

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
DECEMBER 12, 2011
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

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

Designees: Ms. Erin Thompson, Office of the Governor

1. Call to Order—9:00 AM **Mr. David Abbey, Chair**

a. Adoption of Agenda

The clerk called roll, noting Ms. Erin Thompson would represent the Governor's Office in the absence of Mr. Keith Gardner.

MOTION: Mr. Joe Guillen moved for approval of the agenda as presented. Mr. Raul Burciaga seconded and the motion carried.

The PSCOC reserves the right to change the order of agenda items as deemed necessary.

b. Correspondence

There is no correspondence at this time.

2. Approval of Minutes (November 3, 2011)

Mr. Gorrell made one change to the minutes on page 4. Paragraph 6 should read: "Mr. Gorrell noted that the proposal would allow the Council to waive or advance local share when local share is not available, and the provision can be for educational space and possibly support spaces.

MOTION: Upon review by the Council, Mr. Guillen moved for approval of the November 3, 2011 PSCOC meeting minutes, subject to technical corrections. Mr. Burciaga seconded and the motion carried.

3. NMSD/NMSBVI Adequacy Standards—Adoption of Rules for Public Comment

Ms. Martica Casias and Mr. Richard Romero, PSFA staff, presented this item to the Council.

Mr. Gorrell informed the Council that the standards were reviewed by both subcommittees. He noted that there are three parts, with one part pending, to the standards as follows: (1) the standards, which define the minimum /adequacy; (2) a component to complete the schools for all facilities (support spaces), which have been defined and are not driven by the number of students in the school as listed in the educational standards; and (3) define how the funding will be used which requires legislative e action. The Public School Oversight Task force is scheduled to meet on December 19, 2011. The PSFA is requesting that the Council adopt the rules present to go out for public comment.

- a. **State/Local Match-** Local match for the two constitutional special schools be set at 50% for educational adequacy and 100% for support spaces, and that the local match be provided from GO bonds, direct legislative appropriations, senior STBs or other sources. Provisions should be made to exempt appropriations from the legislative appropriation offset, and to provide for waivers or advances in cases of non-appropriation or failure of GO Bonds.
- b. **Educational/Support Facilities-** Provisions to keep the educational and support facilities separate so that constitutional special schools are treated similarly to traditional public schools.
- c. **Ranking Buildings-vs.- Schools-** Provisions to allow adequacy standards for constitutional special schools be applied on a building-by-building basis instead of on the whole campus as is the policy with traditional schools and charters. Then after a period of time, possibly six years, the special schools would be evaluated as campuses, similarly to traditional schools. This exception would allow the worst facilities at each school to be ranked against all other schools in the state for this fixed period of time.

Representing the School for the Deaf is Dr. Ronald Stern via translator. Dr. Stern expressed appreciation of the partnership between the special schools and PSFA. He noted that both [constitutional schools] are more than just a school. They have residential components as well as serious statewide functions that are indispensable. Only 35% of their facilities are educational. The diagnostics and interpreting department should be under other educational buildings because their interpreter and diagnostic staff play essential rolls in the education of their students. Dr. Stern voiced concern regarding the possibility that the special schools not receive funding or awards for their necessary projects. Dr. Stern requests that the NMSBVI fall under “other buildings.”

Representing the School for the Blind and Visually Impaired is Ms. Linda Lyle. She agrees with Dr. Stern’s concerns. She thanked the Council and the PSFA staff for their support in the process.

Mr. Gorrell explained that re spaces for the interpreters and the diagnostic staff, the spaces are in the standards but there may be further work needed for the gross footage of the building. He stated that when staff built the model for gross space footage, only part of the diagnostic spaces were included. Some of the support spaces have been moved to outreach services. The Council will define and take action on what is appropriate to complete this project.

MOTION: Mr. Burciaga moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to approve the draft adequacy standards for the two constitutional special schools, subject to technical corrections, to go out to public comment at a date to be determined in February 2012 and brought back for final approval at the March 2012 PSCOC meeting. Final rules will be subject to legislative changes to incorporate the constitutional special schools into the standards-based capital outlay process, as approved at the November 3, 2011 PSCOC meeting. Since this is a subcommittee recommendation a second is not necessary.

4. **2011-2012 Standards-Based Capital Outlay Award Cycle**

a. **2012-2013 NM Condition Index (NMCI) Ranking—Preliminary**

The 2012-2013 NM Condition Index was reviewed by both subcommittees. The ranking spreadsheets reflect the district, school name; gross area (square feet), the ranking and weighted NMCI. Mr. Gorrell explained that the spreadsheet is not the average of the NM Condition Index averages, but instead the facility condition excluding the educational functions.

