

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
NOVEMBER 1, 2012
MINUTES
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

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

Designees: Mr. Michael Marcelli for Mr. Tom Clifford, DFA

Absent: Mr. Joe Guillen, NMSBA
Mr. Keith Gardner, Office of the Governor

1. Call to Order—9:10 AM

Mr. David Abbey, Chair

a. Adoption of Agenda

The clerk called roll noting that Mr. Keith Gardner is absent. Mr. Michael Marcelli would serve as designee for Mr. Tom Clifford, DFA.

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.

Chair Abbey added an item to the agenda to discuss the process of the PSCOC members and subcommittees designees.

MOTION: Mr. Paul Aguilar moved for adoption of the agenda as presented. Mr. Raul Burciaga seconded, the motion was adopted.

b. Correspondence

There is no correspondence at this time.

2. Minutes (October 5, 2012)

Upon review by the Council, Mr. Dennis moved for approval of the October 5, 2012 PSCOC minutes, subject to technical corrections. Mr. Marcelli seconded, the motion was adopted.

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:

-- Albuquerque—Sandia High School

This award is to acknowledge receipt of the phasing plan submitted by the Albuquerque Public Schools and release the state share of the construction funds

for the 2012-2013 Award for Phase I of Sandia High School in the amount of \$10,697,386. The Council is not committed to future phases of the project plan; the improvements will be recorded and the school will be re-ranked in the Facility Assessment Database.

-- **Belen—Family School**

This award is to amend the previous 2011-2012 award to the Belen Consolidated Schools for the Belen Family School to provide design funds to provide two classrooms and other facility areas, including storage to adequacy serving grades 1-8 with an increase to the state share of \$9,152 (69%) contingent upon an additional local share of \$4,112 (31%). The balance of the funding may be requested out-of-cycle upon completion of construction documents.

-- **Estancia—Van Stone Elementary School**

This award is to amend the 2012-2013 non-award to Estancia Municipal Schools for Van Stone Elementary School to include funding to replace the entire roof, with a state share amount of \$192,525 (68%), contingent upon a local match of \$90,600 (32%) and a commitment from the district to adopt one of the options as outlined in their Facility Master Plan, which includes demolition of the Lower Elementary. District shall continue to advance use of FIMS working with PSFA staff to develop and implement meaningful measures helpful to enhancing maintenance at the district to ensure a Facility Maintenance Assessment Report (FMAR) score of satisfactory (70.1% or better) at each school.

-- **West Las Vegas—Family Partnership**

This award is to amend the 2011-2012 award to the West Las Vegas Public Schools for the Family Partnership MHS to include out-of-cycle design funding to relocate the school and remodel the existing Tech Building at WLV Middle School to adequacy for 80 students, grades 6-12, with an increase to state share amount of \$159,390 (76%), contingent upon an additional local share of \$50,334 (24%).

-- **NMSBVI Site Improvements & Health Services/ Jack Hall (P13-015 & 016)**

The award for \$297,236 is for planning and design of infrastructure site improvements including sewer replacement, tunnel repairs, site utilities and electrical distribution based on an estimated project cost of \$2,972,360. The local match share (50% - \$148,618) shall be advanced contingent on review of available district finances. The district shall request funding from the 2013 NM Legislature to accommodate the local share of the total estimated project cost. The balance of the funding may be requested out-of-cycle upon completion of construction documents.

The award for \$83,752 is for planning and design to relocate the Health Services to Jack Hall (currently ES classrooms), and to renovate Health Services to accommodate Library based on an estimated project cost of \$837,519 to adequacy. The local match share (50% - \$41,876) shall be advanced contingent on review of available district finances. The district shall request funding from the 2013 NM Legislature to accommodate the local share of the total estimated

project cost. The balance of the funding may be requested out-of-cycle upon completion of construction documents.

The Council agreed to grant the awards to make supplemental 2012-2013 standards-based awards to the NM School for the Blind & Visually Impaired, due to delays in adopting standards for the special schools and recent completion of the district Facility Master Plan.

Mr. Eaton informed the Council that staff met with the Chair and LFC staff to review the project encumbrance schedule and at the suggestion of the Chair, a few rows were added to the financial plan that represent a scenario for capacity for 2013-2014 awards which would be a good planning tool between now and the next award and application cycle. The Council requested that Mr. Eaton include a scenario for what may be allocated next year that would also include the sources and uses.

In regard to developing the protocol, Mr. Eaton stated that the discussions have been to create a policy that can assist in understanding how the financial plan works. The staff will provide the Awards Subcommittee a draft for the subcommittee recommendations.

