Cano referred the Council to the balance of the PSCO fund that reflects a \$451 million balance currently in the fund.

Ms. Cano highlighted the PSCOC project encumbrance schedule that reflects the FY14 Standards-Based and roof awards that will be presented at this meeting.

In regard to the Magdalena School District well/water emergency award that has not been used, Mr. Gorrell indicated that he spoke to Mr. Richard Rose in regard to what is happening with the city and if they are working through their issues so the emergency award will not be over-done. He stated that Mr. Rose indicated that they are making progress. The district had an engineer that they were working with but it did not work out. The city has a new engineer on board. The goal is to look at storage tanks so they can have water storage on-site. The district is also looking at their existing well.

➤ **2013-2014 Standards-Based Awards**

Mr. Guillen thanked the Awards Subcommittee for the discussion on these projects. The Awards Subcommittee discussed each item in detail. There are a total of 23 projects in the amount of \$11.2 million in Phase 1 awards as well as a \$10 million match from the local school districts. These awards, including out-year monies that will be spent when districts return for construction funds will have total project costs of approximately \$262 million. Mr. Guillen noted that there was discussion on consolidation and right-sizing of schools and also recommended contingencies on the majority of the projects.

In regard to over-sized schools, Mr. Guillen noted that the Awards Subcommittee discussed consolidation of schools and agreed a process be utilized where the community would be involved to assure that consolidation is what they want. However, he supports local decisions as this is the responsibility of their Board of Education to make decisions on the size of their facilities.

In regard to the Central School District, Ms. Maestas voiced concern that the district and Board of Education moved to consolidate their facilities prior to a public hearing to determine if this is what the community wants. She noted that there should have been public input and the Public Education Department approves the consolidation. Mr. Gorrell informed the Council that the contingency to meet these concerns is included in the award language.

In regard to the Aldo Leopold Charter School, the Council agrees to add “Silver Consolidated School District or Western New Mexico University” to the language of the award.

In regard to Gallup, the Council asked how many outstanding awards the district currently has in place. Mr. Berry referred the Council to the handout provided by the district. The Chair suggested that the district come before the Council at its next scheduled meeting as the district has 3 outstanding projects and the Council has decertified 4 projects. Mr. Gorrell noted that the Ramah ES project is highly ranked

and does not have the contentiousness of the other projects. The district has been going through the planning process.

Johny Cresto, district representative, was present stating that the district has held two public meetings that went fairly well. His report indicates that the district has not received any push-back of doing the project. Mr. Abbey reminded the district that the Awards Subcommittee had recommended that the district wait on the projects and invited the Superintendent and Board Members to appear before the Council at its next scheduled meeting and submit a preliminary action plan. Mr. Abbey noted that this project includes language that this award is contingent on district submittal of a report and action plan showing significant progress of three elementary schools previously awarded to the Gallup School District. The district must also come forward with a consolidation request which has not been submitted to PED.

In regard to the Gadsden School District, Mr. Rafael Gallegos represented the district, stating that Chaparral Elementary School was the first school built in the area. The Chaparral community expanded and the second school, Desert View Elementary, was built adjacent to Chaparral because the BLM land was available. The original concept was a K-3 and a 4-6 school. The community did not like the concept and wanted their own individual schools and because of the facilities and the way they were built, it became two K-6 schools. Chaparral ES, having approximately 738 students and Desert View ES having close to 800 students would be an elementary school with close to 1,500 students. It is difficult for an elementary school to feed this amount of students in a timely manner. The intention of the school board is to keep the schools individual. The Sunrise Elementary School was built 7 years ago on BLM land and not crossing the county line so the population growth in the Otero County makes it hard for the district to do clean separation of school boundaries because the majority of the students are bussed. The next proposed school would be in the Otero County area where the growth is occurring and redistributing the bussing population. The community agrees with this concept and feels that having their own individual schools will build their community. The Council suggested an award of \$500,000 for planning and assessment rather than \$15 million renovation for a school that only has a wNMCI of 38%. Mr. Berry noted that the recommendation for the new elementary school is for a core of 550 students and initial classrooms for 250 to eliminate overcrowding and planning and design only for the existing Chaparral Elementary. Once the overcrowding is resolved the district could then demolish the existing barrack classrooms and remove portables.

