

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
SEPTEMBER 7, 2012
MINUTES
STATE CAPITAL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Gene Gant, PEC
 Mr. Joe Guillen, NMSBA Ms. Frances Maestas, LESC
 Mr. Dee Dennis, RLD Mr. Paul Aguilar, PED
 Mr. Tom Clifford, DFA

Designees: Ms. Mandi Jones for Mr. Keith Gardner, Office of the Governor

Absent: Mr. Raul Burciaga, LCS

1. Call to Order—9:00

Mr. David Abbey, Chair

a. Adoption of Agenda

The clerk called roll noting that Mr. Burciaga is unable to attend this meeting. It was noted that Ms. Mandi Jones will serve as designee for Mr. Keith Gardner, Office of the Governor.

Mr. Robert Gorrell, PSFA Director, presented the agenda to the Council, noting that the PSCOC reserves the right to change the order of the agenda as deemed necessary.

The Council added an Animas School District request to waive the remaining balance on the district's advance which was discussed in the Awards Subcommittee.

MOTION: Mr. Joe Guillen moved for adoption of the agenda that includes the Animas District request. Mr. Paul Aguilar seconded, the motion carried.

b. Correspondence

There is no correspondence at this time.

2. Minutes (June 21-22, 2012 & July 26, 2012)

Upon review by the Council, Mr. Dee Dennis moved for approval of the June 21-22, 2012 and the July 26, 2012 PSCOC minutes, subject to technical corrections. Mr. Gene Gant seconded, the motion carried.

3. Subcommittee Reports

a. Awards Subcommittee Reports

• **Financial Plan**

Mr. Jeff Eaton referred the Council to the financial plan that was made available in their meeting notebooks that reflects the action taken by the Council at their last meeting regarding projects and adjustments.

Projects and adjustments are listed below:

-- **Espanola—Carlos Vigil MS**

This award is to amend the 2008-2009 deferred award to the Española Public Schools for moving the 7th grade students from the old Espanola MS East to

Carlos Vigil Middle School to include design and construction of a new playfield at Carlos Vigil MS to adequacy for 520 students, grades 7-8, with a state share amount of \$822,298 (63%), contingent upon a local share of \$482,937 (37%). As was required in the additional conditions of all awards in the 2008-2009 cycle, this award is subject to district submission of a disposal plan for the old Espanola MS East facilities. The following options may be considered: demolition; written agreement transferring the ownership of property and/or facilities for non-educational use; or other re-use such that the facilities will no longer house students or staff.

This award is to amend the previous 2010-2011 award to Los Alamos Public Schools for Aspen Elementary School to increase design capacity from 314 students to 390 students, grades K-6.

Mr. Eaton informed the Council that staff has received new revenue changes from estimators at the LFC meeting held at Angel Fire. The new revenue estimates and budgeted amounts are reflected in the financial plan.

Mr. Eaton stated that the Council would take action on the Lease Assistance Awards as well the Master Plan Assistance application release at today's meeting.

In regard to the PSFA operating budget, currently the PSFA has \$6 million as a placeholder for FY14 and outyears, subject to PSCOC action. Mr. Eaton touched briefly on the funding sources and uses, the project encumbrance schedule and FY-13 Phase II and emergency cost overruns.

Mr. Eaton noted that there are bonds that need to be certified by the Board of Finance estimated expenditures and estimated funding needs is \$354 million. The estimated amounts will be updated in the financial plan when projects are shovel-ready. The staff is directed to include anticipated needs and committed needs in the financial plan. The staff is also directed to build a reserve plan into the financial plan.

- **Additional Funding/Emergency Funding/Award Language Requests**
 - **Capitan – Capitan ES/HS – Local Match Advance**

Mr. Pat McMurray, PSFA staff, presented this request to the Council noting that if the motion is passed, it would allow the district to immediately issue an RFP for a design professional and move forward with conceptual drawing to assist in passing a bond issue in February 2013. If the bond issue does not pass, this is the amount that has been obligated to the project as an advance and would be paid by the district from future bond elections. If the bond election passed, the district will go before the Council to enter into the additional funding for planning and design and ultimately Phase II of the project.

The district has been unable to pass a bond issue because the voters want to see what it will look like on the campus that includes grades K-12. There are also drainage and parking issues. The district's enrollment increased and will look at

planning district-wide. The district superintendent stated that the district has met with their financial advisor Dr. Clemmons and indicated that they are committed to a bond on February 2013.

