

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
JULY 30, 2014
STATE CAPITAL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Raul Burciaga, LCS
Mr. Joe Guillen, NMSBA Mr. Tom Clifford, DFA
Mr. Pat McMurray, CID Mr. Gene Gant, PEC
Ms. Frances Maestas, LESC Mr. Paul Aguilar, PED

Designees: Ms. Tiffany Smyth for Mr. Michael Heitz, Office of the Governor.

1. Call to Order Mr. David Abbey, Chair

a. Adoption of Agenda—9:00 AM

The clerk called roll noting that the PSCOC reserves the right to change the order of agenda as deemed necessary. Mr. Aguilar requested that the Council include the Zuni Lawsuit update on the agenda as well as School Buses. Mr. Gorrell requested that the CID reimbursements also be added to the agenda.

MOTION: Mr. Gant moved for adoption of the agenda as presented with the changes indicated above. Mr. Aguilar seconded. Motion carried.

b. Correspondence

There is no correspondence at this time.

2. Adoption of Minutes (June 25-26, 2014)

Upon review by the Council, Mr. Aguilar moved for adoption of the **June 25, 2014** PSCOC meeting minutes subject to technical corrections. Mr. Gant seconded. There being no objection the motion carried.

Upon review by the Council, Mr. Aguilar moved for adoption of the **June 26, 2014** PSCOC meeting minutes subject to technical corrections. Mr. Gant seconded. There being no objection the motion carried.

3. District Presentation—Reserve/P14-002 Reserve Combined School Project

Mr. Bill Green represented the district noting that there is a necessity for a track and field as well as an auxiliary gym in their district. He stated that the district has made over \$1 million cuts in space. Mr. Green stated that part of the gym would be covered by elementary P.E. and the field represents the outside recreation area – soccer, football and all P.E. programs. He stated that by not putting in a field and irrigation system, the track field would be subject to rain runoff and ruin the track surface. He noted that Reserve is an isolated district and deserves to have the same educational experience as other schools.

Discussion: Mr. Guillen stated that the Awards Subcommittee had a lengthy discussion regarding this project and centered on trying to balance and allow for maximum flexibility. The subcommittee agreed on scope of work and there was discussion on the track field going from a 6-lane track to a 4-lane track. The subcommittee is still reviewing this request

and assured the Council that this is a work in progress. Mr. Burciaga stated that playing fields are absolute but Council needs information regarding the level of field.

There is a question regarding regulations in playing fields and how PSCOC will fund this request. He stated that reduction of cost is a factor and all aspects to the playing field should be a local decision. Staff will continue to work with the designer and come back before the Council with further information.

Mr. Aguilar agrees that the district needs a playing field as these students have a right to have these resources. Studies show that extra-curricular activities are what keep students in school and it is not feasible to travel to another district to practice. Mr. Aguilar fully supports this project and urges Council to move forward with this request. The community supports the district. The district will move on with schematics report back to the Council with an update.

This item is for informational purposed. No action is necessary is required.

4. Awards Subcommittee Report

a. Financial Plan—Executive Summary:

PSCOC Financial Plan Changes since 6/25/14

Capitan Municipal Schools - Capital High/Elementary School - P13-003 - Phase II Funding—
Net Award: \$6,886,843 (Includes \$6,800,000 advance)

Gadsden - Desert View Elementary School - P13-007 - Phase II Funding—Net Award:
\$15,564,809

Gadsden - New Elementary School - P14-011 - Additional Funding/Award Language Change
Net Award: \$510,336

Hobbs - New Elementary School - P14-015 - Phase II Funding—Net Award: \$ 10,445,283

Hobbs - Broadmoor Elementary School - P14-016 - Phase II Funding—Net Award: \$ 8,623,621

West Las Vegas - West Las Vegas High School Band Building - R14-019 - Additional Funding
Net Award: \$46,554