The Council directed staff to provide the statewide wNMCI for next year's cycle. Mr. Gorrell noted that it is not likely to change. A member voiced concern regarding small districts that need funding are not funded for one or more reasons and this concern is not being addressed. The subcommittees will review these items and bring recommendations to the Council.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make capital outlay project awards under the standards-based capital outlay process to the districts set out in the award spreadsheet for the purposes

and in the amounts specified, including any special conditions contained in the award language for each school (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. All projects involving renovation shall reduce the wNMCI by one-third or greater. Out-of-cycle design or construction funding may be considered at any future regularly scheduled PSCOC meeting upon completion of early planning, construction documents or equivalent PSFA phase approval and conformance with all contingencies. All project designs shall include evaluation of potential energy, maintenance and other operational costs of new, renovated or other adjacent underutilized facilities based on established standard averages. Actual energy costs will be validated with the post occupancy evaluation. Since this is a subcommittee motion a second is not required. There being no objection the motion carried.

➤ **2013-2014 Standards-Based Roof Awards**

Mr. Guillen gave a brief review of discussion at the Awards Subcommittee meeting. There are 14 districts with 19 facilities that are at a high point of need. All districts completed a RCIA that ranks the roof conditions of the schools and gives recommendation for replacement/repair as well as the cost estimate.

In regard to Deming School District award, staff currently is not recommending approval at this time because the RCIA score was 44% and the consultant noted that the roofs only need maintenance and some repair that would give the facilities 4-5 more years out of this roof.

In regard to Mesa Vista School District, staff noted this is a roof award from last year when the district was unable to meet their match. The district has brought the project back to the Council for approval. The district was also awarded a PSCOC Standards-Based award which will take care of roofing at that facility and that this award will enable the district to take care of other roofs repairs throughout the entire campus.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make standards-based roof awards to the districts set out in the award spreadsheet for the purposes and in the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. PSFA shall administer these projects to ensure their completion by December 31, 2014; the PSFA director has authority to cancel projects that are not expected to be complete by the December 31, 2014 date, subject to PSCOC approval of project extension upon appeal. Since this is a subcommittee motion a second is not required. There being no objection, motion carried.

➤ **Additional Conditions**

Below are the additional conditions that were reviewed by both PSCOC Subcommittees.

Standards-Based Project Awards

The PSCOC approved capital outlay project awards under the standards-based capital outlay process to the districts set out in the award spreadsheet for the purposes and in

the amounts specified, including any special conditions contained in the award language for each school. Each allocation is intended to fully complete the project, phase, or specified purpose. All projects involving renovation shall reduce the wNMCI by one-third or greater. Out-of-cycle design or construction funding may be considered at any future regularly scheduled PSCOC meeting upon completion of early planning, construction documents or equivalent PSFA phase approval and conformance with all contingencies. All project designs shall include evaluation of potential energy, maintenance and other operational costs of new, renovated or other adjacent underutilized facilities based on established standard averages. Actual energy costs will be validated with the post occupancy evaluation.

Standards-Based Roof Awards

The PSCOC approved capital outlay project awards under the standards-based capital outlay process to the districts set out in the award spreadsheet for the purposes and in the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. PSFA shall administer these projects to ensure their completion by December 31, 2014; the PSFA director has authority to cancel projects that are not expected to be complete by the December 31, 2014 date, subject to PSCOC approval of project extension upon appeal.

Standard Contingencies to All Awards

The PSCOC approval of the awards is contingent upon acceptance by the districts through execution of the required documents between the PSFA and the district, which contain the detailed project description set before the Council, the roles and responsibilities of the parties, phasing schedules and direct payment options.