Although their school board has not addressed payment options should the election fail, and that the district may have to use SB-9 funding to repay the advanced funds.

Mr. McMurray informed the Council that the RFP is ready to be sent out and will be completed by October. The district is only looking at conceptual drawings at this time. The district has completed their Facility Master Plan that includes a pre-detailed campus-wide overall view that was discussed during the site visit and there may be changes.

The Awards Subcommittee has reviewed this request and recommends approval by the Council.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2012-2013 award to the Capitan Municipal Schools to award an advance of the local share in the amount of \$500,000 to complete early planning and design, to be repaid within a four year period through passage of a local bond during 2013 or by other district funds and dedication of the necessary proceeds to meeting the required match for the project. Since this is a subcommittee recommendation a second is not necessary. There being no objection the motion carried.

-- **Chama – Tierra Amarilla ES & Escalante MHS Repairs**

Mr. Rico Volpato, PSFA staff, presented this item stating that the district is requesting additional funds for design and construction work to address outstanding problems at Escalante Mid/High School including a waiver of a portion of the district local match advance.

The request covers \$500,000 of the list presented to the Council. The list is a combination of the elementary school and the mid/high school. The request is specific to the mid/high school only because there are no longer funds and the district is requesting additional funding from the Council.

This is a 2005 project and has expanded to an increase in scope that includes adding awning for snow removal, asphalt in some areas to facilitate snow removal, changing units that have been difficult to maintain, as well as other issues. There are some issues that require PSFA staff to be at the district to determine how to resolve some of the issues.

There are remaining funds from the elementary project, whatever is expended to resolve some of the issues the district would have to match the funding. The district is requesting a waiver for the matching funds. In regard to the high school, there are no longer remaining funds and the district is requesting additional funds to repair some of the items on the list. The additional request is for \$848,716 that includes a portion of their matching funds that they already owed in the existing project. The amount includes an additional amount to

complete the project plus approximately \$350,000 to waive a portion of their match that has already been expended on this work.

Ms. Casandra Cano, PSFA staff, explained that the district was given two separate advances given to the district, (1) \$1.4 million as part of the Escalante Mid/High project in which the district did repay \$1.2 million so there is a small balance left on the advance, and, (2) the advance for the Tierra Amarilla ES of \$2.5 million. The district is required to repay only what has been spent in the amount of \$2.5 million.

The Financial Advisor indicated that the district will work with the public, have public meetings to help the community understand the issues regarding the outstanding debt and explain that these improvements were for the betterment of community and students of Chama. The staff will work with the district to in passing a bond.

The Awards Subcommittee reviewed this request and recommends approval by the Council. The waiver is approximately \$2.1 million, a state share payment of \$348,000 previously spent and \$500,000 additional funding.

The staff is directed to visit the district more often (at least once or twice per week) and consider contracting a full-time construction manager with monthly progress reports to the Council.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2005-2006 and 2006-2007 awards to the Chama Valley Independent Schools for Tierra Amarilla MS/Escalante HS and Tierra Amarilla ES to provide additional design and construction work to complete renovations to adequacy with an increase to the state share of \$848,716, including adjustment of the remaining balance of the local share advances to a total \$525,000 (waiver of approx. \$2.1million, subject to financial reconciliation), with \$25,000 due immediately from the district as a good faith effort payment, and the balance of \$500,000 to be repaid by passage of the local bond election in February 2014. Since this is subcommittee recommendation a second is not required. There being no objection, the motion passed.

-- **Gadsden – Gadsden HS – Out-of-Cycle Construction – Phase III, Part I**

Mr. McMurray presented this item to the Council noting that the planning/design and construction funding is requested based on estimates for GISD GHS Phase III Part I, which consists of renovation of a two-story 1972 business building to be converted into a new science wing, partial renovation plus classroom addition at the single-story 1950 north building, renovation of the single-story 1972 old library to be converted into a drama classroom / performing arts laboratory, as well as campus wide site work including but not limited to setting portables in order to temporarily relocate students, traffic, drainage, utility, landscaping, and security improvements.

Phase III, Part I will use the CMAR delivery method and a GMP is expected by the end of the calendar year. Also, planning/design funding is requested based

on MACC estimates for GISD GHS Phase III Parts II and III up to but not including construction administration services, which will complete the design effort to bring the entire campus up to current adequacy standards as per the FMP. GISD GHS Phase III, Parts II & III will likely use the RFP for construction delivery method. Additional square footage is not needed.