Cobre - Cobre High School Emergency Request - E14-001—Net Award: \$200,000

2013-2014 Late Standards-Based Roof Awards—Net Award: \$2,028,862

Farmington Apache Elementary School— \$502,310

Farmington Bluffview Elementary School— \$692,404

Pojoaque Pablo Roybal Elementary School— \$226,066

Pojoaque High School— \$608,082

Broadband Deficiencies Correction—Net Award: \$2,500,000

Total Net Awards: \$46,806,308

**PSCOC FUND PROJECT AWARD SCHEDULE DETAIL - PHASE 2 ESTIMATE
MODIFICATIONS**

Project	FY	Previous Estimate	Current Estimate	Change
Bernalillo - P13-002 - Santo Domingo ES/MS	15	\$6,657,963	\$7,180,183	\$522,220
Zuni - P13-010 Dowa Yalanne / A Shiwi ES	15	\$25,414,409	\$26,059,418	\$645,009
Gadsden - P14-011 - New Elementary School	15	\$12,919,500	\$17,512,520	\$4,593,020
Ruidoso Nob Hill Elementary School	15	\$21,907,039	\$1,576,544	(\$20,330,495)
	FY15 Subtotal	\$66,898,911	\$52,328,665	(\$14,570,246)

Changes per "Construction Cost Inflation" presented at July 2014 Subcommittee meetings for Bernalillo, Zuni & Gadsden. Changes per state match amount "clerical error" for Ruidoso. State match 11% Local Match 89%

FINANCIAL PLAN ASSUMPTIONS:

CMAR costs are estimated using the following percentages: 5% pre-construction in quarter 1, 5% early work in quarter 2, with 90% remaining balance of award in quarter 3. The financial plan does not include any potential local match reduction for Phase II funding.

Discussion: After some discussion Ms. Cano noted the financial plan award schedule does not include Phase II or local match requests for the traditional schools. Staff anticipates a local match reduction for Phase II of the Delgado Hall funding request. Mr. Abbey recognized the change in the financial plan for CMAR projects. Ms. Cano stated that the staff recommendation is 90% of the funding for remaining Phase II process coming two quarters after the initial Phase II awards. She explained that the recommendation is for Council approval for the full Phase II funding, however, the 5% of expenditures within the first quarter to accommodate pre-construction services and 5% from the second quarter to accommodate any type of early work and the remaining 90% would be allowed for expenditures in the third quarter after Phase II is awarded.

Ms. Irion gave a brief presentation on the PSCOC advances noting that advance repayments were received from Ruidoso School District in the amount of \$1,355,850 and Fort Sumner School District in the amount of \$739,237.

b. 2014-2015 Standards-Based Awards

The Council complimented the districts for bringing their projects forward and going through the process of identifying the needs of their students. The Council also thanked the districts for their presentations at the presentation hearings and also for providing their local match on their projects. Council thanked the PSFA staff for the work done in analyzing and coordinating the application process. Council also thanked the Awards Subcommittee for vetting the projects and analyzing them to assure that PSCOC is spending money on projects that will benefit our school districts.

Executive Summary:

Top 100 (Total Funding Pool)

- 13 applications from 10 districts
- Phase 1 State Match \$15,064,796
- Potential Out-of-Cycle State Match \$81,867,859
- Estimated 2014-2015 Award State Match \$96,932,655

Discussion: Ms. Cano gave a brief summary of the top 100 projects and funding pool noting additional funding requests will be included in the next financial plan for consideration by the Council at a future date.

In regard to the Gallup projects, Mr. Clifford noted that the spreadsheet indicates that the district may have to hire a construction manager to assist with direct management of all PSCOC funded projects. Mr. Guillen explained that the district has several projects going and the Awards Subcommittee felt that PSFA must assure that the districts project move along sufficiently. The Subcommittee authorized the Director and his staff to advise the district staff if they begin falling behind. Staff will report the decision or recommendation for the project manager. Mr. Gorrell reiterated that the district has many projects going on and the district has a history of falling behind on their projects so it takes a big effort to keep track of their projects and there is a potential that the district may need a project manager. Mr. Abbey clarified that the district does indeed have many projects going and sooner or later the district will return to the Council for construction awards and wants assurance that the projects are running smoothly and in a timely manner. Mr. Clifford stated that this is a good policy and should be done for all districts as a general rule. There will be further discussion on this contingency as projects come in for funding.

Of the ten district applicants only 6 have outstanding projects which have not been financially closed out, more significantly the Albuquerque School District as they have received a number of awards, especially in FY-09 that are eligible for close-out. Gallup has this consideration for closeout for their FY09 and FY10 roofing projects. Clovis is also included as they have roofing projects in the standards-based awards that were discussed. Ruidoso has a long, outstanding middle school project that will be completed this summer.