These awards are further contingent on the following:

- Project amounts set aside for potential Out-of-Cycle include anticipated state share amount of a project or phase which requires the district to perform specific actions set out in the project descriptions and to bring back a request for funding for further consideration by the Council. Future awards may be contingent on district audit status and other conditions which may be deemed by the Council as necessary to ensure the prudent and appropriate use of capital funds. Future awards may also include funds to conduct post occupancy evaluations of projects, as appropriate, to ensure that maximum benefit is gained for the dollars expended.
- All districts receiving awards must have a completed audit for FY12 submitted to the State Auditor's Office prior to expenditure of PSCOC awarded funds, and will have a corrective action plan in place to address audit findings. PSFA may, as directed by the PSCOC, assume direct administration of all projects from districts with serious findings in regard to expenditures or management of capital outlay funds.
- The district shall execute and maintain an effective preventive maintenance (PM) program, as prescribed in their PSCOC approved PM plan (which shall be reviewed and updated annually by the district to ensure a Facility Maintenance Assessment Report (FMAR) score of satisfactory (70.1% or better) at each school), and effectively utilize all Facility Information Management System (FIMS) modules—Maintenance Direct (MD), Preventive Maintenance Direct

(PMD), and Utility Direct (UD), or otherwise provide evidence of effective use of an alternate acceptable and equivalent maintenance management process.

- Prior to the Construction Documents Phase, the district must submit for PSFA approval an amendment to their maintenance plan defining how they will provide appropriate maintenance for any renovated or added facility space.
- Projects are funded only to the design capacity outlined in the award. Unless specific limitations are defined in the award, or are otherwise accepted, the Adequacy Planning Guide establishes gross square footage (GSF) boundaries, however every effort should be made to minimize overall facility footprint. The PSCOC may elect to limit participation in the renovation of any existing square footage in excess of the guidelines.
- All procurement must meet the State of New Mexico Procurement Code and rules, and the PSCOC-adopted best value guidelines.
- If existing facility disposal is required, an approved commitment from the district to PSCOC will be required prior to release of construction funding. Disposal may include demolition of the facilities or by written agreement transferring ownership of property and/or facilities. PSCOC reserves the right to recover a pro-rata share of awarded amounts for the replacement facilities if the original property or facilities are sold or used for another purpose than the award.
- The district will provide and deliver to the PSFA, within 60 days of the acceptance of the award, a project schedule, outlined in the Memoranda of Understanding (MOU) that includes, if applicable, the dates for completion of educational specifications, advertisement of RFP for design services, completion of the four design phases, advertisement for bid date, construction start date, construction completion date, and date of occupancy or intended use. Failure to have projects completed by the scheduled deadline does not obligate the PSCOC for any increased costs due to inflation or other time related consequences.
- The MOU shall identify specific portions of the project that the district intends to build above adequacy and above the awarded design capacity, the capital and operational costs of those portions and the district funding source that will fund these costs by the district.
- Any legitimate project expenses expecting PSCOC/PSFA participation reimbursement or credit shall be submitted and approved by PSFA in advance of the expenditure through the construction information management system (CIMS). Exception: Allowed project expenses made prior to award and submitted within 90 days of the executed MOU.
- Prior to projects' final PSFA-RASC approval and release to bid, all site infrastructure including roadways, utilities and water must be in place, under contract with specified completion time, or defined by other acceptable written agreements that include cost and completion time.
- All awards are exclusive of land acquisition costs and offsite utilities and infrastructure expenses which are the total responsibility of the district and community and will not apply to the District's matching fund requirement.
- Any lease associated with an award shall have a 50 year or equivalent minimum available term from onset of the project.

- Portable classrooms purchased from proceeds of this or previous PSCOC awards, freed by construction of permanent facilities shall, at the option of the PSFA, become the property of the PSCOC. If freed portables were purchased with district proceeds, then at PSFA's option, portables may be purchased at a fair market price and relocated by PSFA as directed by and at the expense of the PSCOC.
- On or before the 12th month following substantial completion of the project or phase, PSFA staff will schedule a review of all project expenditures that apply to both the scope of work and to the adequacy standards to insure that the overall expenditures align with the match percentages after necessary offsets and waivers as identified in the Memorandum of Understanding (MOU) for the project. Following mutual agreement on the overall and final financial project status, project balances will be reallocated by the Council. All PSCOC awards must be fully reconciled and reallocated no later than 18 months after substantial completion.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation that the standards-based capital outlay and roof awards are further subject to the Additional Conditions presented in the document in the meeting notebook. Since this is a subcommittee motion a second is not required. There being no objection, motion carried.

➤ **Lease Assistance Awards**

Mr. Aguilar commented that last year the cost per square foot was a concern and currently only 1 is above the \$22.50 threshold as opposed to last year. There is also a recommendation to include a 0.9% CPI adjustment to these awards based on commercial lease trends.

