

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
DECEMBER 11, 2012
MINUTES
STATE CAPITOL 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. Tom Clifford, DFA Ms. Mary Root, CID

Designees: Ms. Sharon Ball for Mr. Raul Burciaga, LCS
Mr. Brad Galbreith for Mr. Keith Gardner, Office of the Governor
Mr. Antonio Ortiz for Mr. Paul Aguilar until 10:00 AM

1. Call to Order—9:10 AM

Mr. David Abbey, Chair

a. Approval of Agenda

Mr. Robert Gorrell, PSFA Director, called roll noting that Ms. Sharon Ball would serve as designee for Mr. Raul Burciaga (LCS), Mr. Brad Galbreith would serve as designee for Mr. Keith Gardner (Office of the Governor), and Mr. Antonio Ortiz would serve as designee for Mr. Paul Aguilar (PED).

Mr. Gorrell 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 recognized Ms. Mary Root, representing Construction Industries Division (CID).

Mr. Clifford requested that future agendas include designation of specific agenda items that will require action by the Council.

MOTION: Mr. Gene Gant moved for adoption of the agenda as presented. Mr. Joe Guillen seconded, the motion carried.

b. Correspondence

Mr. Abbey and PSFA staff received a letter from Secretary-Designate Hanna Skandera that officially designates Mr. Paul Aguilar to represent the Department of Education throughout the 2013 interim.

2. Approval of Minutes (November 1, 2012)

Upon review by the Council, Mr. Joe Guillen moved for the approval of the November 1, 2012 PSCOC minutes, subject to technical corrections. Mr. Gant seconded, the motion passed.

3. Subcommittee Reports

a. Awards Subcommittee

- **Financial Plan**

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

Project and adjustments are listed below:

Ruidoso—Nob Hill ES

District has changed its 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. Total decertified is \$52,949

Raton—New 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. Total decertified is \$1,154,156

Eunice—Caton MS

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. Total decertified is \$810,000

Questa—Roots & Wings Charter School

There was an issue of ownership of the Roots & Wings Charter School. The project needs to be de-certified until these issues are resolved. Total decertified is \$0 (Project was “non-award at time of application in 2008)

Gallup McKinley Schools (for more information, see November 2012 Minutes)

Gallup—Juan de Onate Elementary School (Total decertified is \$941,351)

Gallup—Thoreau Elementary School (Total decertified is \$1,055,332)

Gallup—Lincoln Elementary School (Total decertified is \$928,959)

Gallup—Roosevelt Elementary School (Total decertified is \$935,000)

The Awards Subcommittee recommends decertifying the award amounts for projects mentioned above. The schools will be reassessed and re-ranked in the Facility Assessment Database and the districts may reapply in a future award cycle. PSFA staff will continue working with the districts on the projects to assist in moving forward.

Mr. Eaton noted that 10 awards were given to 10 districts that applied for Facility Master Plan awards. Net awards total \$235,754.

Mr. Eaton informed the Council that staff has incorporated the consensus revenue estimate prepared by staff at the Board of Finance. There were minor changes to the severance tax bond proceeds for FY-13 through FY-17 reducing capacities by \$7

million each fiscal year resulting in a total of \$180 million on average of proceeds that are available for the PSCOC programs.

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

- **Las Cruces—HS—Phasing Plan & Advance**

Mr. Pat McMurray, PSFA staff, presented this item to the Council noting that the Las Cruces Public Schools is requesting an advance in funding for Construction for Phase I of the Las Cruces HS. As required in the award, the District has submitted a phasing plan which reduces the total phases of the project to two. The District will need an advance of \$9,894,260 to complete the project in the proposed phasing plan.

Mr. McMurray introduced Superintendent Stan Rounds. In regard to the advance, Mr. Rounds noted that the high school is a landmark campus and it is necessary to contemplate an action that allows the district to build new buildings, place students in new building, raze a substantial part of the site and build the subsequent Phase II building. Mr. Rounds indicated that the original concept looked like a 7-year build-out and would have made the educational delivery difficult. The district will switch the completion of the project to a 4-year timeline in two phases.