PSFA Staff recommends that the PSCOC approve the additional state funding request for Phase 3, Part I (design & construction funding) totaling \$11,308,300 as requested to complete this phase to adequacy. Please note the district has in place their required additional funding amount totaling \$1,542,000.

The Awards Subcommittee has reviewed this request and recommends approval of the request.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2007-2008 award to Gadsden Independent Schools for Gadsden High School to include out-of-cycle funding for Phase III planning/design and construction funding for Phase III, Part I to renovate the existing facilities to adequacy for 1,850 students, grades 9-12, with an increase to state share amount of \$11,308,300 (88%), contingent upon an additional local share of \$1,542,000 (12%). Since this is subcommittee recommendation a second is not required. There being no objection, the motion passed.

-- **Animas -- Waiver of Local Share**

The Council noted that the district was not eligible for a waiver, but also could not pass a bond election. It was suggested that this item be deferred until April 2013. Mr. Guillen noted that the Awards Subcommittee has reviewed this request.

The PSFA received a letter from the district dated July 9, 2012 that states that the district is aware that they owe the PSCOC \$172,776.99 for design costs associated with their elementary/middle school project. The district is requesting that the PSCOC waive the remaining balance. The PSCOC again, granted an additional waiver of the local match in 2008, adjusting downward from 23.34 % to 11.55% of the required match. The reduction was contingent upon the district passing a bond issue and having its match in place prior to the start of the construction. At the time, the district was unsuccessful in passing a bond election and the additional waiver was never granted. Animas has attempted to pass a bond issue in 2007 and 2008 but have been unsuccessful, therefore, the construction phase was not advanced.

The district failed two bond elections and had a local share for the design. The design was completed first but was more than the community wanted to support and the bond failed. The design was redone with lesser square footage but the bond election failed again. The district share was \$172,776 of the total cost. Because their bond failed and the district does not currently have the finances needed, they are requesting a waiver. Based on the current statutes, the district does not qualify for a waiver and there are issues with their economy.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to defer the Animas School District request for waiver of local share to April 2013, during which time the PSCOC recommends approval of an appropriation or budget adjustment from the 2013 NM Legislature to accommodate the local share. Since this is subcommittee recommendation a second is not required. There being no objection the motion carried.

- **Facility Master Plan Assistance – Application**

Ms. Martica Casias presented this item noting that the application was reviewed by the Awards Subcommittee. She referred the Council to the updated application that was made available in their meeting notebooks. The FMP Assistance Program is tied to the state and local match. There are provisions for Council consideration to potentially reduce the local share and/or provide the entire cost under certain conditions.

The program allows charter schools eligibility for project funding once they have been through a renewal process. By statute, the FMP assistance is available to all districts. Under the Public School Capital Outlay Act, a state chartered charter schools are defined as a district. The Awards Subcommittee reviewed this information and recommend approval.

Ms. Casias stated that, upon approval of the Council, the application would be released September 7, 2012.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to send the 2012-2013 Facilities Master Plan application and procedures to all school districts in accordance with the timeline presented. Since this is subcommittee recommendation a second is not required. There being no objection the motion carried.

- **2012-2013 Lease Assistance Award Recommendations**

Mr. Berry presented the Lease Award recommendations to the Council, noting that 98 applications were received and the Awards Subcommittee is recommending \$11.3 million in awards from the original \$13.4 million that would have been available at full CPI funding if all awards had been made. He noted that the Council authorizes staff to make adjustments for charter awards in their first year of operation after the 80th day. Staff will make proper adjustments after validating the MEM counts with PED.

Mr. Berry noted that the Awards Subcommittee is recommending no adjustment in the CPI for this fiscal year. The recommendation is to continue the \$733.35 per MEM from last year. In addition there are 10 awards that are recommended to be deferred. The NM Virtual Academy located in the Farmington School District may return for consideration once the need and number of students to be physically present is proven. The remaining nine deferred awards (Cottonwood Classical Preparatory School, Horizon Academy West, La Academia de Esperanza, La Rosolana Leadership Academy, New America School, Middle College High School, School of Dreams, New America School-Las Cruces, and Estancia Valley

Classical Academy) awards were due to concern regarding cost per square foot. The Awards Subcommittee requested that any leases over \$22.50 per square foot be allowed to return to the Council with justification of the cost of their leases. There are a number of charters that are limited by their actual lease cost while others are limited by MEM. Fifty-five of the charters are limited by their MEM. Upon approval of the recommendations, the spreadsheet will be adjusted accordingly.