MOTION: Mr. Burciaga 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 2012-2013 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 April 2, 2012 deadline for pre-applications. PSFA staff is directed to proceed with the 2012-2013 Standards-Based Capital Outlay and Roof Application process in accordance with the proposed workplan/timeline. Since this is a subcommittee recommendation a second is not required. There being no objection the motion passed.

b. **Average Condition Index (FCI)**

The Council requested that the staff provide a description to accompany the spreadsheet on how the index is calculated. Mr. Chris Aguilar, PSFA Staff, informed the Council that staff is working on the descriptions.

c. **Proposed 2012-2013 Workplan/Timeline**

Mr. Berry presented this item to the Council, noting that both subcommittees reviewed the workplan/timeline and highlighted changes regarding dates and time for the subcommittee and full Council meetings.

5. **Subcommittee Reports**

a. **Awards Subcommittee Report**

• **Financial Plan**

Mr. Jeff Eaton presented the financial plan to the Council, highlighting the action taken by the Council at its last PSCOC meeting that included funding design to the New Mexico School for the Deaf, the New Mexico School for the Blind and Visually Impaired and other projects in school districts.

There were questions regarding the \$20 million and the Board of Finance. Mr. Eaton informed Council that Mr. Rico Valpato accepted the position of Central Coordinator and will be working with him and Pat McMurray to keep the plan updated and accurate.

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

• **Charter School Fund Reversion & Outstanding Award Allocations**

Mr. Eaton presented this item, referring Council to correspondence initiated by the Board of Finance staff regarding the disposition of charter school fund. He noted that the charter school fund has a reversion dated active at the end of FY12 but in the

bill that appropriates the funds, the publishing dated was June 30, 2011. Mr. Eaton stated that a meeting was held with Tim Berry, Sharon Romero and the Bond Council and it is the position of the Bond Council, per Mr. Hyman, that these funds should revert.

MOTION: Mr. Joe Guillen moved for Council approval of the Awards Subcommittee recommendation to revert the unexpended balance of the charter school capital outlay fund per the Board of Finance directive. Awards made prior to FY12 with active encumbrances as of June 30, 2011 shall receive replacement awards from the public school capital outlay fund. Pre-FY11 awards not under contract as of the required June 30, 2011 reversion date are cancelled.

Mr. Eaton pointed out that the potential reversion is \$1.35 million and stated that the Council has some existing encumbrances that were previously used in the charter school fund that were not expended by June 30, 2011 in amount of \$112,000. The Council may elect to use those encumbrances using the PSCOC fund.

Mr. Guillen noted that staff made a concerted effort to keep these funds from reverting, however, there was discussion that based on the recommendations from the Bond Council that this action be taken.

Mr. Aguilar noted that the appropriation was made as non-reverting. Mr. Berry stated that his impression from Mr. Hyman is that he felt that the appropriation language in the capital bill actually caused the requirements for these funds to revert. There was a case made that the exception language in the bill should be sufficient. However, Mr. Hyman felt that the language in the capital bill would override the existing legislation from the Charter School Capital Outlay Fund. Some Council members expressed reservations that Mr. Hyman's interpretation was in fact correct.

Mr. Berry pointed out that the original intent of the appropriation was to assist primarily state chartered charter school to get into buildings. Because of conflicts of other law, which requires the Council not to fund those charters until they have had their charters renewed after 5 years in operation, by the time the Council can assist the money would revert. However, there were allowances that if there were no state-chartered chartered schools applying for and receiving funds that the funds can be used for funding local charter schools, giving the Council the ability to fund master plans for the state chartered charter schools to prepare them to go into buildings when they are eligible for funding.

Mr. Aguilar stated that one of the concerns raised by some Council members and others in the state is that funding is spent on facilities for charter schools that is not in the PSCOC fund, but that he would respect the decision of the Bond Council.

Mr. Clifford asked if the funds have been moved into the charter school fund and drawn from the Board of Finance on the projects. Mr. Eaton stated that the charter school funds have not been drawn, there were drawn funds and the PSFA has journal voucher entries to reflect the actual expenditures from the Capital Outlay Fund. Mr. Eaton stated that this is a forthcoming journal entry that PSFA will make to the

Board of Finance. Mr. Eaton explained that the funds have been drawn from the Capital Outlay Fund, but have not been reflected in the Board of Finance report.