In regard to the School for the Deaf, Council asked if the PSCOC is paying for half of the Delgado project. Ms. Cano answered in the affirmative noting that the school approached the 2014 legislature and did not receive an appropriation for Delgado Hall. It was the original staff recommendation to give the school a local match reduction as the project is a support space and under statute it is required that the school have 100% local match for the space. However, due to limited funding and inability to generate their match, it was a staff recommendation to give a local match reduction for the full amount of Phase I of \$200,000. Upon further review the Awards Subcommittee recommended that the school attempt to make a 50% match of their Phase I design.

Mr. Gorrell reminded the Council and districts that if schools are replaced the district's needs to demolish or dispose the facility and it is no longer on the ranking list as it is no longer considered a school building. The facility can no longer be used as a facility to house students.

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. Each allocation is intended to fully complete the project, phase, or specified purpose. 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. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

c. 2014-2015 Standards-Based Roof Awards

Executive Summary:

- 16 applications from 10 districts
- Net State Match \$7,407,610
- Potential Local Match Advances \$166,844; District must submit Statement of Financial Position for review and approval by the PSCOC at a future meeting.

Discussion: Ms. Cano presented this item to the Council noting that an additional condition has been added to these awards that states “Prior to design, districts must provide evidence of claims against roofing warranty or demonstrate evidence that original roof warranty has expired or contract did not require warranty; as well as, notification to NM Construction Industries Division with evidence that contractor has been contacted to repair roof but has been nonresponsive.”

In regard to West Las Vegas Schools potential advance, Mr. Cano noted that staff recommends that the district submit a Statement of Financial Position for review and approval by the PSCOC at a future meeting. Ms. Cano explained that the application was late and the district was anticipating requesting a local match reduction, however, the district did not submit the Statement of Financial Position as requested by staff in a timely manner prior to the Awards Subcommittee nor this current meeting. It is the staff recommendation that the district accept the award at their current funding request and the local match at a future meeting.

It was noted that this is the last year for the roof program. Mr. Clifford suggested that on behalf of the task force, staff schedule a presentation to provide an assessment of the program and building cost to determine whether the program should continue. Mr. Gorrell stated that it is foreseeable that there will always be roof problems with school buildings. He stated that this is a 5-year program and it is the hope of the Council and staff that they have brought maintenance to a point where the districts can identify roof problems themselves and get them into their facility master plans at their own capital expense. Council supports a continuation of the roof program as it will be less costly to fix roofs before major damage is done to schools.

Ms. Cano noted that in the pre-application process staff received a few requests specifically one from Gadsden that had a warranty on roofs but the district chose to pull the application and it was not a staff recommendation to make a non-award. The districts have a responsibility to check their roofs and repair small issues such as little

holes that can ruin the whole roof within time. Ms. Cano stated that often times manufacturers walk away from their warranty obligations.

In regard to Tularosa School District, staff noted that there may be failure issues or installation issues. There are warranties identified and that the district is seeking to claim and there will be an investigation on why their roofs are failing.

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. 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, 2015; the PSFA director has authority to cancel projects that are not expected to be complete by the December 31, 2015 date, subject to PSCOC approval of project extension upon appeal. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

d. 2014-2015 Additional Conditions

Executive Summary:

In addition to the award language, the 2014-2015 awards are further subject to the Additional Conditions which have been updated. These additional conditions apply to all standards-based and roof awards and are incorporated into the Memorandum of Understanding for the projects.

Discussion: Mr. Clifford noted that there is a section that states “All projects involving renovation shall reduce the wNMCI by one-third or greater” and asked if this is based on an estimate and how the districts would meet the condition. Mr. Gorrell responded that the condition is calculated during the design phase. He stated that this condition disallows districts that received a prior award and built a new building on a campus and all other facilities remain the same even if there is too much square footage.

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

After the awards were granted to districts, Mr. Guillen requested that the staff put out a press release on the approved awards. It is important that the citizens of New Mexico are made aware of these improvements throughout the state. The staff will work with LFC staff and DFA communication staff to release the awards to the press.

e. 2014-2015 Lease Assistance Awards

Executive Summary:

New Mexico state law provides that the Public School Capital Outlay Council (PSCOC) may approve lease assistance awards for the purpose of making reimbursements to school districts and charter schools for leasing classroom facilities.

