

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
JULY 29, 2010
STATE CAPIOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Joe Guillen, NMSBA
 Ms. Lisa Martinez, CID Ms. Catherine Smith, PEC
 Mr. Antonio Ortiz, PED Dr. Peter Winograd, Office of the Governor

Designees: Ms. Sharon Ball for Mr. Raul Burciaga, LCS
 Mr. Scott Hughes for Ms. Katherine Miller, DFA

Absent: Ms. Frances Maestas, LESC

1. Call to Order—9:05 AM

Mr. David Abbey, Acting Chair

a. Adoption of Agenda

In the absence of Ms. Katherine Miller, it was agreed that Mr. David Abbey would serve as Council Chair for this meeting. 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.

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

Mr. Gorrell noted that Ms. Miller has accepted the County Manager position with Santa Fe County and will no longer serve as Secretary for the Department of Finance.

b. Correspondence

In the correspondence item, Mr. Gorrell noted that a letter was received from Mr. Raul Burciaga designating Ms. Sharon Ball to represent the LCS in his absence.

2. Adoption of Minutes (June 17, 2010)

MOTION: Ms. Smith moved for adoption of the June 17, 2010 PSCOC meeting minutes as presented subject to technical corrections. Mr. Hughes seconded and the motion carried.

3. Subcommittee Reports

a. Awards Subcommittee Report

• **Financial Plan**

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

-- **Bernalillo — Carroll Elementary (existing) — (Previously categorized as out-year —** This award was to amend the previous 2008-2009 Standards-Based Capital Outlay Award to the Bernalillo Public Schools for Roosevelt Elementary

School to include out-of-cycle construction funding for additions and renovations to the existing Carroll Elementary School facility to adequacy for grades K-2 with a design capacity of 528 students with an increase in the state match of \$6,687,468 (53%) contingent upon a district match of \$5,930,404 (47%), including partial credit to the district of \$350,000 for the state share of the 3-4 YR DD classrooms previously constructed by the district at the adjacent early childhood center.

The net award for the Phase II award totaled \$6,687,468 and the net adjustment to the Phase II award totals \$6,687,468.

- **Gadsden—Berino Elementary aka Gadsden Elementary (existing)**
(Previously categorized as out-year) — This award was to amend the previous 2007-2008 Standards-Based Capital Outlay Award to the Gadsden Independent Schools for the existing Berino Elementary School to include out-of-cycle construction funding for additions and renovations to the existing facility to adequacy for grades K-6 with a design capacity of 550 students with an increase in the state match of \$11,003,571 (88%) contingent upon a district match of \$1,500,487 (12%).

The net award for the Phase II award totaled \$11,003,571 and the net adjustment to the Phase II award totals \$11,003,571.

Mr. Eaton noted that the financial plan contains new revenue changes made by the Board of Finance for the supplemental severance tax bonding capacity for the Capital Outlay Fund. There is an increase of \$15.2 million for FY-10 for bonds previously projected at \$81.8. He noted that the amount is \$97 million for the fiscal year ending June 30. For FY-11 there is an increase of \$8 million for the previous March 10th estimate and a slight decrease for FY-12 of \$3.0 million. For FY-13 there is a slight increase in the amount of \$5.9 million and an increase for FY-14 in the amount of \$18.0 million.

Mr. Eaton briefly summarized the sources and uses portion of the financial plan. He pointed out that charter school leases are one of the largest growth areas for the capital outlay fund. Mr. Eaton also summarized the projects that are up for consideration by the Council in FY11 and FY-12. He briefly summarized the district local match advances for various school districts that reflect their outstanding balances.

Mr. Abbey stated that the Council would like to continue awarding new projects and asked if staff had looked into possible options. Mr. Gorrell stated that the staff has reviewed this issue and will be presented in the workplan/timeline item on the agenda.

In regard to the timeline/workplan, Mr. Berry noted that an option would be to fund a special standards-based capital outlay award cycle with the continuation of the current 2010-2011 process and to continue to have the regular, full application process next year. He noted that it is possible to complete the process along with a roof application by the end of this year for possible awards at a January PSCOC meeting.

Mr. Abbey voiced support for keeping a flow of funds and opportunities to districts but at the same time the Council will need to match out-year revenues with required construction funding when projects are ready. Mr. Gorrell reminded the Council that the normal vetting process was conducted with school districts to update their data in FAD and that the PSCOC only authorized publishing of a status rank list as opposed to the official rank list for this year due to revenue concerns.