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

- **Gallup—Modify Various ES Awards**

Mr. Pat McMurray, PSFA staff, presented this request to the Council noting that staff has met with the Gallup School Board and they indicated that the RFPs are moving forward and the district is ready to move forward with their projects. Below is the revised award language for the projects:

Church Rock Elementary

There is no change to the award language for Church Rock Elementary School. This award is for “Planning and design to replace existing facilities to adequacy for 269 students, grades K-5, contingent on district acquiring a new site. Prior to start of design, district shall provide district-wide utilization and attendance study of all elementary schools.”

The RFP for this project has gone out for selection of the architect and the process is moving forward.

Washington Elementary

This project is one that the district and staff would like to keep in place and the award language is as such that it gives the district flexibility to combine school with another school. Although there has not been a final decision made, there may be a possibility of consolidation. In the award amount and the potential out-year, the staff has combined the two schools that could possibly be consolidated.

The revised language reads “Planning and design to replace existing facilities to adequacy for 204 students, grades K-5. District may combine with another ES school and replace the existing facilities to adequacy, grades K-5, student

population to be verified. Prior to start of design, district shall provide district-wide utilization and attendance study of all elementary schools.”

Jefferson Elementary

This is the same sort of language change as indicated above for Washington Elementary. The revised language allows the district to combine Jefferson Elementary with another school or if Lincoln Elementary is a better school it will be considered with Jefferson as discussed with the district.

The revised language reads “Planning and design to renovate or replace the existing facilities to adequacy for 282 students, grades K-5, which population may be increased if this school is combined with another ES school. If combination option is exercised, the student population is to be verified and approved by PSFA prior to design. Additional funding award may be requested. Due to uncertainties remaining as to this school or Lincoln ES being of greatest benefit to the District to move forward first, and that this decision will be resolved by early planning studies, the district may swap this school for Lincoln ES and with the same combining with another ES award conditions. Prior to start of design, district shall provide district-wide utilization and attendance study of all elementary schools.”

Staff also recommends that Lincoln, Juan de Onate, Roosevelt and Thoreau Elementary Schools be de-certified and come back at a later date when the district is ready to proceed and have their finances in place for these projects.

Ms. Kelly Jernigan, PSFA Regional Manager, indicated that Washington Elementary will most likely be combined with Juan de Onate Elementary as they are located in the same general area of the district. Currently the district has hired ARC to assist in looking at the district and determining what solutions they will send to their school board.

The Council voiced concern regarding the lack of progress in the district projects and the number of projects that the district is undertaking. The Council realizes that there are challenges but these challenges need to be met for the sake of the children in the district.

Mr. Gorrell explained that the district thought they had more bonding capacity than what they actually had. Although the district is moving forward they need to have public meetings for community input. He also noted that currently the district has their bonding capacity for these three schools.

Although staff meets with districts, some decisions are local decisions. The Council suggested that staff work with the district to create an action plan for each of the three schools, as well as a commitment to a timeline that will work for the district. Mr. Gorrell indicated that there may be legislation that would give the Council more flexibility to waive the local match. He noted that the Public School Capital Outlay Oversight Task Force seemed uncomfortable about giving

the Council carte blanche authority and asked if there are parameters that can be incorporated into laws or rules that would allow districts to move forward.

The Awards Subcommittee reviewed this request and unanimously agreed that the Council should allow the district to modify the previous awards to the various Gallup elementary schools to move forward with three schools or combine and decertify four awards.

MOTION: Ms. Maestas moved for Council approval of the Awards Subcommittee recommendation to modify the previous awards to Gallup-McKinley County Schools as set forth in the chart before the Council. Since this is a subcommittee recommendation a second is not required. There being no objection, the motion passed.

-- **NMSD—Dillon Hall Phase II Annex/Modify Award to Replace Library**

Mr. McMurray presented this item to the Council introducing Dr. Ronald Stern and Mr. Richard Gorman, representatives for the special schools. It was noted that it is more cost effective to replace the library rather than renovate the facility. There is also an opportunity to build the library with reduced square footage. Mr. McMurray stated that no additional funding is required.

PSFA staff is recommending that in lieu of the original intent to renovate the existing Library space which is located as part of the Annex building which is scheduled for demolition; the Library space should be included in the demolition and a replacement Library space should be provided.

The recommendation to replace the Library is in lieu of renovating comes after several months of programming the issues and needs of NMSD as well as looking at the total cost of renovating the Library space to adequacy vs. replacement of the space to adequacy.

Replacing the existing Library will reduce the existing facility by approximately 3,885 GSF; provide a single level facility which is more accessible and designed for the current and anticipated needs of the students as well as the community. It would also resolve the abatement issues resulting from existing asbestos issues present in the existing facility, and site the facility adjacent to a new student plaza that is more accessible to the residential students in the cottages for evening use.