Mr. Guillen informed the Council that the Awards Subcommittee discussed this item at their last meeting, stating that amount is not in dispute. Mr. Gorrell informed the Council that action by the Council can't be delayed.

Council directed staff to include definitions and/or explanations for calculations of the NMCII rankings and examine the robustness of the database by defining in terms of dollar amount the difference in a 1% change in the FCI.

Mr. Aguilar noted that the fund sunsets and asked if it is possible to take this to the Public School Capital Outlay Oversight Task Force. Mr. Abbey informed the Council that the fund is retroactive.

After further discussion the motion was withdrawn. Council agreed to delay approval of the motion. Council directed staff to work with Mr. Burciaga regarding the language in the bill and seek a resolution.

b. Adequacy, Maintenance & Standards Subcommittee Report

• PSFA FY13 Budget Request Adjustments

Mr. Eaton presented this item to the Council, referring them to the memo from Selena Romero, Human Resource Manager, to Mr. Gorrell identifying the current situation. Mr. Eaton stated that the request submitted to the Council in September 2011 was low due the lack of coordination between himself and the HR Manager.

While PSFA is still within budget for FY12, the FY13 Budget Request requires revision and additional funds will be requested to maintain the positions encumbered and the vacancies expected to be filled in FY12. Mr. Eaton noted that the recommendation reflects the difference in the projected budget for the scenario of 47 of 50 authorized positions filled in comparison will be submitted request from September 1, 2011.

The FY13 Budget Request submitted on September 1, is \$323,561.45 less than the current recommended budget. The current recommended budget accounts for the following factors:

1. Budget Category 200: Budget Request did not include projected career advancements for Regional Managers based on the criteria in the 2004 PSCOC approved Career Development Plan, estimated \$35,000.
2. Budget Category 200: Budget Request did not include temporary employees such as Student Interns, estimated agency costs are \$60,000 annually (Average of 3 Interns previously funded from vacancy savings)
3. Budget Category 200: Budget Request E-1 lists an estimated salary for vacancies at the midpoint of the pay grade, although employees have been hired

well above midpoint, due to changes in job descriptions, requirements, and responsibilities.

4. Budget Category 200: Unemployment compensation is unaccounted for, prior year payouts are approximately \$17,000.

Mr. Eaton referred the Council to the organizational chart in their meeting notebooks. He noted that recommendation includes potential career advancement of identified Regional Managers, the hiring of 2 Technical Trainers, Environmental Operations Specialist, Maintenance Special and Central Coordinator, and the salary adjustments already requested. The recommendations leave 2 Regional Manager and 1 Administrative Assistant positions vacant.

Mr. Eaton noted that the amended request is \$5,938.4, a difference of \$323,000 and that this is a one-time request.

Mr. Clifford voiced concern regarding agencies staying on a flat budget and the message sent to other agencies. He stated that the Council has to be careful regarding the PSFA Agency because of the unusual relationship and funds that are not earmarked from the General Fund. Mr. Eaton noted that 6 vacancies were included the September 2011 request and the positions have been filled at a higher salary ranges that were previously projected. The vacancies projected are lower at an hourly basis and cost associated with the salary such as FICA, insurance, etc. compounding a \$300,000 shortfall. In regard to the Interns, Mr. Eaton stated that the funding came out of the PSFA vacancy savings and currently there are no funds available to fund the Interns.

Mr. Eaton assured the Council that PSFA has funding to get them through 2012, it is 2013 that is a concern. Council asked that the staff provide the history of the PSFA budgets from prior years. Mr. Eaton reminded the Council that there were budget reductions for state agencies within the last few years.

Council asked how much was money reverted in FY2011. Mr. Eaton stated that approximately \$377,000. Mr. Eaton reminded the Council that the PSFA is allowed to spend up to 5% of prior year funding. Council directed staff to provide monthly budget projections, current spending, a more detailed report and quarterly budget projections.

Mr. Aguilar suggested an amount of \$100,000. Mr. Guillen disagreed and stated that is too much of a cut for the agency. Mr. Gant agreed, stating that the charter schools have been added to the PSFA workload.

MOTION: Mr. Burciaga moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to approve the amended FY-2013 budget request of the PSFA with an amendment to reduce increase of the BAR to \$160,000.

There was a show of hands with a 6-3 vote in favor of the budget request. Some members of the Council were not in agreement with the motion. The Chair called for a show of hands to determine approval/disapproval of the Council. The Council voted as follows:

Agree

David Abbey
Raul Burciaga
Joe Guillen
Gene Gant
Frances Maestas
Richard Tavelli

Opposed

Erin Thompson
Tom Clifford
Paul Aguilar

The motion passed with the majority of the members voting in the affirmative.