The amount of a grant to a school district shall not exceed:

- (a) the actual annual lease payments owed for leasing classroom space for schools, including charter schools, in the district; or
- (b) seven hundred dollars (\$700) multiplied by the number of MEM using the leased classroom facilities; provided that in fiscal year 2009 and in each subsequent fiscal year, this amount shall be adjusted by the percentage change between the penultimate calendar year and the immediately preceding calendar year of the consumer price index for the United States, all items, as published by the United States department of labor (22-24-4(I)(1.) NMSA).

Discussion: Ms. Irion presented this item to the Council noting that based upon the allowable lease assistance payments under statute, 59 applicants are limited to the membership count and the remaining 36 are limited to the lease amounts.

Mr. Gorrell explained that the lease assistance program is a on a reimbursement basis. The charters submit their request to the staff, and staff moves forward to assure that everything goes by statute for each charter. In the past charters schools had property improvements and the amount was limited per MEM. The cost per square foot is based upon the lease application received. Most of the cost is land in which the Council participates and the facility as part of the lease if it is an educational facility. Mr. Guillen noted that the charter leases are a work in progress and charter issues go before the Awards Subcommittee. Mr. Gorrell noted that Mr. Jerry Pertner was the charter school specialist but he retired. PSFA is in the process of filling this position and staff will have more accurate updates and information for the Council.

MOTION: Mr. Aguilar moved for 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 recommendation a second is not required. There being no objection the motion carried.

f. Central—Grace B. Wilson/Ruth N. Bond Elementary Schools (Phase II Funding)
Executive Summary:

Staff recommends additional funding to Central Consolidated School District for Ruth N. Bond ES and Grace B. Wilson ES to complete design to adequacy with an increase in the state share amount of \$1,464,000 (61%), contingent upon an increase in the local share amount of \$936,000 (39%). Estimated project amount at time of award: \$25,000,000

Maintenance Program Status		Recommended District Performance
PM Plan	Current-Due Sept 2013	1. Address all major/minor findings on FMAR reports through FIMS and/or develop capital planning strategies towards resolution.
Using FIMS (MD, PMD)	2.0 Satisfactory	2. The Maintenance Metrics were previously in place are now re-established.
Utility Direct	2.0 Satisfactory	
FMAR	58.96% Poor	
M3 Metrics Report	Yes	

Discussion: Mr. Volpato reminded the Council that the previous award was for educational specifications, utilization, and infrastructure study to renovate or replace the existing facilities at their K-3 grades for Ruth N Bond and for 6th grade for Grace B Wilson into a single school at the Ruth N Bond site. This request is for planning and design and based on the outcome of the study and educational specifications that the district and community have developed and have been approved by the school board. The request is for \$2.4 million which is consistent with 10% awarded by the Council for design for all standards-based projects. The state funds for adequacy are \$1.4 million with the district match of \$936,000.

The district and their maintenance department is trying to correct many deficiencies in their maintenance program. The district is taking this strategically every step of the way and includes individuals that can teach their staff and help them to understand how to populate the fields required for PSFA maintenance requirements. The district is updating all items in their inventory system to reflect costs and attempting to catch up on using FIMS and FMAR to improve their ratings.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Central Consolidated Schools for Grace B Wilson/Ruth N Bond ES to complete design renovate/replace facilities to adequacy for 715 students, grades K-6 with a total increase in the state share amount of \$1,464,000 (61%), contingent upon an additional local share of \$936,000 (39%). The district shall incorporate the additional maintenance contingencies of: (1) address all major/minor findings on FMAR reports through FIMS and/or develop capital planning strategies towards resolution, and (2) the district shall report to the PSFA every six months on the status of their maintenance program. Should the district fail to meet the FMAR score of satisfactory (70.1%), the district may be required to report to the PSCOC. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

5. Administration, Maintenance & Standards Subcommittee

a. Final 2014-2015 wNMCI Ranking

Executive Summary:

Staff recommends approval of the Administration, Maintenance & Standards recommendation to release the Final wNMCI Rankings including charter schools that have been reassessed based upon programmic needs after completing at least one renewal period and incorporating changes in ranking based upon re assessment of some schools. The 2014-2015 wNMCI Ranking was presented to the AMS for their review and approval.