The estimated cost of renovation is approximately 86% of the estimated cost of replacement. This, combined with the fact that replacement would allow for improvements to the building's shape, position, and longevity, make replacement a better long term investment.

Either direction can be accomplished within the existing proposed budget; this direction to replace will not cause us to ask for additional funding for this project. The MACC (Maximum Allowable Construction Cost) will be approximately \$291,809 more to provide the replacement facility in lieu of renovation of the existing oversized 57 year old space.

The Council unanimously agreed that it is a worthy project and a good expenditure.

MOTION: Ms. Maestas moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 deficiencies award to the NM School for the Deaf, Dillon Hall Phase II, to include replacement of the Library to adequacy in lieu of renovation. Since this is a subcommittee recommendation a second is not required. There being no objection, the motion passed.

- **Facility Master Plan Assistance Awards**

Ms. Martica Casias, PSFA staff, presented Facility Master Plan Assistance Awards to the Council noting that the Awards Subcommittee has reviewed this item at their last meeting. The state share total is \$235,754. The staff recommends approving a waiver for the Des Moines School District. There were no applications received from state-chartered charter schools.

MOTION: Ms. Maestas moved for Council approval of the Awards Subcommittee recommendation to make 2012-2013 Facilities Master Plan awards to the districts and up to the amounts specified in the spreadsheet before you. These amounts represent the state share portion of the estimated cost to develop a new or updated facility master plan at each of these districts to the PSFA guidelines and require a corresponding district match as set forth in the current state/local match formula unless otherwise waived as indicated. Since this is a subcommittee recommendation a second is not required. There being no objection, the motion passed.

- **Project De-Certifications**

Mr. McMurray presented this item to the Council noting that the following projects are recommended for de-certification.

Ruidoso--Nob Hill Early Childhood Center

District has changed is priorities of expenditures and reflected in their Master Plan. The district will be returning to the Council to fund this project but currently have other issues that must be addressed.

Questa—Roots and Wings Community Charter

There was an issue of ownership of the Roots & Wings Charter School. The project needs to be de-certified until these issues are resolved.

Raton—New Combined Elementary School

District has decided not to go out for a bond as they are not prepared and do not have their matching funds. The district believes that MEM and enrollment will increase in the near future.

Eunice—Caton Middle School

The education specifications have been completed, however, the district is looking at 4-7 years before construction can begin. Due to the timeframe, the staff recommends de-certification.

The facilities below were discussed as indicated above. Staff recommends de-certification.

Gallup—Juan de Onate Elementary School

Gallup—Thoreau Elementary School

Gallup—Lincoln Elementary School

Gallup—Roosevelt Elementary School

PSFA staff will continue working with the districts on the projects to assist in moving forward.

MOTION: Ms. Maestas moved for Council approval of the Awards Subcommittee recommendation to decertify award amounts for the highlighted projects in the spreadsheet before you. The schools will be reassessed and re-ranked in the Facility Assessment Database and the districts may reapply in a future award cycle. Since this is a subcommittee recommendation a second is not required. There being no objection, the motion passed.

- **Certification of Supplemental Severance Tax Bonds**

Mr. Eaton presented this item to the Council referring them to the DRAFT Resolution, Notification and Certification that was made available in their meeting notebooks. He noted that the certification has been left blank upon action of the Council prior to sale of bonds which would include action at this meeting as well as the December PSCOC meeting as it may have a financial impact on the amount of the certification.

Mr. Eaton referred the Council to the SSTB FY13 Fall Certification Worksheet that is also available in the meeting notebooks. He briefly touched on the FY13 capacity estimate as well as the FY12 balance of the certification that has yet to be sold by the Board of Finance. Typically, the Council certifies bonds twice per year and there may some amounts that go into the next bond sale that hasn't been sold that the Council has certified. The amount going into the December bond sale is \$21.5 million. The Council certified approximately \$71 million in May 2012 and \$50 million was sold, leaving the balance to be sold in December. Projects that have been awarded design funding and are in design will be dealt with throughout the close-out process.

Mr. Eaton noted that there will be adjustments and reversions and repayment including operational reversions of PSFA which has not been finalized for FY12. It is estimated that the amount will be close to \$416,800 with \$409,000 applied to the May 2012 certification, and the balance applied to the current certification. The PSFA has taken the task of closing-out projects for this year and it is currently estimated at \$34.4 million which would reduce the certification by an additional \$16.8 million. The estimated total to be certified would be \$99.1 million with a capacity for the bond sale in December leaving a June certification amount of \$58.8 million. The staff has reviewed the certification thoroughly but there will be adjustments as projects come forward.