- **Lease Assistance Applications**

Mr. Berry presented the Council with a list of all lease assistance applications that were received this year. He noted that the Awards Subcommittee reviewed the applications; but in light of various concerns raised in a recent LFC program audit of charter schools, is recommending a delay in the awards. The staff was directed to follow up on various issues and develop a conflict of interest questionnaire for review by the subcommittee following a special meeting on Raton scheduled for tomorrow. He stated that the staff is hoping to bring responses back to the next Awards Subcommittee meeting so that awards can be made at the September PSCOC meeting. Ms. Martinez voiced concern regarding new charters moving into buildings that are not meant to be educational facilities and code requirements have not been met. Mr. Gorrell noted that the law requires that charter schools have an E-Occupancy before they enter into a lease. He noted that some of these facilities do not meet adequacy standards. Ms. Ball stated that the PSCOOTF endorsed legislation to address this issue but the bill did not receive a message in the last legislative session. However, the task force will again be addressing the issue during the interim.

Mr. Berry summarized the lease applications as follows:

2010-2011 Applications Received:

Total Requests: \$9,833,549 (86) for Charters: \$9,749,850 (80)

- 32 State Charters
- 9 Charters in first year of operation
- 22 in public building/East Mountain High School partially in public building/Lindrith in public building-no lease cost, 3 charters leasing from counties, 12 from districts, 2 from Federal Government, 1 from city, 2 from tribal, 3 from colleges or Universities and 10 nonprofit
- 2 schools in lease purchase agreements
- 48 charters limited by MEM
- 38 charters limited by actual lease cost
- % of Actual vs. Reimbursement: 65.8%
- Total square feet average: 16,862
- SF Per MEM average: 97
- Actual Lease Cost (annual) average: 185,873
- Cost Per SF average: 11.02

The Council requested that the staff present the information regarding conflicts of interest to the Awards and PSFA Subcommittees and finally to the full Council for their approval. Mr. Gorrell noted that this is not a final solution and stated that the Oversight Task Force has been studying ways to address charter school capital outlay needs for a number of years. He stated that every charter school lease has its own language and trying to determine what is right and what is wrong is an enormous task.

Mr. Gorrell also noted that the Council has the authority to enforce building standards because they are paying a portion of the funding for the leases. Mr. Berry informed the Council that staff has performed spot checking with the General Services Department regarding the cost of office buildings in cities where charter schools are currently housed around the state for comparison.

- **Additional Funding/Emergency Funding/Award Language Requests**
 - **Clovis-Lockwood ES-Increase Design Capacity and Allow New Construction**

Mr. Pat McMurray introduced Mr. Terry Myers, new Superintendent of the Clovis School District. He noted that the district is requesting Council approval for the increase in design capacity at Lockwood Elementary and also to allow new construction which would change the award language. The Awards Subcommittee has reviewed this request.

Upon looking at the project, the staff discovered that the cost to bring the existing Lockwood Elementary School to adequacy based on its current condition and its site constraints is about 82% of the cost of new construction. The district has a site that is adjacent to the existing facility which will be utilized for the new school thereby reducing the cost of portables. The staff recommends an award for planning and design funds only for construction of a new elementary school to replace the existing Lockwood Elementary School with a design capacity of 364 students, grades K-5. The district is required to continue execution of their PM plan and make effective use of FIMS. Upon completion of the planning and design phase, the district may submit an application for an out-of-cycle award for construction funding.

Mr. McMurray referred the Council to an overall plan for the Clovis District that reflects the districts funding needs. The staff is currently working with the district on 8 projects with a cash flow for the district and PSCOC. He noted that the district passed a bond election and the proceeds would be used on these projects. The district has \$6 million of bonds to be sold in October 2010, and will hold another bond election for \$16 million in September 2010 which will be sold in February 2011.