MOTION: Mr. Guillen moved for Council approval of the Administration, Maintenance & Standards recommendation to release the Final wNMCI Rankings including changes in ranking based upon re-assessment of some schools. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. FY15 PSFA Budget Projections and Approval of Term Positions

Executive Summary:

FY15 Budget Projections and Approval of Term Positions the amount of \$328,549 for the Broadband Deficiency Program per the following:

- Category 200: Personal Services & Employee Benefits – Information Systems Specialist 4.0 Term FTE - \$216,749
- Category 400: Other Operating Costs - \$111,800
 - Vehicle Leases (4 additional x (\$350/month x12)) \$16,800
 - Equipment \$20,000
 - Travel and Supplies \$ 5,000
 - Rental of Buildings for additional office space \$70,000
- PSFA Statutory Operating Budget Limitations are with the 5% limit. Amount is 3.2%.

MOTION: Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to approve the 4 Term FTE for the Broadband Deficiency Corrections Program. PSFA may submit a Budget Adjustment Request to accommodate these positions, based on need, at a future PSCOC meeting.

c. FY16 PSFA Budget Request

Executive Summary:

PSFA is requesting a total operating budget for FY16 in the amount of \$6,839,569.

The request includes the following assumptions:

- Flat budget for existing PSFA departments.
- Increase FY 16 budget for Broadband Deficiency Program (SB159) in the amount of \$926,579 as follows:
 - Category 200: Personal Services & Employee Benefits - Information Systems Specialist 9.0 Term FTE and 1.0 Term FTE Information Broadband Manager (Total Term FTE 10.0) - \$792,169
 - Category 400: Other Operating Costs - \$134,400
 - Vehicle Leases (7 additional x (\$350/month x12)) \$29,400
 - Equipment \$20,000
 - Travel and Supplies \$15,000
 - Rental of Buildings for additional office space \$70,000
- PSFA Statutory Operating Budget Limitations are with the 5% limit per 22-24-4 Public School Capital Outlay Fund Created; Use: Subsection G paragraph 1. Amount is 2.7%.
- Compared to the FY15 Operating Budget the requested FY16 Operating Budget is a 15.7% increase resulting from the Broadband initiative as set forth in SB159.

- Total of 63 FTE's requested:
 - 53 Perm
 - 10 Term (Broadband Deficiency)

Discussion: Ms. Irion presented this item to the Council noting that this request includes the above assumptions for PSFA existing departments which remained flat for FY-15. The increase for FY-16 is for the Broadband Deficiency Program under SB159 in the total amount of \$926,579 which includes personnel and employee benefits for nine term FTE for Information Program Managers and 1 term FTE for the Broadband Manager which totals ten 10 term FTE of \$792,169. Other costs associated with the FTE's amount to \$134,400. It is anticipated that 7 of the employees would have vehicle leases at \$29,000, additional equipment at \$20,000, travel and supplies at \$15,000. PSFA keep the rate constant for the rental of buildings and additional office space of \$70,000. Based on these amounts, staff provided a graft for the PSFA statutory budget limitations for FY-16 which brings PSFA to 2.7%. Compared to the FY-15 budget, this is a 15.7% increase resulting from the Broadband Deficiency Program.

Mr. Clifford stated that on further reflection, it appears that 10 FTE is probably too much to plan on at this time because 4 FTE have already been approved for this purpose. Mr. Abbey agrees stating that further understanding is needed in regard to the service and other requirements. He stated that perhaps this should be a special appropriation for this initiative as it may or may not be reoccurring.

Mr. Clifford stated that the legislature has asked that agencies control their administrative cost to 5% under the total awards. He noted that this is a \$10 million per year program.

Mr. Abbey clarified that he has seen the PSFA budget guidelines going up as LFC performs draft budget guidelines for executive agencies, and in general there is still a direction from the incorporations to try to maintain more or less flat budgets.

Mr. Abbey suggested that the Council consider supporting the concept and delegate this item to the AMS Subcommittee for a revised budget for Council consideration. Mr. Aguilar informed the Council that PED staff is working with PSFA on these initiatives and it is not clear whether staff is needed or if the work can be contracted.

Mr. Guillen agrees that it may be too early to hone down the number of staff needed and suggest that the decision be delayed but to leave all options open until a work plan has been completed.

Ms. Maestas stated that although she believes that Council needs further review on this issue, she stated that before a contract with anyone else is considered, she believes that PSFA has the staff that is necessary to look at the needs.