MOTION: Council approval of the Awards Subcommittee recommendation to make awards in the amounts specified for lease payment assistance on the accompanying spreadsheet. Upon acceptance of awards by charter schools and school districts, Council authorizes PSFA staff to distribute award amounts quarterly on a reimbursement basis upon receiving proof of lease payments made. Council authorizes PSFA staff to make reductions to award amounts subject to PED certifying in writing to PSFA that a condition exists that warrants an award adjustment or suspension which may include: school closure, charter revocation, financial violation or irregularities, adjustment to certified attendance numbers (MEM counts), lease termination or amendment. Council may also authorize reductions if scheduled attendance does not fully utilize facility, or operational use changes from classroom to non-classroom uses. Since this is a subcommittee motion a second is not required. There being no objection the motion carried.

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

- **Los Alamos—P11-013 Los Alamos MS—Additional Funding/Phase 2**
The district is requesting additional funds due to unknown site conditions resulting in excessive rock removal which was not identified in the original soils report.

During the course of excavation activities at Los Alamos Middle School, the General Contractor encountered a rock field that was not properly identified in the soils report. The report only identified welded tuff as present on the site, which can commonly be removed with standard excavating equipment. However, what was encountered was a solid rock field that varied in depth from 12" to 6'+. As excavation grew across the site, the amount of rock encountered grew significantly covering more than 50% of the site. This was an unknown condition prior to the bid. The additional work was tracked with daily tickets and verified and signed-off by the School District. These numbers include the appropriate credits for the standard excavation that was included in the Contractor's base bid.

PSFA staff recommends that the PSCOC approve the state funding request totaling \$224,204 (33%) as requested to adequacy to complete construction. Please note the district their required additional funds in place, totaling \$455,203 (67%). This request was presented to the Awards Subcommittee at their last meeting.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2010-2011 standards-based award to the Los Alamos Public Schools for Los Alamos MS based on actual cost to complete the work with an increase in the state share amount of \$224,204 (33%), contingent upon an additional local share of \$455,203 (67%). Since this is a subcommittee motion a second is not required. There being no objection, motion carried.

➤ **Los Alamos—P11-014 Aspen ES—Phase 2 Construction**

The district is requesting funding for planning, design and renovate/replace facilities to adequacy for 390 students, grades K-6.

Council noted that there is a huge cost in the amount of \$100,000 for a three- year maintenance agreement. A member indicated that maintenance agreements should be part of the operational cost by the district. There is also a large cost for special inspections. Mr. Eugene Schmidt, Superintendent, spoke on expanding enrollment noting that there is an enrollment trend that generates a positive motivation for Council to support further requests. In regard to the roofing inspection, Mr. Schmidt stated that a whirlwind event took the roof off of Barranca ES gymnasium about 1 ½ months ago and the districts wants to assure that roofs are properly installed so this does not happen again.

The Council agrees that proper roof inspection is important, however, the concern of the Council is that this should already be covered by the fees of the architect or engineers for roof installation. Some Council members do not believe that additional observation is needed. The Council wants assurance that the facilities meet safety and health issues. Staff is directed to keep records of these costs as they come forward and provide additional analysis.

PSFA staff recommends that the PSCOC approve the state funding request totaling \$5,683,206 (33%) as requested to adequacy to complete Phase II construction. The district has their required additional funds, totaling \$11,538,630 (67%). The district has its matching local funds. This request has been reviewed by the Awards Subcommittee.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2010-2011 standards-based award to the Los Alamos Public Schools for Aspen Elementary to include out-of-cycle construction funding renovate/replace facilities to adequacy for 390 students, grades K-6, with a total increase in the state share amount of \$5,683,206 (33%), contingent upon an additional local share of \$11,538,630 (67%). Since this is a subcommittee motion a second is not required. There being no objection, motion passed.

- **Espanola—R13-010 Chimayo ES Roof—Additional Funding/Phase 2**
The district is requesting additional funding due to additional cost and insufficient funds budgeted for the roof consultant. Staff noted that the project cost came in over the cost estimate. The low bid came in over budget and the district and regional manager met with the contractor to review their costs. These costs include the additional funds for a roof consultant as well as a small contingency for moving forward into the project. This funding will complete the project.