There was some confusion regarding the availability of bonds for the local share of the projects. Mr. Joel Shirley, Superintendent of the Clovis School District, explained that he worked closely with Mr. Ken Powers and their CFO to assure that the district has the funds needed to meet their match and noted that even if their election fails, they will still have the funding required for all currently funded projects. Mr. Abbey complimented the district on their overall financial planning.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2008-2009 Standards-Based Capital Outlay Award to the Clovis Schools for Lockwood Elementary School for planning & design funds only for construction of a new elementary school to replace the existing Lockwood Elementary School with a design capacity of 364 students, grades K-5. The district is required to continue execution of their PM plan and make effective use of FIMS. Upon completion of the planning and design phase,

the district may submit an application for an out-of-cycle award for construction funding which shall include demolition or disposition of the existing facilities through written agreement transferring ownership. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- Penasco-Roof Projects-Additional Funding

• **Penasco Elementary Library & Lab Roof Renovations (R10-022)**

Mr. McMurray stated that the bid received for the roofing work is in excess of available funding. The district is requesting additional funding to enable the completion of the project. The estimated project cost includes a contingency amount equal to 7% of the low bid plus NMGRT. The district is requesting an additional state share of \$5,544 and it was stated that the district has their local match.

Mr. McMurray informed the Council that after review of bids received on June 22, 2010 from separate roofing contractors, and discussion with the design professional for the project, FBT Architects, as well as the district representative, it is the PSFA staff recommendation that the low bid from DKG & Associates be accepted as submitted and that the additional State funding amount totaling \$5,544 be approved as requested so that the project may be awarded and proceed to construction. The Awards Subcommittee has reviewed this request and recommends approval.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2009-2010 Standards-Based Roof Award to Penasco Independent Schools to reroof Penasco Elementary School Library and Lab by \$5,544 (76%) contingent upon a district match of \$1,751 (24%) in order to award the low bid for completion of the work.

• **Penasco High School Vocational Building Roof Renovation (R10-023)**

Mr. McMurray stated that the bids received for roofing work are in excess of available funding, additional funding is requested to enable completion of the work. Mr. McMurray stated that the estimated project cost includes a contingency amount equal to 7% of the low bid plus NMGRT. Mr. McMurray stated that the district is requesting \$11,555.

Mr. McMurray stated that after review of bids received on June 22, 2010 from separate roofing contractors, and discussion with the design professional for the project, FBT Architects, as well as the district representatives, it is the PSFA recommendation that the low bid from DKG & Associates be accepted as submitted and that the additional State funding amount totaling \$11,555 be approved as requested so that the project may be awarded and proceed to construction. The Awards Subcommittee has reviewed this request and recommends approval.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2009-2010 Standards-Based Roof Award to Penasco Independent Schools to reroof the Penasco High School Vocational Building by \$11,555 (76%) contingent upon a district match of \$3,649 (24%) in order to award the low bid for completion of the work.

- **Effect of CID Proposed code Changes on Public School Capital Outlay Projects**
Mr. Abbey informed the Council that he requested that this item be included in the agenda. He stated that this item was discussed at the Awards Subcommittee and there was a good discussion and good information from the staff. Mr. Abbey stated that his concern is with the construction cost. He said that when the Council considered changes in the adequacy standards, they proceeded carefully and looked at viability and sustainability in the proposed changes in school standards. Mr. Abbey noted that the staff has appeared before the Construction Industries Commission to address concerns regarding costs.

Mr. Gorrell noted that the Council has always been careful in energy savings, as well as putting measures, equipment and standards into the schools to allow more operating dollars to go into the classrooms. He stated that the PSFA supports the 2009 code which has an energy component. Mr. Gorrell indicated that some of the revisions that are being proposed regarding the required heating and cooling are above the national standard and for New Mexico makes delivery uncertain and causes delays in services. Mr. Gorrell stated that some of these requirements may have been amended. He pointed out that there is a commissioning type process that is going to be supervised by the Construction Industries which will put CID in the middle of a contractual relationship with the owner and their contractor (design engineer, architect or builder) and may cause problems after a certificate of occupancy has been issued. Problems that may arise could include the electrical work and HVAC that may not surface for a year.

Mr. Gorrell informed the Council that staff has received new information on how the changes might affect PSFA's concerns. He indicated that some responses in the summary presented to the Council are based on the most current information available. Mr. Gorrell gave the following overview:

Synopsis:

The Construction Industries Commission (CIC) is poised to vote on adopting a set of "enhanced" building codes designed to increase energy "efficiency". PSFA reluctantly resigned from the Energy Code Change Committee assigned with bringing recommendations to the CIC.