Mr. Burciaga stated that the Council has already approved 5 FTE for the current fiscal year. He is concerned about adding an additional 5 FTE making the approval contingent on revisiting it in December and then again right after session. He reminded that it is part of the PSFA budget and feels that the staff recommendation be approved.

Ms. Maestas agreed stating that if the program is not included in the FY-16 budget request the legislature would have to approve the budget that then Council would have

to wait for the FY-17 request. She stated that this is an urgent program and is concerned that the budget would appear to be too much of an increase. Ms. Maestas asked if there would any way of separating the cost from the core PSFA budget.

Mr. Gorrell stated that the program will not happen without adequate management and not like the standards-based program but a deficiency corrections program. Previously when there was a deficiency program there was not a cap on staff. PSFA was under a court order to go to districts and assess what needed to be done at schools and to get it done quickly. At most Council meetings staff was added to be able to manage contractors. PSFA will now manage contractors to assess technology deficiencies and bring the information back to the Council and then to the legislature to determine how to move forward. The 10 FTE will be doing the work to see where there are deficiencies and what deficiencies have to be corrected which will allow the staff and Council to move forward efficiently. Mr. Abbey clarified that special appropriations are part of the budget and different from the operating budget. He stated that the suggestion was not to deny the position but to treat what appears as a non-occurring expense as separate from the agency recurrent appropriation. Mr. Gorrell using the 2016 budget instead of a BAR for 5 positions it would leave adequate budget to hire the remaining 5 positions. Mr. Abbey stated that it is the Council's intention to appropriate funds rather than let executive agency staff approve outside adjustments.

MOTION: Mr. Clifford moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to approve the proposed \$6,839,569 FY 2016 budget and organizational structure of the PSFA. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

Mr. Abbey asked if this would be a long term program. Mr. Gorrell noted that he feels that the Council does not want to be in the broadband business and stated that PSFA staff can get the program going but immediately after there would have to be a maintenance procedure and should be delegated to PED and DOIT. Mr. Abbey suggested that this item be deferred until staff brings back a proposal for long-term funding needs.

Mr. Burciaga stated that he would be comfortable with 5 term positions in the 2016 budget with a special BAR for the remaining positions as budgets need to be submitted by September 1st. Mr. Clifford agreed.

SUBSTITUTE MOTION: Mr. Clifford moved for Council approval of the FY2016 budget to be flat from FY15, with the addition 5 term expansion positions in the FY-16 budget with the expectation of a BAR or special appropriations request by December to cover additional programmatic requirements, budget and guideline submission that would be approved for submission to DFA/LFC by the Administration, Maintenance, and Standards (AMS) Subcommittee. Council will submit a special appropriation request for a portion of the position identified for the deficiency corrections program. Staff is to bring back a proposal for long-term funding needs. Council delegates AMS Subcommittee approval. The AMS Subcommittee will report back to the Council. Mr. Murray seconded and motion carried.

d. Personnel Actions--Update

Executive Summary:

940 Personnel/Position Summary

- FY15: PSFA currently has 42 FTE and 11 vacancies, with approval to hire for 7 of the vacant positions and 1 Term position. PSFA also has 3 Temporary Student Interns.
- Pending Position Requests:
 - Create 3 expansion positions in SHARE: Attorney, Facilities Specialist, and Regional Manager.
 - Reclassify, advertise and hire: Facilities Specialist to Project Technician.
 - Create Term Building Standards Specialist.
- Summary of Vacancies
 - Positions to maintain vacancy savings:
 - Regional Manager (position 00052663)
 - Communications Specialist (position 00052862)
 - Attorney (expansion position)
- Positions approved for hire:
 - Deputy Director – Advertisement closed 7/20, resumes are being reviewed
 - Central Coordinator – Edward Avila accepted and starts 8/18
 - Financial Specialist – A candidate has been selected and offer is currently pending.
 - Regional Manager I [Field Assessor] (2 positions) – Advertisement closed, resumes are being reviewed
 - Information Systems Manager [Term] – Interviews are scheduled for 8/7
 - IT Business Process Manager- Advertisement closed 7/20, resumes are being reviewed
 - IT Support Tech- Jason Gauna accepted and starts 8/4

Discussion: Ms. Selena Romero presented this item to the Council noting that the deputy director position has been approved prior to advertising at the rate indicated in the Personnel Action Request made available in the meeting notebooks. She gave a brief summary on PSFA personnel. PSFA is requesting that the Department of Finance approve the creation of building standard specialist as a term position. Staff has is requesting that the position be created for 400 hours which would allow PSFA to bring an employee at a duplicate type position to allow sufficient training before a retiree leaves at the end of September. The employee would then become a permanent employee which would deactivate the term position.