Mr. Rounds indicated that the district purchased available adjacent property across El Paseo which is now a corridor in the master plan for the State of New Mexico as well as the City of Las Cruces. A portion of this plan includes building a fully enclosed pedestrian bridge over the street. The estimated one million dollars for the bridge is a shared cost between the PSCOC and the district. He indicated that the new plan moves the school away from the traffic that makes it safer for students.

Mr. Rounds stated that the district will have a bond election in 2014 and are confident that the bond will pass. If the bond does not pass, the district will pay back the advance with their HB-33 funding.

Mr. Rounds stated that in FY-2014, the bond funds would be available in third quarter of 2014 as they do their projection of bond sales in July (first quarter of FY2015). The district has \$65 million in bond availability that will be authorized in FY-14 and the bond sale in June 2014 is sufficiently sized to \$15 million to \$20 million. District is maintaining a mill levy/bond approach of 8.99 mills. The current enrollment is approximately 1,800 students with a maximum of 2,000.

The 2011 award was for planning and design to renovate and replace facilities to bring school to adequacy for a core of 2,000 students with classrooms for 1,800. Prior to design, district to provide district wide utilization and attendance study of all high schools. Out-of-cycle construction funding consideration is limited to Phase 1 until detailed options for the entire project are submitted and approved by the PSCOC.

PSFA staff recommends that the PSCOC approve the additional state funding request for the phase 2 (construction funding) totaling \$ 44,999,000 as requested to complete phase I of this project to adequacy (district advance \$9,894,260 plus state match \$35,104,740).

The district has in place \$8,190,000 of their required \$18,084,260 district funding.

The Awards Subcommittee has reviewed this request and recommends approval.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2010-2011 standards-based award to the Las Cruces Public Schools for Las Cruces High School, to include out-of-cycle construction funding for Phase 1 of 2, to renovate and replace facilities to bring school to adequacy for an estimated core of 2,000 students with classrooms estimated for 1,800. Included to adequacy is the site required pedestrian bridge connecting the new classrooms and administration structures, providing additional safety to the campus for an estimated \$1 million cost, with a total increase in the state share amount of \$35,104,740 (66%), contingent upon an additional local share of \$18,084,260 (34%). An advance of \$9,894,260 toward the local share is authorized and will be repaid upon passage of local bond in 2014 and dedication of the necessary proceeds or HB-33 funds to meet the required match for the project to be repaid by the first quarter of FY2015.

Request as Presented in Notebooks		Additional \$1 million for Pedestrian Bridge	
Total	\$52,189,000	Total	\$53,189,000
LCPS 34%	\$17,744,260	LCPS 34%	\$18,084,260
PSCOC 66%	\$34,444,740	PSCOC 66%	\$35,104,740
LCPS Funds Available	\$8,190,000	LCPS Funds Available	\$8,190,000
Requested Advance Amount	\$9,554,260	Requested Advance Amount	\$9,894,260

Since this is a subcommittee motion, a second is not necessary. There being no objection, the motion was adopted.

-- NMSD—Infirmary—Supplemental 2012-2013 Standards Based Award

Mr. McMurray presented this item to the Council noting that the NMSD Health Center building is ranked #25 with the weighted NMCI of 55.27%. The recently developed NMSD FMP calls for the replacement of the Health Center building. The decision was to move the health services into the basement of the Dillon Hall and add this additional design work to the existing Dekker/Perich/Sabatini architects contract for the Dillon Hall Phase II renovation. The PSFA additional design fee is \$16,317.50 tax included. This request for additional funding is for the planning and design phase only.

Mr. McMurray noted that the existing facility and housing is a little over 8,000 square feet and will be reduced to less than 6,000 square feet which will reduce the maintenance cost. The basement is being utilized for non-instructional offices. Mr. McMurray stated that the total project cost would be \$400,000 for planning for the entire Phase II project that includes the demolition of the existing

Annex Building, a new building for the library and other spaces. NMSD will come back before the Council to request funding for construction for Phase II funding. It was noted that a request has already been submitted for their required matching funds for other PSCOC-funded projects and that this project was included. The reason for the delay was due to adoption of the facilities master plan.