Mr. Clifford asked if the Council needs statutory authority to intervene in the negotiations of a lease. Mr. Abbey responded that he is confident that the Public School Capital Outlay Taskforce will be taking up this matter and possibly meet with LFC, Legislative Council and DFA in review of award practices and possible statute changes. Mr. Berry stated that there is not currently any approval authority for any school district or charter leases.

Mr. Aguilar asked if it is legal for the Council to intervene in the leases, and asked if it is an appropriate expenditure of funds. He suggested that the PSFA staff contact their lawyer to determine if this is within the confines of the statute. Council felt that this is a task force issue. Mr. Aguilar stated that PED will contact and get a copy of the leases for the deferred schools and determine if the leases include maintenance or other situations which may be adding to the overall lease costs.

Mr. Aguilar asked if it is within the Council authority to restrict a charter or a school of a lease payment. Mr. Abbey stated that the Awards Subcommittee discussed this question and determined that the CPI is not mandatory. Mr. Abbey clarified that the charters are not being denied lease assistance, the awards are being deferred until further information is compiled and noted that the amounts are discretionary.

Mr. Berry noted that the percentage of the actual reimbursement for the current recommendations is 67% of the total lease cost. Historically, many of the dollars have come from operational funds but recently, charter schools have access to SB-9 and HB-33 funds. He stated that and there are varying reasons that some charters have high cost leases that include tenant improvements that have been made and are being recouped over a five year period to coincide with the length of their charter authorization.

PED will work with PSFA staff to discuss concerns over potential conflicts of interest and other questions.

MOTION: Mr. Guillen 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, or operational use changes from classroom to non-classroom uses.

AMENDED MOTION: Mr. Aguilar moved to amend the subcommittee motion to allow 1st quarter reimbursement only of the maximum allowable lease assistance at \$733.35/MEM or adjusted lease to the nine deferred schools and allow them to testify before the Council or provide documentation that justifies their need. Mr. Dennis seconded, motion carried.

The staff is directed to advise the nine schools accordingly and bring back recommendations to the December 2012 PSCOC meeting.

b. Administration, Maintenance & Standards Subcommittee

- **Las Vegas City Schools –Sierra Vista ES –Appeal of Revised NMCI Ranking**

The PSFA received a letter from the Las Vegas City School dated August 22, 2012 protesting the non-award, as well as, requesting reconsideration of the recent ranking reassessment of the facilities at Sierra Vista ES. The letter suggests that the last minute reassessment resulted in a loss of possible funding of the project to bring it to adequacy.

MOTION: Mr. Aguilar moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to defer the Las Vegas City Schools appeal to the October 2012 PSCOC meeting, to allow the district additional time to review and respond to the data changes and to focus on whether or not the re-ranking was justified. Since this is subcommittee recommendation a second is not required. There being no objection the motion carried.

- **2013-2014 Standards Based Capital Outlay Award Cycle**

- **2013 2014 Weight/Rank Methodology**

The public school Facilities Assessment Database (FAD) is the tool used to create standards based prioritization for funding public school facilities through the Public School Capital Outlay Council (PSCOC). This assessment database combines building repair cost & system life cycle analysis with New Mexico Educational Adequacy Standards to create the New Mexico Condition Index (NMCI). Weight factors are then applied to create the Weighted New Mexico Condition Index (wNMCI). This index enables the comparison of all the public schools in the state to determine greatest need for funding the correction of school deficiencies. This list is ultimately sorted so that a ranking can be generated identifying greatest capital need.

The ranked list will display the schools in most need of repair or replacement, at the top of the list, sorted by wNMCI. Every year the state will work down from the top of the list and fund needs as available revenues allow. Once corrected, the school drops to the bottom of the ranked list, and lower level needs accordingly move up in priority.

The Facilities Assessment Database (FAD) incorporates facility data for all New Mexico public schools and is updated throughout the year via field

assessments, master plan updates, and district stakeholder exchange. School districts are asked to review their facility data and send updated information to the Public School Facilities Authority (PSFA). PSFA is responsible for warehousing the facility information in the database.