This item is for informational purposed. No action is necessary is required.

6. Director's Report

a. PSCOC Project Status Report

Executive Summary:

PSFA staff is involved in guiding various projects through the stages of Project Development including, Programming, Planning & Design and the Construction Phase.

- 2 Projects in the development of their Educational Specifications
- 49 Projects in the Planning & Design Phase

- 48 Projects in Construction

This item is for informational purposed. No action is necessary is required.

b. Master Plan Project Status Report

Executive Summary:

Eighteen (18) Facilities Master Plans working towards completion. One (1) Facilities Master Plan is complete (Lordsburg).

This item is for informational purposed. No action is necessary is required.

c. Lease Assistance Report

Executive Summary:

Ninety Seven (97) Lease Assistance Awards totaling \$12.9 million for FY14; \$12.5 million disbursed to date, an increase of 1.7 million since last meeting June 25, 2014.

This item is for informational purposed. No action is necessary is required.

d. Maintenance Program Status

Executive Summary:

The New Mexico PSCOC maintenance program has three major functions or

1. Facility Information Management System (FIMS) – A software tool to help school districts manage their maintenance programs, currently provided by SchoolDude.
2. Preventive Maintenance Plans (PMP) – A written plan based on industry standards, combined with automated schedules and reports using FIMS or other software to manage their operation.
3. Facility Maintenance Assessment Report (FMAR) – Site assessments based on industry and federal building management standards to evaluate how well a site is being maintained and the capital investment protected.

The current status across New Mexico Schools

- FIMS usage -72.53 % of district use FIMS effectively
- PM plan currency-50.55 % of the districts that have a current PM plan
- FMAR average score – 58.02% (where 70% is “passing”)

Total FMARs completed to date –611 (reconciling of counts occurred in July)

This item is for informational purposed. No action is necessary is required.

e. 2014-2015 Proposed Work Plan/Timeline

Executive Summary:

Both subcommittees reviewed the 2014-2015 Work Plan/Timeline. Staff will modify the plan as deemed necessary.

The Council asked that staff include PSCOOTF meetings to the timeline.

This item is for informational purposed. No action is necessary is required.

f. Building Cost: Core vs. Classrooms

Executive Summary:

This report is at the request of the Council. Ms. Martica Casias and Mr. Volpato, PSFA staff, reported that PSFA staff visited new PSCOC construction projects to determine

what percent is core and what percent were classrooms. The average per square foot for classrooms is 58% and the core is 42%. The items listed in the spreadsheet, made available to the Council in the meeting notebooks, define core and items that comprise classrooms.

Mr. Abbey commented that the report shows that the core is surprisingly expensive. Mr. Volpato clarified that the core takes a larger percentage of the building, and therefore is more expensive.

g. Other Matters

a. Zuni Lawsuit

Mr. Aguilar informed the Council that there has been some discussion in sort of an “Urban Legend” in the past few months that there is a status hearing coming up for the Zuni Lawsuit. He informed the Council that a trial has been scheduled for November of the merits of the Zuni Lawsuit and no one from the Council has been informed of information. PED became aware of this in speaking with the Attorney General’s Office (AG). Apparently the new judge dismissed the case without prejudice for lack of action. Zuni made a motion to reinstate in January and the Attorney General’s Office, on behalf of the state (the State is the defendant as well as the Secretary of Education), the ATO consented to reinstate the case without consulting with PED or the Governor’s Office as well as other pertinent bodies of the State. Mr. Aguilar went on to say that Zuni requested a status conference. The conference was to request a trial to reinforce the previous ruling which is 10 years old. To date, Zuni has done no recovery. Mr. Rosenberg and Mr. Chiapetti, will present at the Public School Capital Oversight Task Force. Mr. Abbey reminded the Council that a letter was sent to the Attorney General requesting that PSCOC be included in all communication and meetings regarding the Zuni Lawsuit. There has been no response to the letter.