MOTION: Ms. Maestas moved for Council approval of the Awards Subcommittee recommendation to adopt the Certification and Resolution to sell SSTBs subject to final review by Secretary Tom Clifford and Chair David Abbey verifying the amounts.

Mr. Gorrell noted that there has not been a de-certification for the Deming High School, however it is targeted. There has been discussion with the district regarding their ability to move forward with this project. The district has had difficulty as they do not have concurrence in the community and the facility has been relocated. The district has not been able to move forward in their master plan to gain the concurrence with the community. He noted that there has been discussion with the districts with projects that were de-certified and they agreed that the de-certification is necessary except for the Deming District. The Awards Subcommittee will discuss this issue at their next scheduled meeting.

The Council asked if the Zuni District project should be de-certified. Mr. Gorrell informed the Council that the district has an architect on staff, has moved along well and the funding is necessary. He reminded the Council that these are only estimates and that the PSFA staff cannot predict what school boards will do regarding their projects.

MOTION TO AMEND: Mr. Aguilar moved to modify the Awards Subcommittee motion to approve the Awards Subcommittee recommendations to adopt the certification of Resolution to sell SSTBs minus an amount equal to the allocations to the Deming High School project subject to final review by Secretary Tom Clifford and Chair David Abbey verifying the final amounts. Mr. Gant seconded, the motion carried.

b. Administration, Maintenance & Standards Subcommittee

- **Standardized Leases**

Mr. Dennis informed the Council that the AMS Subcommittee has discussed this item many times and there have been offers from many agencies to assist in the preparation of the standardized leases. He stated that the PSFA has to drive this effort forward and noted Mr. Aguilar has offered attorneys from his staff that are available to assist staff.

MOTION: Mr. Dennis moved approval of the Council of the of the Administration, Maintenance & Standards Subcommittee recommendation to authorize PSFA establish a workgroup to contract for development of standardized leases for facilities, land, and lease with option to purchase, with authorization for a Budget Adjustment Request increase of up to \$100,000.

It was noted that a standardized contract must be developed. Mr. Aguilar informed the Council that Ms. Patricia Matthews has indicated that she would assist by doing pro-bono work to assist the PSFA. Mr. Gorrell cautioned that the PSFA does not want to be held accountable for work not being done by the PSFA staff.

The Council indicated that the language needs to show that the development would be in collaboration or to assist attorneys.

Mr. Gant pointed out that Ms. Matthews and Ms. Fox represent the majority of the charters. Mr. Gorrell noted that this issue was discussed at the last Public School Capital Outlay Oversight Taskforce meeting. He noted that when standardized contracts are developed by PSFA they can be managed by staff. Ms. Fox and Ms. Matthews argued against this at the task force meeting. They indicated that they wanted conditions that would allow the attorneys to provide services to form the contracts which make it difficult for anyone that reviews the contracts to determine where the conditions are in the contract. Mr. Gorrell voiced concern that they may not have the same alignment for the outcome of the contract that is easy to use and easy to manage within the PSFA. Ms. Maestas noted that Ms. Matthews and Ms. Fox are also not state employees.

The original motion was tabled.

AMENDED MOTION: Mr. Aguilar moved for Administration, Maintenance & Standards Subcommittee recommendation to authorize PSFA to establish a workgroup for the purpose of developing standardized leases for facilities, land, and lease with option to purchase.

4. Director's Report

a. Project Status Reports

-- PSCOC Projects 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. The projects that were de-certified will be taken off the project status report.

This report is for informational purposes only.

-- Master Plan Project Status Report

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

This report is for informational purposes only.

-- Lease Assistance Report (Previous Year Awards)

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.

Mr. Abbey introduced Mr. Jeff Canney, Program Evaluation Manager for Legislative Finance Committee (LFC). LFC is performing an evaluation of Charter Schools

Facilities Lease Assistance and Capital Outlay Planning. Mr. Canney will take the lead in this project, coordinate the day-to-day activities, assist in background research for the project as well as work with PSFA staff. The evaluation will be presented to the LFC in January 2013.

Mr. Aguilar noted that the Josephine & William Dorn Charter School was authorized at 90 students, its 40th day count is 9 students and has been significantly overfunded on the SEG and lease assistance. Therefore, the Council must work on calling the funding back. Mr. Berry stated that based on Council previous action regarding their 80th day and actual membership, staff is allowed to make these adjustments without Council action, but will evaluate and bring back for potential PSCOC action if necessary.

This report is for informational purposes only.