MOTION: Mr. Aguilar moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to continue the current NMCI Weight Ranking Factors for the 2013-2014 Standards-Based Award cycle. Since this is subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **2012-2013 Variance Renewal –Charter & Alternative Schools**

The PSCOC policy is to assess charter schools that have been in operation for 6 years or more (start date of school receiving SEG Funding) and have been through one renewal. The assessment will identify needs compared against the school's Charter Agreement and the Statewide Adequacy Standards and re-ranked in the Facility Assessment Database (FAD).

Charters are assessed on a case-by-case basis by measuring their charter agreement against their curriculum and function support needs. The subcommittees have reviewed the variances and recommend that no changes be made at this time.

MOTION: Mr. Aguilar moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to continue the current variances for all alternative schools and those charter schools that have not been renewed. The charter schools that are in at least their first renewal period will be evaluated based on their current programs, enrollments and alternative facility use to determine specific facility needs and will be ranked accordingly. Since this is subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **2013-2014 Proposed Workplan/Timeline**

Mr. Berry presented this item to the Council, noting that both subcommittees have reviewed the workplan/timeline. He highlighted various changes in the timeline noting that it is subject to change.

• **FY 2014 PSFA Operating Budget/Organizational Structure**

Mr. Abbey noted that the budget is a flat request plus expansion to fully fund the current 50 employees.

Mr. Gorrell referred the Council to the organizational chart and budget that was made available in their meeting notebooks. He thanked the PSCOC for their assistance in discussing this item. Mr. Gorrell noted that the PSFA is a prototype agency and tries to be as financially conservative as possible. He stated that the PSFA would like to move forward on the facilities assessment reporting.

Mr. Abbey noted that the amount of \$5,727.5 was discussed in the AMS Subcommittee but ultimately could not reach consensus on a recommendation. No FTE are added but provides funds for 3 FTE that cannot be accommodated by the FY-13 Opbud.

Mr. Aguilar noted that the PSFA had a FY12 reversion of approximately \$200,000. He stated that he recognizes that the budget is tight but noted that the direction of government is to keep the budgets flat. For this reason, he opposes the expansion. Mr. Aguilar also stated that it appears that \$200,000 would not get the agency where it needs to be and it appears that other changes can be made in the makeup of the organization structure to accommodate the agency needs. He voiced concern regarding the expansion of an organization and positions that may not be necessary. Mr. Abbey clarified that the Council would be expanding funded positions but not expanding authorized positions. The proposal is to fund every authorized position. The proposal funds 50 authorized FTE.

Mr. Aguilar commented that there are no agencies in state government that operates at 100% capacity on staffing at all times. He asked what the reasonable vacancy rate to assume that the agency will operate at throughout the year. Mr. Gorrell replied that it is difficult to pick as there were times when the agency had no vacancies which is when the agency is operating more effectively. He noted that there are 1.5 vacancies that are open at all times in order to fund the student interns. Ms. Selena Romero, PSFA HR, noted that the vacancies cover student interns and other costs. Mr. Gorrell noted that the agency budget has been uncertain for a number of months, therefore he did not fill positions without the certainty that the position would be funded going into the future.

Mr. Abbey commented that it is his opinion that for an agency of this size, 1-2% vacancy rate would be appropriate for funding purposes. He clarified that he is not recommending anything but would just like to move forward on this issue.

Mr. Dennis stated that he was originally opposed to the budget request because it did not incorporate anything into the FMAR program, which he believes is extremely important in moving forward. In observation and in conversations with Mr. Gorrell, it became apparent that there are certain aspects of duties that are being accomplished by other state agencies, which may be a duplication of work. For example, CID does code inspections for code review and plan checking and there is no reason for both agencies to do these jobs. Mr. Dennis noted that there is a vacancy that is coming up as a retiree, which will pull the number of vacancies that go out in the field if PSFA stops the process of duplicating work that is already being done by another agency. In the aspect of putting the FMAR back in the budget, he could support this moving forward if a trade-off of work done by another agency and move forward with the FMAR program.

Ms. Maestas commented that she does not believe that the agency is asking for expanded positions. She stated that in her opinion, the agency needs a staff attorney to resolve legal issues that have come up frequently. Ms. Maestas indicated that she would not have any objections if another agency took some of the work that is being duplicated.

Mr. Abbey noted that this is the first part of the budget process, the request will go to DFA and LFC to make a recommendation and then the budget would go to House Appropriations, Senate Finance and there may be many more stops to make. He commented that he believes the agency has proposed a middle of the road approach.