PSFA staff recommends that the PSCOC approve the state funding request totaling \$8,222 (63%) as requested to adequacy to complete construction. The district has their required additional funds, totaling \$4,829 (37%). This request has been reviewed by the Awards Subcommittee.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2012-2013 roof award to the Espanola Public Schools for Chimayo Elementary based on actual cost to complete the work, with an increase in the state share amount of \$8,222 (63%), contingent upon an additional local share of \$4,829 (37%). Since this is a subcommittee motion a second is not required. There being no objection, motion passed.

b. AMS Subcommittee Report

➤ **PSCOC Strategic Issues Survey Results**

Mr. Clifford noted that staff compiled the responses to the PSCOC Strategic Issues survey. The column identified as “Score” is the weight that is attached to each priority line provided by Council member (6 responses). A total of 18 issues have been identified. Director and staff highlighted items in red which indicates the highest priority. Mr. Gorrell informed the Council that he presented this survey to the Public School Capital Outlay Oversight Task Force (PSCOOTF) as they are in the process of preparing their workplan. Assistance and locating charters to public facilities was added to the strategic plan. Items may be deferred or prioritized. Staff is directed to provide an action plan and AMS is directed to bring recommendations

and top priorities back to the Council for their review at their next scheduled meeting.

➤ **FY15 PSFA Budget Requests**

It was noted that the AMS Subcommittee moved the three budget scenarios on without recommendation to the full Council for consideration.

Mr. Clifford presented the FY15 PSFA Budget request to the Council stating that the staff prepared very useful information and budget scenarios for their review. He requested that the Council delegate to the AMS subcommittee the task for finalizing the request prior to September 3, 2013 which will then be submitted to DFA.

Mr. Gorrell stated that there are no significant changes to the mission that was submitted last year but a number of duties have been added including overview of charter schools and standardized leases that needs implementing. Mr. Gorrell noted that a database that would have to be implemented with support. Staff also utilizes a facility assessment data base that has been referred to as “stale”, which needs additional staff to keep current as well as support for the maintenance initiative.

PSFA is requesting an increase in staff by 3 FTE to cover the additional duties and mission requirements.

Mr. Eaton referred the Council to a “Category 200 Statistics” spreadsheet that was provided to the Council via hard copy note book and e-book. He pointed out the difference of HB2 in the fully funded cost of the agency operations with 50 FTE. He noted there is a difference in 2014 of approximately \$260,000 that indicates the appropriation for the personal services category was insufficient to fund the agency at the current salary levels for the 50 FTE.

Mr. Eaton noted that the PSFA currently has 3 vacancies that would have to remain vacant for the entire fiscal year if all positions were filled by July 1, 2014 which does not take the interns into account that are funded out of the vacancies. Mr. Eaton gave a brief history of the PSFA agency and number of FTE. There were 55 FTE going into FY07-FY09 and steadily had positions removed in FY10-FY11. The agency is currently at 50 FTE. He noted that the purpose of the chart is to describe what is in the Capital Outlay Act that allows for budget increase authority delegated to the Council by reference of HB2 to allow the agency to increase its budget and make adjustments based upon the needs of the Council which is set at 5% (see Section 22-24-4 NMSA below). The agency has operated well below 5% during its lifetime. The chart indicates that in FY14 the operational budget is at 3%. The Scenario A indicates that the agency would only reach 3% which the statutes allow.

[Section 22-24-4 NMSA:

(G) Balances in the fund may be annually appropriated for the core administrative functions of the public school facilities authority pursuant to the Public School Capital Outlay Act, and, in addition, balances in the fund may be expended by the

public school facilities authority, upon approval of the council, for project management expenses; provided that:

(1) the total annual expenditures from the fund for the core administrative functions pursuant to this subsection shall not exceed five percent of the average annual grant assistance authorized from the fund during the three previous fiscal years; and

(2) any unexpended or unencumbered balance remaining at the end of a fiscal year from the expenditures authorized in this subsection shall revert to the fund.]