It is PSFA's informed opinion that the direction the regulatory changes that are being pushed are not supported by cost benefit analysis or industry. Many changes are prescriptive concepts that are not supported by analysis and, in many cases, may actually generate costs that are greater than what would be returned through energy savings. PSFA's opinion is it would be prudent to take additional time to review these important code changes with key subject matter experts (manufacturers, engineers,

code officials) while adopting the IECC 2009 codes per Executive Order. New energy codes developed in this manner will be based on proven best practices that have the maximum likelihood of benefitting New Mexico's schools and the taxpayers who fund them.

FISCAL IMPLICATIONS

The proposed codes changes affect many areas and the cumulative impacts are indeterminate without more thorough cost-benefit analysis and comprehensive energy management of which occupant behavior is the prime determinant of energy savings.

The primary issue with this intended code enhancement is the magnitude and timing of the proposed changes. There is concern with the 10% increase in energy conservation requirements over and above those standards set in the un-amended 2009 International Building Code and International Energy Conservation Code (on which the NM Codes are based). The 10% additional requirement increases the cost of new buildings including schools. The current funding levels allocated to schools is not sufficient to correct the approximately \$3 billion of school deficiencies. Additionally, when we compete with surrounding states to acquire re-locating businesses - bringing jobs and revenue – that these changes in the code are not an incentive to encourage companies to locate to New Mexico.

SIGNIFICANT ISSUES

Enforcement: As with any law or code the key is in the equitable enforcement of the rules and regulations. There needs to be a significant incentive for contractors, engineers, and owners, to completely comply with whatever code is eventually adopted. It is not clear, or even addressed, how these rules will actually be enforced. Of significance is the apparent contractual management role the CID will assume between the owner and the engineer. Furthermore, the current resources at the State level appear to be stretched as is and how they will ensure compliance is a mystery. It would be helpful to view a process map of complete compliance. Time and available expertise may be an issue to be able to inspect and apply the new requirements and standards.

ADMINISTRATIVE IMPLICATIONS

The New Mexico code revisions provide that CID will issue an occupancy certificate based upon adequacy of systems as validated by the design engineer. This would have the affect of “the fox watching the hen house” and would, when post occupancy performance disputes arise, put the CID in between the contractual relationship of the owner and engineer. It is often not determined until well after occupancy that a design is faulty.

TECHNICAL ISSUES

Equipment and systems required by this code change will in many instances be prototypical or non-standard, more expensive, and prone to failure because they are not yet proven production models. Delivery times will also be significantly increased and less predictable resulting in project delays.

OTHER SUBSTANTIVE ISSUES

The Governor's Executive Order states that proposed new building codes meet or exceed the 2009 International Energy Conservation Code (IECC). The enhanced requirements being contemplated will increase the cost of building in relation to surrounding states. It is a concern that these costs (in addition to new schools) also may discourage businesses with their jobs and revenue from locating or re-locating in our state due to these relatively higher building costs here in New Mexico.

Many of the code change proposals are based on future codes currently in development, but not yet vetted through the typical three year development process. If New Mexico simply adopted the 2009 IECC like most all the other states then when the well vetted ASHRAE 2010 becomes available next year, with a proposed 30% increase over 2004 standards, New Mexico will avoid the risk posed by the CIC.

Mr. Cal Seckler, PSFA staff, noted that New Mexico has building energy and efficient schools even without the proposed codes. He stated that the 2009 codes would continue to support the building of energy efficient schools.

The PSFA is deeply supportive of seeking energy efficiency gains, but its position is that it would be more prudent to adopt codes developed on the national level through ASHRAE and ICC, and that SB-200 which requires public buildings to meet Energy Star qualifications beginning in July this year and would provide more flexibility in meeting energy targets than would the proposed code changes.

The PSCOC then heard testimony from CID, Energy & Minerals and their advisors on Construction Industry Commission proposed code changes (to be voted on by the CIC on June 30, 2010), and if approved, their impact on school construction costs, and on the New Mexico construction industry. The PSFA participated in the CID committee that sought to revise the codes to improve energy efficiency, but resigned from the committee in March of this year because the direction the committee had taken to address energy efficiency appeared rushed, was not based on solid cost data, would likely cost more than the savings generated, and would be an unnecessary difficulty for the construction industry, which was already facing enormous difficulties due to economic conditions.