The Council expressed the importance that the school present to the legislature, more detailed documents that reflect that they are entirely dependent on state funding for the local share and do not have institutional revenues that might be applied to their projects.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make supplemental 2012-2013 standards-based award to the NM School for the Deaf, due to delays in adopting standards for the special schools and recent completion of the district Facility Master Plan. \$16,318 for planning and design to relocate the Health Center Building into the basement of Dillon Hall based on an estimated project cost of \$460,049. The local match share (50% - \$8,159) shall be advanced contingent on review of available district finances. The district shall request funding from the 2013 or subsequent 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 and submission of a plan to dispose of the existing Infirmary. Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

-- West Las Vegas—Union ES—Out-of-Cycle Construction

Mr. McMurray presented this item to the Council noting that the additional funding request is for construction of renovations to adequacy. PSFA staff recommends that the PSCOC approve the state funding request totaling \$859,921 (76%) as requested to complete Phase II construction to adequacy. The district has in place their required additional funding amount totaling \$271,551 (24%) as submitted.

The work includes replacing lighting and finishes, HVAC upgrades, demolition and reconstruction of the existing non-code-compliant restroom facilities, removal and replacement of existing doors and some frames and the relocation of the administration offices. The existing portable building removal and selective asbestos abatement will be performed by the district prior to commencing work.

Mr. Gene Parson, Superintendent for the district stated that currently there are 91 students attending Union ES. The trend of enrollment is anticipated to be maintained at its current level. The Council commended Mr. Karl Sitzberger, PSFA Regional Manager, and Mr. McMurray for the time and effort they put into attempting to right-size this project. Mr. Abbey noted that there has been significant decline in enrollment. Mr. Parson stated that there is a possibility that the enrollment may increase.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2011-2012 standards-based award to the West Las Vegas Schools for Union ES, to include out-of-cycle construction funding to renovate facilities to adequacy for 91 students grades 2-5, with an increase in the state share amount of \$859,921 (76%), contingent upon an additional local share of \$271,551 (24%). Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

- **Pre-K Capital Awards (Round 2)**

Mr. Berry presented this item noting that the original appropriation was for \$2.5 million. The earlier awards granted by the PSCOC were in the amount of \$1,371,000. The recommendation below expends the remaining \$1,129,000. Mr. Berry informed the Council that there were 7 additional requests.

Three of the projects received Round 1 awards and in the subsequent application process requested additional classrooms. Mr. Berry explained that Farmington, Hatch and Rio Rancho received Round 1 awards and will be an extension of those requests.

Mr. Berry noted upon looking at actual requested amounts exceeding available funds, a portion of the requests have been reduced accordingly. He assured the Council that staff reviewed all requests and were able to fully fund the state share for the awarded scope of the projects; however, in some cases staff reduced the number of classrooms based on the actual number of pre-k students attending the school. Mr. Berry explained that the state funded Pre-K is a half-day program.

Mr. Berry noted that the Alamogordo district is the only district that does not have a Pre-K program and are uncertain as to whether or not they want to begin the program. If they decide that they do not want to move forward with a Pre-K program, the funds would be withdrawn and allocated to other projects. The Council voiced concern regarding funding a project where the district is not sure whether or not they would consider a Pre-K program.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make final pre-kindergarten classroom renovation/construction awards pursuant to Laws 2012, Chapter 64, Section 33 (HB191) from existing, unspent proceeds from previously issued supplemental severance tax bonds, in the form of project reversions. Allocations are to the districts set out in the award spreadsheet for the purposes and in the amounts specified. These allocations represent the state share portion of the estimated cost to renovate or construct pre-k classrooms, subject to a local match as set forth in the state/ local match formula. Any funds freed by non-acceptance of the awards or unused proceeds shall be reallocated to fully fund the Rio Rancho, Farmington, or Hatch district requests in order, based on score and validated need. Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

- **Zuni Repayment**

The Zuni Schools received 2 advances on projects in their district. It was stated that there is a 4-year repayment limit on advances. The middle school demolition is still within the 4-year limit, but the sewer emergency has passed the deadline. The district had previously asked for a waiver of both advances; however, PSFA staff review of the district finances appeared that the district could repay. The district looked at their finances and it appeared that they could accommodate repayment of both advances and has submitted a repayment schedule.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to accept the revised repayment schedule from the Zuni Schools for the 2 advances: E07-007 Teacherage Sewer Emergency - \$85,800 due, D09-002 Zuni Middle School Demolition - \$109,909.85 due. The first payment for 50% of the amount owed or \$97,855 is to be made within thirty days of this meeting and a final payment in the amount of \$97,854.85 is to be made on or before December 31, 2013. Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