Mr. Eaton presented the scenarios as follows:

FY15 Request Scenario A--\$6,015.5—Increase of 7% from FY14

1. 53 FTE - increase of 3 over FY14.
2. 5 vacant positions funded & filled & \$35.0 added for annual leave payouts.
New positions:
 - Attorney (\$79.4/yr.)
 - FAD/FMAR Assessor (49.9/yr.)
 - Facility Specialist (\$55.1/yr.)
3. Increase in program scope & service level.
4. Increase in payroll over FY14 due to estimated increase in health insurance premiums (FY15-FY17).
5. 2.0% increase in Building Leases, Communications & Office Supplies over FY14 (FY15-FY17).
6. Some other categories increased due to staffing levels.
7. Request BAR increase authority for unforeseen contingencies or filling approved vacant positions.

Budget 3.0% of Prior 3 years awards (Max. 5%).

FY15 Request Scenario B--\$5,712.8—Increase of 2.1% from FY14

1. 50 FTE - no increase over FY14.
2. 5 vacant positions funded & filled & \$35.0 added for annual leave payouts.
3. No change in program scope or service level.
4. Increase in payroll over FY14 due to estimated increase in health insurance premiums (FY15-FY17).
5. 2.0% increase in Building Leases, Communications & Office Supplies over FY14 (FY15-FY17).
6. Some other categories increased due to staffing levels.
7. Request BAR increase authority for unforeseen contingencies or filling approved vacant positions.

Budget 2.9% of Prior 3 years awards (Max. 5%).

FY15 Request Scenario C--\$5,507.2—Increase of 1.6% from FY14

1. 50 FTE - no increase over FY14.
2. 5% vacancy (5 positions unfunded) \$35.0 for annual leave payouts.
3. No change in program scope or service level.

4. Increase in payroll over FY14 due to estimated increase in health insurance premiums (FY15-FY17).
5. 2.0% increase in Building Leases, Communications & Office Supplies over FY14 (FY15-FY17).
6. Some other categories increased due to staffing levels.
7. Request BAR increase authority for unforeseen contingencies or filling approved vacant positions.

Budget 2.8% of Prior 3 years awards (Max. 5%).

Mr. Gorrell noted that the agency would need 5 field assessors to be able to visit the schools once per year for the facility maintenance report and each school every 3 years for the facility assessment database which would be proper. He stated that the agency has moved positions around and concluded that the agency would need to add a position for the FMAR process, an attorney and a facility specialist.

Mr. Guillen agreed that the agency has assigned quite a few additional responsibilities and Council should agree to give the PSFA additional staff requested. He noted that he would agree to go with option A scenario. Ms. Maestas agreed with Mr. Guillen noting that she has a concern regarding the time delays in DFA approval for FTEs. Mr. Aguilar indicated that the agency has had staffing levels of 47-48 FTE since FY08 and have not been fully staffed. Mr. Gorrell responded that the agency was unable to fully staff. Mr. Aguilar commented that although the agency was not fully staffed, the expenditures have gone from 2% to 3.7% in FY14, and if the agency had 4-5 vacancies at that time, are there internal priorities. Mr. Gorrell clarified that without a sufficient budget, the agency is unable to hire FTE. He noted that these positions requested are highly skilled jobs. Mr. Gorrell noted that the agency has taken on more responsibilities since 2008. The percentage is larger because of the amount of dollars awarded on a 3-year rolling cycle has decreased. It will go down next year as a percentage because of the multi-phase project that the Council has developed where some out-year awards have been held to make it work. Mr. Aguilar noted that the agency is reverting or transferred a large amount of money to hire field personnel and the work was not accomplished as directed by the Council. He asked how much is spent on legal fees. Mr. Gorrell responded that much of the legal costs are direct project costs. He noted that the agency has not been able to pursue actions towards sureties to the level that is prudent. Mr. Aguilar asked if the Attorney General should be providing the agency with this representation. Mr. Gorrell responded in the affirmative but noted that they never have provided these services to the agency. He noted that the agency has repeatedly requested services from the Attorney General but to no avail and have never received assignment. Mr. Clifford stated that this would be a good analysis as to legal fees to see what can be planned in the agency budget. Ms. Maestas agreed that the agency needs legal services. There was concern regarding reverting funds and was told that the agency has been waiting for approval to fill since August 2012, and when the session was over, the positions still cannot be filled which is why the agency had to revert funds because it takes such a long time to get the positions filled. Mr. Gorrell noted that it may have been the agency misunderstanding of the requirements.