-- **Emergency Funding**

Mr. Gorrell presented this item to the Council noting these requests are under \$150,000 and the Council has authorization him to work with districts to get these projects moving forward. He gave a brief on the projects listed below:

Questa Independent Schools

The total estimated project Amount is **\$46,000.00**

- **HVAC Repairs HS**

Repairs and conduct the start-up of the gymnasium heating system serving lower levels in locker rooms; System currently inoperable. Repair of rooftop units as needed to assure gym climate is appropriate for the health and safety of students.

Roof Repairs HS Gymnasium

To prevent failure of the roof and underlying structures the roof above the West exit must be reconfigured and repaired. Significant evidence supports reconfiguration and repair to protect the structure and to provide a safe exit from the gym during inclement weather and to allow for repair and preventative maintenance to take place in previously damaged areas. Repairs include: (1) extend southeast entry canopy pitch to adjoining parapet wall (2) extend roof to cover south sidewalk, (3) repair leaks at adjoining roofs; install additional gutters; no downspouts

Reserve Independent Schools

The total estimated project Amount is **\$12,000.00**

Repairs include; fire alarm repairs connect Weld Shop and Gym Fire Alarm devices and services to HS system. Gym entrance and side walk repairs/replacement needed to use gym entrance.

Mr. Gorrell noted that the district boards has put together certification for phasing these project and my come back before the Council for emergency funding, grants, an advancement or even not funding at all.

-- **Chama Project Update**

Mr. Gorrell gave the following update:

Escalante

- Roof –DKG Roofing working on punch list from Armstrong and district.
- Entry & Misc. Soffits – Complete
- Mechanical/Coils – Centennial Contractors and Year-out Mechanical are starting work this week to provide repairs to keep the current system functional through the winter. Design work is beginning for a permanent solution that will be constructed after the Winter Season.
- New Canopy NE Corner - Design Work ongoing through the Winter Season. Construction will be next season.
- Enlarge cooking pot drain – Centennial will coordinate with the district for this work be done over the Winter Break as to not disrupt the kitchen activities.
- Additional heat in mechanical closets – Awaiting Centennial pricing. Work to commence in 2-3 weeks.
- Fire Alarm Upgrades – Awaiting Centennial pricing. Work to commence in 2-3 weeks.

Tierra Amarilla Elementary

- Soffit/stucco repairs at north side – Complete
- Paving around Gym/curb cut downs – “Notice to Proceed” issued to Centennial. Paving around gym may not happen this season, but curb cut down work and boiler room wind screen work will commence in two weeks.
- Boiler – PSFA Maintenance has requested the district have their Mechanical Maintenance Contract personnel bleed air from the system to alleviate the noisy heating issue. The boiler pilot blow out occurred again last week. PSFA has hired a third party to go up and investigate the issue this week. A permanent solution to be instituted.
- Mechanical/Coils – Centennial Contractors and Year-out Mechanical are starting work this week to provide repairs to keep the current system functional through the winter. This includes adding a secondary pump to the fin-tube heating loop, prepare operable AHU’s for winter season, confirm heating water is isolated from AHU’s with damaged coils (cut and cap lines), and adjust controls to ensure proper sequence of operations. Design work is beginning for a permanent solution that will be constructed after the Winter Season. New system will be designed that there are no freeze concerns.

Mr. Gorrell indicated that the majority of the projects may have to wait until after winter to address some issues.

b. 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 some dates are subject to change due to the Spring Budget Workshop.

5. Other Business

a. Next PSCOC Meeting—Proposed for December 11, 2012

Upon discussion, the Council unanimously agreed to hold their next PSCOC meeting December 11, 2012.

b. PSCOC Members and Subcommittee Alternates

Mr. Abbey reminded that Council that at their last PSCOC meeting, he has requested that he be the designee on the awards subcommittee. He has since decided that he will not serve on the subcommittees unless needed. He noted that it is appropriate that members of subcommittees and PSCOC members have designees in the event members cannot attend their meetings. Mr. Abbey stated that a designation letter from each member should be on file. However, a designee cannot name another designee to attend meetings. For instance, if Mr. Aguilar is designated to attend meeting for Ms. Skandera, he is not allowed to designate someone to sit in on his behalf. It is standard practice that the designee letter should be submitted directly from the named Council member. The documentation for the designee should document why the member is unable to attend the said meeting. Designees must come from the statutory position and member. The letter can be a standing letter so it would not have to be resubmitted at every meeting if members are not able to attend the meetings.

Public Comments

There is no public comment at this time.

Adjourn

There being no further action to come before the Council, the meeting adjourned at 10:45 AM.

Shirley L. Lally Chair
12/11/12 Date