A CID representative stated that the proposed code changes would have only a 1% initial cost on new construction, and that the average payback period will be 10 years. PSFA disputes these estimates. Mr. Abbey voiced concern that these estimates have not been based on documentation which is publicly available.

Ms. Martinez noted that the code adoptions typically occur every three years. She stated that the national codes are developed on a three-year code cycle and the amendments are developed specifically for the climate in New Mexico. Ms. Martinez stated CID has looked at available resources such as energy star requirement for new building codes and did comparisons on where New Mexico is and where it should be. She informed the Council that CID began the process of applying for an ARRA grant and one of the conditions for receiving the grant is adopting the most current codes. As a result, Governor Bill Richardson sent a letter to the Energy Secretary in Washington that gave assurance that New Mexico will meet or exceed the most current

codes which resulted in adopting the 2009 codes. There was a report by (ESALT) the Energy and Minerals Department which documents the strategy to reduce energy use in New Mexico by 20%. The report assisted the CID to establish a baseline for the 2009 codes and for reducing the energy by 20%. Ms. Martinez indicated that there was a public hearing regarding cost effectiveness and the overall cost of energy. There were concerns that were addressed and new revisions were presented to CID for adoption. She noted that although there is potential for CID involvement, it is not the intent of CID to manage owners or get involved in contractual affairs. Ms. Martinez stated that CID only wants to make sure that there is a design and construction professional who is responsible to assure that the manufactures specifications are met and the facilities are up to code. Ms. Martinez noted that the codes are scheduled for adoption on July 30, 2010.

Mr. Raymond Hensley presented his cost analysis report on elementary schools to the Council noting that there are fears and misconceptions regarding the new energy codes. He indicated that the codes came from vetted sources. He stated that when the Governor asked CID to “push the envelope further” CID went to organizations, particularly ASHRAE. Mr. Hensley stated that ASHRAE has standards that are over and above the national standard code and they have always had high performance schools. He noted that CID took the six-year old standards and incorporated some of them into the language of the proposed code. Mr. Hensley stated he is representing the New Mexico Society of Professional Engineers as well as his own engineering firm. Mr. Hensley said that there is a movement to eliminate the engineer in the process to make the codes so an engineer is not required and the process is still in the code. He stated that the performance based codes have been accented which allows the engineer to comply with the code. Mr. Hensley stated that there is expanded language that has been included in the codes for years but has not been enforced. Language has been added that allows engineers to participate and the design professional would come back and take responsibility for the job. Mr. Hensley went on to inform the Council that engineers are currently excluded and are asking that they be allowed to take the liability. In terms of the equipment, Section 506 of the codes would allow for high performance lights, high performance equipment or provide renewable energy on site. He stated that the terms have been changed so renewable energy can be on site and the equipment is outside the standard manufacture rules and that all equipment is immediately available or within the standard timeframe. In terms of the energy modeling, Mr. Hensley stated that they analyzed four types of buildings and the unique climate zones for New Mexico. In terms of the climate, he said that they came up with various plans where they could abide by the desert outline. He explained that the analysis shows that there would be a 1% cost increase that would be paid back within a minimum of 10 years. Mr. Hensley explained the analysis was done by using the Department of Energy’s 2.3 energy modeling system. He stated that 10% of energy can be saved by merely cleaning up the administrative rules.

Ms. Susan Markley, Energy Conservation Management Division (ECMD) stated that she worked closely with CID on the first adoption process. She stated that in terms of timing, there is never a good time especially when business is down and always a challenge. Ms. Markley also stated that currently there are \$600,000 in federal funds that have been allocated in assisting in training and education statewide for the

adoption of the codes. The training is available to provide extensive education to builders, contractors and inspectors. She stated that the money will not last beyond the next couple of years and will be wasted if the codes are not adopted now. Ms. Markley commended the PSFA for their work in looking at the energy issues and the ECMD feels that the codes will make a difference for the ongoing operational budgets for the schools. She indicated that the codes are being adopted in other states and going beyond the 2009 codes. The Energy Conservation Management Division is advocating adoption of the proposed changes.

Ms. Marie Voohees, Green Building Coordinator for the CID, began by informing the Council that her job is to specifically oversee the training on the building codes. She said that CID realizes that there will be limited resources and are working on how to “piggyback” new inspections as described by the codes to existing inspections.