- b. **Administration, Maintenance & Standards Subcommittee**

- **2013-2014 Preliminary NMCI Ranking**

Mr. Chris Aguilar, PSFA staff, presented this item to the Council referring them to the ranking list that is made available to them in their meeting notebooks. He explained that the first section of the ranked list includes previously awarded projects which have not yet received construction funding. The list is a repository for schools that receive awards while in the design phase. Mr. Aguilar noted that Union Street Elementary and School for the Deaf Campus Health Center were added based on potential action by the Council at today's meeting.

MOTION: Mr. Gene Gant moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to release the Preliminary NMCI Rankings, including charter schools that have been reassessed based on programmatic needs after completing at least one renewal period, for the 2013-2014 standards-based award cycle based on criteria and weightings previously adopted by the Council. Release of the ranking is subject to necessary technical corrections and Districts are encouraged to work with PSFA staff to resolve any outstanding technical corrections to the data with ability to make a formal appeal to the PSCOC by the March 22, 2013 deadline for pre-applications. Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

- **FY 2012 Annual Report**

Mr. Berry presented this item to the Council. He noted that members should send any final edits to staff as soon as possible so that the annual report can be printed and ready for distribution by the beginning of the legislative session in January 2013.

MOTION: Mr. Gant moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to approve the draft annual report and authorize PSFA staff to complete the report and make final edits and technical corrections prior to printing and distribution. Since this is a subcommittee recommendation, a second is not required. There being no objection the motion carried.

- **FY 2012 Audit**

Mr. Eaton noted that the audit has not been released yet and this item is for informational purposes only. The Council has access to it but the audit cannot be distributed as a public document until released by the State Auditor. He noted that PSFA had 3 findings last year due to late submittal, timely deposits, and negative cash balances. All three findings were resolved. There were two minor findings this year that include a timely payment to a vendor and a travel reimbursement for a staff member that did not have signature approval of a supervisor. Staff will provide the complete report to the AMS Subcommittee and PSCOC when final. The Council asked that a member be involved with external auditors and report directly to the Council. The Council also suggested PSCOC hold a special executive session for the audit exit conference next year.

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

- **Mesa Vista—District Presentation on Maintenance Efforts**

Mr. Gorrell explained that this report is in response to the Facilities Maintenance Assessment Report (FMAR) that has been supported by the Council.

Representing the district is Superintendent Traci Philips and Mr. Leo Garcia. Ms. Philips stated when she began working for the district as a principal she was appalled by the condition of the district facilities. There was no fire alarm or electricity in a large portion of the middle school as well as sewage issues. PSFA staff visited the school and advised her that the schools could be fixed. She then discovered what FMAR was and found that the districts numbers were negative. Ms. Philips noted that FMAR has assisted the district in prioritizing their projects to determine life safety vs. cosmetic repairs. She then went before the school board to show them the needs of the schools. .

Ms. Philips stated that it is because of the FMAR that the district was able to get somewhat ahead in resolving some of their issues as well as moving forward for their bond election in February. She stated that there are many safety issues that need to be resolved in the district.

Mr. Martinez stated that this is evidence that FMAR is working for school districts and they are making great strides in improving their educational environment.

The Council voiced concern regarding the district's school board not getting involved in the condition of these facilities. It was suggested that the School Board Association train school boards at the School Budget Workshop, to be more attentive

of their schools as there are large amounts of state funds that are invested in facilities.

Mr. Guillen stated that there are issues among school boards and today's presentation is well received. He indicated that he will present this issue at their next School Board Association meeting in February 2013. There will be mandatory training by PED staff. He questioned if training should be during the School Budget Workshop as many board members do not attend.

Mr. Martinez explained that 20% of the score comes from the use of the FIMS program and management and statutory requirements, the remaining 80% of the score is the actual physical conditions such as: potential life/health and safety issues, and/or immediate threats to life/health and safety assets. The program is used as a leading indicator and best practice for maintenance management.

The Council suggested that the FMAR report have three categories and should contain contingencies.

4. Director's Report

a. Project Status Reports

-- 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.