Mr. Abbey stated that budget-planning requires making assumptions about what vacancies will be need to be filled. He noted that he does not support a 7% increase but can go higher than 2%. He stated that he supports a 3.5% to 5.0% increase.

Mr. Burciaga noted that there was a lengthy discussion regarding the agency budget at their last AMS subcommittee meeting. He noted that he has concern regarding hiring an attorney and what specific responsibilities this position would entail. Also, he noted that the issue of lease assistance and developing a standardized lease would cost, according to staff, at least \$100,000. Mr. Gorrell noted that the cost is less than what was anticipated. The attorney would also be responsible for contracts.

Upon further discussion, the Chair delegated the AMS subcommittee to submit comments for the individual scenarios and bring recommendations back to the Council.

MOTION: Mr. Clifford moved for Council approval of a modified Scenario A, with an increase over FY14 of up to 5%, with technical revisions and corrections made by PSFA subject to review and approval by the AMS Subcommittee chair, to be submitted to DFA on or before the September 3, 2013 deadline. Mr. Guillen seconded. There being no objection the motion carried.

➤ **Standardized Leases**

Mr. Gorrell presented the standardized leases for charter school lease purchase and charter school lease of facilities. Staff acquired the services of Mr. Kent Hunt, an outstanding attorney that specializes in leases only. Staff found Mr. Hunt to be extremely efficient. The standardized lease includes all variables in the documents to be compared from one lease to another as well as other pertinent information. Mr. Gorrell noted that all services except custodial work would be paid for by the landlord. If it is not paid for by the landlord, the exception would be spelled out in the front-end document which would allow for easier comparison.

Mr. Clifford voiced concern that State Purchasing is not involved with the standardized leases as they would be between districts, charter schools and other parties. He noted that there is no procurement for leases. Mr. Berry responded that leases are not subject to the procurement code

Council noted that the standardized lease document is lengthy and charter will need assistance in understanding what the document entails. The conflict of interest in not included in the standardized leases but would be in the lease assistance application. Council feels that there is a need to include the conflict of interest into the standardized lease document. The Council will bring forth a recommendation to be included in public comment hearings.

MOTION: Mr. Clifford moved for Council approval of the Administration, Maintenance & Standards Subcommittee motion to approve the standardized leases for charter school lease purchase, and charter school lease of facilities, subject to technical corrections, to go out to public comment and to be brought back for final approval, along with draft rules to implement their use, to a future PSCOC meeting.

PSFA may contract for additional legal services to develop other standardized leases and assist in the public review process.

➤ **PSFA News Digest & Monthly Newsletter**

In discussion, Ms. Maestas voiced concern that Council had spent a whole day of e-mails with consensus for removal of articles not dealing with NM. This is an issue that obviously some members want to push forward with the elimination of the Digest because some items were not useful. Mr. Guillen agreed, stating that he also felt that the Council had come up with a compromise agreement. The action taken by the Council was to stop the production of the digest which has already happened. Mr. Guillen stated that action the Council took at the last meeting was overridden. He still believes that the digest is a valuable service and looking at the distribution list it has many readers. He recommends that Council continue a partnership of agencies that wish to continue with the digest. Mr. Guillen stated that he would be happy to lead the effort to put a coalition of funding to continue with the news digest.

Mr. Burciaga stated that he understands the value of the news digest but there are many operational issues. He still stands in his belief that PSFA staff should not provide this service. Ms. Maestas opposes motion stating that she is thankful that this service has been provided. Mr. Gant commented that the digest serves the districts and feels that there is a need for it.

Mr. Abbey recalled that at their last PSCOC meeting the cost of the digest was reduced to \$13,000.

MOTION: Mr. Clifford moved for Council approval of the Administration, Maintenance & Standards Subcommittee motion to cease publication and distribution of the daily News Digest.

Roll was called and a vote was taken:

In Favor Keeping the Digest

Ms. Frances Maestas
Mr. Joe Guillen
Mr. Gene Gant
Mr. David Abbey

In Favor to Cease Publication

Mr. Raul Burciaga
Ms. Mindy Jones
Mr. Paul Aguilar
Mr. Dee Dennis
Mr. Tom Clifford

Motion was adopted to cease publication of the News Digest.