Public Comment Regarding CID Proposed Code Changes

Mr. Randy Trainor, registered lobbyist representing New Mexico Home Builders Association, stated that it is a significant change in building codes and feels that the timing is bad when businesses have to remake themselves to survive, and have to remake business models of the building models. Mr. Trainor stated that discussion with CID has been in good faith and they have attempted to respond to concerns that have been brought forth. He stated that there are concerns regarding proposed codes for commercial buildings and how they will address a number of technical issues. Mr. Trainor noted that the process is important in construction costs and implementation. He stated that, due to the budget, the resources for CID will not be there to implement the new requirements for the new code as there will be more inspections required as well as more demands placed on CID to provide a government service.

Dr. Winograd noted that as a condition of receiving the \$3.1 billion for the state energy program under the American Recovery and Reinvestment Act (ARRA), Governor Richardson assured that the State of New Mexico would meet the requirements of Section 410 of ARRA. He also noted that New Mexico also has to assure that in regard to construction as well as education, New Mexico will have to make assurances regarding maintenance. Dr. Winograd asked if the PSFA would assure that the requirements are met under the ARRA. Mr. Gorrell responded that the PSFA supports the code that the Governor pledges to meet, and by adoption of the 2009 code, this makes the promise a reality. However, the PSFA is concerned regarding vetting. The Council asked if the PSFA was invited to participate in the revisions of the codes. Mr. Gorrell answered in the affirmative stating that the PSFA did participate up to the point when questions were asked about the cost. He stated that while there are broad numbers regarding savings and cost versus value, the questions were not answered and the PSFA could not step outside of the Councils policy which has been a return on investment. At that point the PSFA resigned from the process. Mr. Gorrell noted that there is no need to make revisions to the 2009 International Code set to meet the commitment that the Governor has made to Secretary Chu of the US Department of Energy. Mr. Abbey noted that nothing has been adopted for 2009. Mr. Abbey referred the Council to the PSFA summary that reads “Many of the code change proposals are based on future codes currently in development, but not yet vetted through the typical three year development process. If New Mexico simply adopted the 2009 IECC like all

the other states, then when the well vetted ASHRAE 2010 becomes available next year, with a proposed 30% increase over 2004 standards, New Mexico will avoid the risk posed by the CIC.”

Dr. Winograd asked if adoption of the 2009 codes would bring savings to New Mexico and meet the assurance of Governor Richardson. Mr. Guillen also asked if there are cost benefits and indicated that there is not adequate information. Mr. Gorrell noted that the Governor signed SB-200 (Public Building Energy Efficiency Standards) that created the same measures and the Legislature supported this bill. Ms. Martinez stated that the analysis reflects a 1% increase on upfront costs with a ten-year pay-back period. Mr. Gorrell disagreed and noted those are variables that were put into the laws and every site, school building and every location can have different variables. Ms. Martinez stated that the models are a base set of parameters that established the information that pertains to buildings. Mr. Trainor stated that the document is under discussion and depending on the significance of the amendments, the document will be adopted or there will be another hearing for amendments. Ms. Martinez informed the Council that CID has resources and tools available to them, not only through the ARRA grant but also from the Department of Energy and other entities. Ms. Voorhees informed the Council that statewide training will be in several phases beginning as early as September until February 2011. Mr. Harold Trujillo, Energy and Minerals, stated that DOE evaluates the codes to assure that they are cost effective. He stated that there is much vetting going on. Mr. Trujillo noted that there are utility increases which will impact energy costs significantly. Mr. Abbey voiced concern regarding cost with a ten-year payback and noted that there is no documentation to back up the claim. He also referred the Council to the PSFA report that reads “The proposed codes changes affect many areas and the cumulative impacts are indeterminate without more thorough cost-benefit analysis and comprehensive energy management of which occupant behavior is the prime determinant of energy savings.” Mr. Hensley noted that the cost analysis was done on a 200 student school cost estimate, which was pulled from archives and feels that the analysis supports the 1% cost. He noted that the codes are not requiring third party participation but instead requires an engineer to oversee the process. Mr. Abbey requested that CID follow-up on these issues and to present a report to the Council at its next scheduled meeting. He also requested an outline of modeling with more specifics. Ms. Martinez agreed to report back to the PSCOC on the outcome for the CIC voting process.

b. Adequacy & Maintenance Subcommittee Report

There was no report at this time.

c. PSFA Subcommittee Report

There was no report at this time.