Mr. Abbey informed the Council that at his testimony at the PSCOOTF meeting he stated that it is important that the task force review building conditions for the litigant districts in comparison to the state and by school. Mr. Gorrell is directed to prepare and sent to all districts for their input prior to the next task force meeting. PSCOC members are encouraged to attend the task force meeting.

Mr. Burciaga indicated that Ms. Sharon Ball spoke to someone at the AG Office and they stated that they spoke to the attorney representing the Gallup District. There is a specific joint stipulation that they would like to explore a political resolution before trial. As a result, Ms. Ball asked that not only Gallup but also the AG be represented at the task force meeting. Mr. Burciaga stated that there has been no response from the AG’s office and noted that Representative Mimi Stewart has also requested that the AG notify the PSCOC of any development.

h. School Buses

Mr. Aguilar stated that there are issues between the Board of Finance and the PSCOC regarding the appropriation for school buses. Apparently the language in the bill included some language that states “the appropriation is from money spent with unneeded proceeds. It appears that a certification is needed from the Council to transfer the funds to PED. PED has award letters that are ready to be sent to districts

and there is a December 31st deadline for districts to order buses to get them on board. Mr. Aguilar has not had the chance to visit with Mr. Gorrell but only wanted to inform the Council for their direction on how to proceed.

Mr. Irion reported that with regard to HB55, there was specific language that states “the following appropriations are from the unexpended proceeds of taxable supplemental severance tax bonds that are no longer needed for projects for which the bonds were issued.” She stated PSFA is attempting to send the appropriation to PED, which includes schools buses Pre-K classrooms in the amount of \$2.5 million and also for the Ed Tech Infrastructure in the amount of \$5 million to PED. There is a total award of approximately \$14 million based on the appropriation language. Ms. Irion stated that based upon the language, she met with the Board of Finance to inquire as to whether or not PSCOC can use previous bond issuances, because of projects that are currently identified. PSCOC does not have projects that do not have unexpended balances identified as of this meeting. She asked if PSCOC can use a previous bond balance to pay PED. Mr. Abbey briefly gave a report on PSCOC balances and encumbrances and noted that the language allows PSCOC to address the appropriation needs and PSCOC should be able to certify to represent the Board of Finance that this is the source of reversions. Ms. Irion noted that the reversions are estimated amounts. According to timeframe, staff would have to go back and financially close out projects to anticipate the amount to be reverted. Mr. Abbey argued that PSCOC can show the Board of Finance a list of the projects, the fund balance and the source of spending from last year. Mr. Abbey noted that the financial plan indicates an uncommitted fund balance to commit a portion of the project reversions for last year. The staff will review this item in the attempt to resolve any issues.

i. CID Reimbursements

Mr. McMurray informed the Council that CID is in the process of submitting a list of inspections done by CID for verification of projects conducted by CID. PSFA will verify the information with CID. There is an issue of documentation provided to CID that is not documented as well as it should be and has created difficulties. Currently 1,500 inspections have been submitted and CID could verify a little over 800 inspections. Therefore, instead of the up to \$250,000 reimbursement allowed CID has \$56,000-\$57,000. Mr. McMurray has updated the status report and the list of inspections which will result in a better verification and validation for the inspections. CID will report back to the Council with an updated status report.

Mr. Gorrell noted that there is a deficit within CID of \$205,000 which will help close the gap. CID inspects many projects throughout the state but PSFA is only interested in projects funded by the Council. Ms. Casias stated that the language reads “establish a budget prior to the beginning of the first quarter of the fiscal year. The budget needs to be presented and approved by PSCOC.” Mr. McMurray assured the Council that the status reports and inspections will improve next year. Mr. Guillen reminded the Council that there is also a potential agreement with the Fire Marshal’s Office. This item will be included on the next PSCOC meeting agenda.

MOTION: Mr. Abbey moved for Council approval up to the amount of \$250,000 retroactively subject to validating the amount earned pursuant to prior year agreements, FY13 awards, DFA approval of retroactive payments, with validation of shortfall by CID contingent upon review by AMS subcommittee. Mr. Guillen seconded. There being no objection the motion carried.

7. Next PSCOC Meeting—Proposed for September 4, 2014


Upon discussion the Council agreed to hold their next meeting on September 4, 2014.

Public Comment

Various districts and district representatives thanked the Council and staff for their support and for commitment to the school district.

Adjourn

There being no further business to come before the Council the meeting adjourned at 12:40 PM.



9/4/14

Chair
Date