4. Director's Report

a. PSCOC Status Reports

➤ **PSCOC Project Status Report**

Mr. Gorrell presented the Project Status Report to the Council, noting that the report was reviewed by the Administration, Maintenance & Standards Subcommittee. He highlighted the various projects in the report noting that

projects are moving forward with very few projects that are behind schedule.

After discussion the Council agreed that the AMS subcommittee would revisit the status reports and report back to the Council on their findings and recommendation.

This report is for informational purposes only. No action is required by the Council.

➤ **Master Plan Project Status Report**

Mr. Gorrell presented the Master Project Plan Report to the Council noting that the report was reviewed by the Administration, Maintenance & Standards Subcommittee.

This report is for informational purposes only. No action is required by the Council.

➤ **Lease Assistance Report**

Mr. Gorrell presented the Lease Assistance Payment Report to the Council noting that the report was reviewed by the Administration, Maintenance & Standards Subcommittee.

This report is for informational purposes only. No action is required by the Council.

b. Relocate Alcalde ES Portable Classrooms

Mr. Gorrell noted that there are portables located at the Alcalde ES site in the Espanola School District. The Council bought these portables to accommodate Alcalde ES students while the new school was being built. The school project has been completed. The remaining 5 portables are now on leased land in the San Juan Pueblo and need to be moved. Mr. Gorrell stated that one of the portables can be moved to a project. The Mesa Del Sol Charter School is requesting that the Council allow the charter school temporary use of 4 portables (4-5 years), with assurance that the charter school would be responsible for all costs associated with relocating the portables as well as all maintenance cost associated. A Council member voiced concern that the charter school does not have the needed funds to relocate the portables. The Council was assured that the charter has the funding need to relocate the portable.

PSFA is proposing to loan the portables to the charter school. He noted that the Council must pay to relocate the remaining portables and there is also the possibility that there would be a cost for storing the portables because there is no project that currently needs the portables. Mr. Gorrell also noted that the Council can sell the portables and alerted the Council that because the Council has been effective in sq. ft. replacement throughout the State, Gallup has informed staff that they have 70 portables that they will make available. Mr.

Berry has created a fair market analyzer that will show a fair selling price for a portable.

Mr. Guillen noted that it would be helpful if the Council has a standing list for public schools and charters that are in need of portables. The Espanola School District and the Cariños Charter School were offered the portables and they declined the offer as they also have portables in the district. The lease on the property in San Juan runs out in August 2014. Mr. Burciaga noted that there is a need for space and security to place the portables.

Mr. Gorrell stated that the Jemez Mountain Schools will also use a portable, and began this discussion by pointing out that vandalism for schools is the huge problem. At a previous meeting, Council had made a decision to add fire protection and to “sprinkle” all schools. Upon Council approval, staff negotiated with the State Fire Marshall for a national consultant to assist with the negotiation so systems that are smaller than required by code. If the system had been in place, there would not have been any sort of destruction to the district administrative offices.

Council unanimously agreed to allow the Mesa del Sol Charter School use of the requested portable classrooms. The charter school is responsible for all costs incurred.

c. Chama Project Update

Mr. McMurray, PSFA staff, indicated that the project is on schedule and the district is moving forward. There are two wings that are being turned back to the district that are completed and clean. There is a new principal on board and ready to work with staff. The district was advised that there will be individuals that will continue to work on the school that includes hookup, etc., until the project is complete. It was also noted that the concrete work has been poured.

Staff received a letter from the district that acknowledges that once work is complete on this project, it will be the end of the project and the district will take full acceptance and control of maintenance responsibilities. Currently, there is a 3-year maintenance agreement and staff will meet with the district to provide information on good maintenance and skilled enhancement.

d. 2013-2014 Workplan/Timeline

Mr. Berry presented 2013-2014 Workplan/Timeline to the Council noting that the workplan was reviewed by both subcommittees.

This report is for informational purposes only. No action is required by the Council

e. Next PSCOC Meeting

Upon discussion the Council agreed to hold their next PSCOC meeting on September 5, 2013.

Public Comment

Several Superintendents and School Representatives thanked the Council and staff for their hard work and dedication to school districts and charter schools.

Adjourn

There being no further action to come before the Council, the meeting adjourned at 12:10 PM.

Said alby Chair
9/5/13 Date