4. Director’s Report

• **GIS Demonstration**

The Council was reminded that SB-217 appropriated \$575,000 from the Public School Capital Outlay Fund to the PSFA for expenditure in fiscal years 2010 through 2012 for the purpose of contracting with the Bureau of Business and Economic Research at the University of New Mexico to develop, in conjunction with the PSCOC, the LFC, the

LESC, Tax & Revenue Department, Department of, the Department of Information Technology and PED, a portable and secure geographic system to be used by executive and legislative agencies to be developed through management by the bureau of business and economic research at the University of New Mexico.

Mr. Bill Sprick, PSFA staff and Ms. Shawn Penman, UNM, gave a brief demonstration of the GIS to the Council. Mr. Sprick noted that New Mexico would be the first in the country to do a statewide collection of data. The GIS is designed to improve public school planning for the state of New Mexico and transparency of the PSCOC, PSFA and the state as a whole. Ms. Penman stated that two websites were developed on PSCOC funded projects where the information would be public knowledge. The information includes active projects and completed PSCOC projects, as well as status reports and 5-year NMCI rankings beginning with 2009. The GIS also includes total amounts of unfunded projects and the amount necessary to fund the projects as well as all pertinent district information. The information would also assist legislators in determining where their legislative boundaries are located. Ms. Penman informed the Council that the information will be assessable from the PSFA webpage in approximately one month. Dr. Winograd requested that the staff include student achievement.

- **Status Reports**

- **Standards Based Capital Outlay Report**

The Public School Standards-Based Capital Outlay 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.

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**

The Deficiencies Corrections 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.

- **Lease Payment Assistance Report**

The Lease Assistance 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.

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 June 17, 2010 total \$7,364,823.

2008-2009 Awards made at the July 30, 2008 PSCOC meeting were to 75 schools for \$7.3 million. Total awards reimbursed as of July 29, 2010 total \$7,140,429.

5. Other Business

- **2010-2011 Workplan/Timeline**

Mr. Berry presented this item referring the Council to the 2010-2011 workplan/timeline that was made available to them in their meeting notebooks. He highlighted the various changes to the timeline that include the delay of lease payment awards that were discussed earlier which will possibly be awarded at the September 2010 PSCOC meeting. Mr. Berry noted that due to the change in the vendor for the facility assessment database and the development of the new system as well as delay in the contract, it will be necessary to shift reviewing the 2011-2012 rankings to November 2010 to allow feedback from the districts and also allow for an appeals process. Mr. Berry stated that the current timeline will end December 2010 which necessitates a possible PSCOC meeting in January 2011 prior to the Legislative session.

Mr. Berry referred the Council to the “Conceptual Timeline for 2010-2011 Special Standards-Based Capital Outlay Design Only & Roofing Award Process” which was made available to them in their meeting notebooks. Mr. Berry stated that it would be at the pleasure of the Council to incorporate the conceptual timeline with the 2011-2012 workplan timeline. He noted that there is a plan for an up to \$10 million roof awards to districts based on the current financial situation and funding availability.

Mr. Abbey asked why a design and roofing only timeline was presented to the Council. Mr. Berry explained that when the Council decided to forego new applications for this funding cycle, they allowed all previously funded projects to move forward as “out-of-cycle” requests and this has been done on a monthly basis. He indicated that this proposed process allows a limited amount of new projects to begin their design in anticipation of construction funding when the project is fully developed. Mr. Berry explained that the amounts would have to be included in the current revenue forecast and an estimate of when the projects would be coming back so the Council can have funds available or the possibility of awarding construction funds.

The staff was directed to present an updated timeline to the Council at its next scheduled meeting.

This item is for informational purposes and no action is required.

- **Next PSCOC Meeting—Proposed for September 2, 2010**

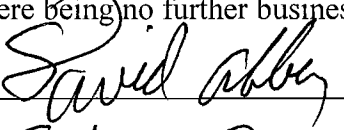
After discussion the Council unanimously agreed to hold their next PSCOC meeting on September 2, 2010.

Public Comment

There was no further public comment at this time.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 12:05 PM

 Chair
Sept. 2, 2010 Date