Mr. Clifford asked what positions were previously funded but will and will not be funded in the proposed budget. Mr. Gorrell replied that the unfunded positions are; an analyst position that is vacant, an FMAR assessor is vacant, a FAD assessor, and an administrative assistant. The PSFA currently has a filled position of a Senior Facilities Specialist, the incumbent will retire November 30, 2012, and the potential position may be reclassified to FMAR assessor. The Plan Reviewers are busy because they also do the assessments on charter schools as well as all public school construction projects.

Mr. Gorrell noted that in 2007, the agency had 55 FTE and the PSFA reduced this voluntarily.

Mr. Abbey noted that this budget request is a 3.7% increase for the operating budget with slightly less spending than last year. He indicated that other agencies are asking for 1.6% increases, which may cause some uneasiness among other agencies.

Mr. Aguilar noted that there is a requirement by DFA that expansions be requested by July 15. The AMS Subcommittee received the PSFA budget request at its August 30, 2012 meeting, which does not give adequate time for review. The Council agreed and future conversations will begin in June, present it to the subcommittee in July and present a proposal to the Council in August.

Mr. Guillen noted that Mr. Gorrell has been very conservative in terms of releasing vacancies on a voluntary basis and has also been receptive to ideas and needs that need to be addressed in this program. He stated that the maintenance part of the agency is very important and could assist in facilities lasting longer. He noted that the initiative is well worth the investment.

MOTION: Mr. Clifford moved for an alternative to the budget that does not contain a significant increase in personal services and benefits. Rather than the 7%, he proposed a 3½% increase in personal services over the current fiscal year. Mr. Aguilar seconded.

The Council asked for Mr. Gorrell's reaction to the motion. Mr. Gorrell stated that the agency is attempting to meet its statutory requirements. He reiterated that he voluntarily gave up positions when not needed and he requested that the legislature allow him to return for an increase when necessary. Mr. Guillen explained how the budget was determined and feels that it is justified.

Mr. Abbey suggested a 1% vacancy rate for discussion and asked if there is support for reducing the budget by \$40,000.

Mr. Clifford moved to amend his motion for a \$100,000 reduction. Mr. Aguilar seconded.

Mr. Abbey made a substitute motion to adopt the proposed budget with a 1% vacancy rate of \$40.8 thousand to fully fund 50 FTE. The overall budget request increase will go from 3.7% to 3.0% recognizing that 1.4% is needed just to cover health insurance. Ms. Maestas seconded.

Mr. Clifford withdrew his revised motion.

Roll was called to adopt the substitute motion. The motion passed unanimously.

4. Director's Report

a. PSCOC Project Status Report

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

Mr. McMurray highlighted the various projects in the report along with the projects that are moving forward and projects that are behind schedule.

This report is for informational purposes only.

b. Master Plan Project Status Report

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

This report is for informational purposes only.

c. 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. He highlighted various portions of the report.

This report is for informational purposes only.

5. Other Business

a. PSFA Strategic Issues

Mr. Gorrell presented this item to the Council noting that the subcommittee requested that staff provide a summary for the PSFA Strategic Issues (see attached).

Mr. Abbey stated that the Awards Subcommittee had an in-depth discussion on the issues and provided the staff with edits. The subcommittee recommends the this item not be adopted but to move forward and take these issues back before the subcommittees then to the PSCOOTF.

Mr. Gorrell noted that some of the issues may require statutory changes which will be presented to the task force for their approval and/or edits.

b. Election of Chair and Vice-Chair

Mr. Guillen nominated Mr. Abbey. Mr. Clifford nominated Mr. Aguilar.

The clerk called the roll and votes were as follows:

Mr. Dennis – Mr. Aguilar	Mr. Guillen – Mr. Abbey
Mr. Clifford – Mr. Aguilar	Mr. Gant – Mr. Abbey
Mr. Aguilar – Mr. Aguilar	Ms. Maestas – Mr. Abbey
Ms. Jones – Mr. Aguilar	Mr. Abbey - – Mr. Abbey

Due to a tie, it was determined that this item would be deferred to the next scheduled PSCOC meeting.

c. Next PSCOC Meeting – Proposed for October 5, 2012

After discussion the Council unanimously agreed to hold its next PSCOC meeting on October 5, 2012.

Public Comments

There was no public comment at this time.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 12:30 PM.

David Abbey Chair
10/5/12 Date