In regard to the Deming School District, the AMS Subcommittee directed staff to invite the district to present to the Council at its January 2013 meeting. The staff did as requested and the district indicated that they are able to move forward with their projects. However, the award may be rescinded if the district is unable to demonstrate that the project will move forward in a timely fashion.

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

Master Plan Project Status Report

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

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

Lease Assistance Report

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

Council requested that the PSFA staff meet with PED Charter Division staff to discuss how to address and resolve concerns regarding the second quarter release and bring back recommendations to the AMS and Awards Subcommittees for review. There will be further discussion at the next scheduled PSCOC meeting.

Ms. Maestas informed the Council that various legal staff are working together to look at virtual schools and the capital outlay portion will likely be discussed by the Task Force. These issues must be discussed in full prior to the session. The Council directed PSFA staff to work with PED charter division as well as the Chairs of the subcommittees.

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

-- **Chama Project Update**

Mr. Gorrell presented this item to the Council noting that much work has been completed including winterizing the school. The roof has been fixed as well as the entrance; ceilings have been fixed; coils repaired; and alarms are now working. Staff is working with various entities to provide fresh air changes and maintenance. There are still issues regarding a noisy boiler, but there is a 3-year contract on the boiler and staff is working with the contractor to resolve this issue. Factory equipment required modification to swap out the pilot light that kept blowing out with an electronic igniter. More issues will be resolved during the spring when the snow thaws that would include asphalt around the elementary school.

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

-- **2012 Ben Lujan Maintenance Achievement Awards**

Mr. Martinez informed the Council that the Ben Lujan Maintenance Achievement Awards are given to districts that are progressing in their maintenance.

INDIVIDUAL AWARDS - Nominated by District Superintendents

Belen—Florentino (Tino) Jiron NMSD—Gary Valencia

Central—Lorenzo Laphie Peñasco—Annette Sanchez

Central—Tom Smith Pojoaque—Jason Suazo

Central—Michael Moss Pojoaque—Fred Vigil

Elida—Andy Jasso Pojoaque—Robert Espinoza

Elida—Custodial Team Pojoaque—John Valdez

Ft. Sumner—Benny Segura Pojoaque—Carlos Martinez

Gadsden—Jimmy Carabajal Pojoaque—Ray Santos

Las Cruces—Ruben Amezola Roswell—Darrel Evans

Los Alamos—Ted Galvez Tucumcari—Steve Newman

Los Alamos—High School custodial team Tucumcari—Cody Ryen

Loving—Serrapio Parraz Tucumcari—Ted Lucero

Loving—Henry Armendariz, Tucumcari—Darvan Strand

Loving—Cruz Ornelas Tucumcari—Jesus Carrera

Loving—Dennis Onsurez Tucumcari—Joe Lopez

Loving—Rosa Onsurez Tucumcari—Will Horton

Loving—Carlos Martinez

Loving—Fausto Montes

Loving—Arcadio Orona

MOST IMPROVED DISTRICT AWARDS

Required an initial FMAR score and are assessed as requested by district. Districts recognized value of FMAR and addressed items identified through FMAR process.

- Runner up-Bernalillo Public Schools
- Most Improved –Mesa Vista

NEW PARTICIPANT DISTRICT AWARDS

- Bronze- Loving
- Silver-Elida
- Gold- Tucumcari

HONORABLE MENTION DISTRICT AWARDS

- Belen
- Gadsden
- Gallup
- Los Alamos
- New Mexico School for the Deaf

SUSTAINED PERFORMERS FOR 2012

Bronze- Roswell

Numerous best practices identified/great custodial program and managing by walking around.

Silver- Wagon Mound

This small district does a tremendous job in managing their facilities, from construction to daily operations.

Gold- Los Lunas

A district with a long standing record of performance and continuous improvement

Gold- Farmington

This district is a top notch operation that is constantly evolving and embracing change as they develop best practices in their efforts to provide the best educational environments possible.

The awards were presented by Representative Rick Miera.

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

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 that it is subject to change.

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

5. Other Business

a. Next PSCOC Meeting

Upon discussion, the Council unanimously agreed to held their next PSCOC meeting January 10, 2013.

Public Comment

There is no public comment at this time.

Adjourn

There being no further action to come before the Council, the meeting adjourned at 11:30 AM.

Sand A. By Chair
11/10/13 Date