6. Director's Report

a. Project Status Reports

Mr. McMurray presented this item to the Council, stating that the AMS Subcommittee has reviewed the report and that it was sent to the full Council for their review. He noted that there are no projects in the red. Mr. Burciaga requested that the staff provide a more detailed report.

Mr. Abbey noted that there is an issue with how the Gallup School District is prioritizing their projects (7 projects outstanding). He stated that the district has school projects stacked up and that the Council needs to play a productive roll in riding hard on the district, helping the district advance forward with their projects even as they are struggling with getting community support. Council asks that staff consider moving the Gallup presentation to the Awards Subcommittee at 1:30 PM on January 4, 2012 and invite all Council members to attend. If a quorum of the members is anticipated, staff will need to advertise as a public meeting.

Mr. Gorrell stated that part of the problem is when the adequacy standards were developed, staff did not think of rural schools being different from metro schools. The small schools that the district has of 2,500 or less are the schools that have not moved forward. The PSFA staff will work with the district regarding prioritizing their projects.

Master Facility Plans

Mr. Gorrell presented this item to the Council, stating that the AMS Subcommittee has reviewed the report and that it was sent to the full Council for their review.

This report is for informational purposes, no action required.

b. Lease Payment Reports

Mr. Gorrell presented the Lease Payment Report to the Council, stating that the AMS Subcommittee has reviewed the report and that it was sent to the full Council for their review.

This report is for informational purposes, no action required.

c. PM Plan & FIMS Status

Mr. Gorrell presented this item to the Council, stating that staff is going to revise the report due to some districts moving forward.

This report is for informational purposes, no action required.

d. Ben Lujan Maintenance Achievement Award Recipients

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

18 school districts and 15 district staffers received the 2011 Ben Lujan Maintenance Achievement Awards.

District Gold Awards

NM School for the Deaf	NM School for the Blind and Visually Impaired
Wagon Mound	Alamogordo

District Silver Award

Aztec	Belen
Clovis	Farmington
Gadsden	Gallup-McKinley
Las Cruces	Los Lunas
Silver	Rio Rancho

District Bronze Awards

Clayton	Central
Albuquerque	Penasco.

Individual Award Recipients

Bill Daniels, Aztec	Daniel Lawson, Aztec
Mike Davee, Aztec	Tomas De-Leon, Aztec
Debby Kaneshiro, Belen	Clay Burch, Clovis
Dimas Moreno, Clovis	Paul Durbin, Clayton,
Danny Claycomb, Clayton	Anthony Melonas, Grants-Cibola,
Serrapio Parraz, Loving	Don Owen, Loving,
Randy Oglesby, NMSD	Gabriel Gonzales, Penasco.
Armando Mendoza, Las Cruces	

This report is for informational purposes, no action required.

e. Plan for Restructuring PSCOC/Subcommittee Meetings

Mr. Gorrell presented this item, referring the Council to the report that in their meeting notebooks. The report was electronically sent to the PSCOC members December 9, 2011. The report is as follows:

Background:

AMS Subcommittee Chair Burciaga has highlighted possibly unnecessary redundancies in items presented at one or both subcommittees, and then again at full Council meetings. Given the extremely limited time of Council members and staff, Chair Burciaga has suggested that a collective review of means to possibly streamline subcommittee functions may increase efficiencies, allowing Council members to focus more on larger issues of policy by reducing purely administrative demands.

Initial Suggestions from AMS:

In its December 6 meeting, AMS discussed possibly restructuring or eliminating subcommittees, and concluded as follows:

- That the original intention of increasing the speed and efficiency of full Council meetings via vetting some issues via subcommittee may remain valid.
- That the Awards Subcommittee in particular adds significant value to this process and should be retained;
- That the AMS Subcommittee may be able to meet as needed rather than monthly;
- That the informal "*Summary of Actions Taken*" subcommittee meeting write ups that PSFA prepares should be distributed to all PSCOC members and staff as an efficient means for members and staff to stay current without necessarily attending subcommittee meetings;
- That Council should possibly consider a more streamlined approach in vetting issues in full Council meetings that have already been vetted by one or both subcommittees—possibly choosing to minimize discussion among the full Council when a subcommittee recommendation has been made on that issue; and
- That as a means to providing Council members with meeting materials in advance, while minimizing printing and booklet assembly costs, PSFA should transition subcommittee and PSCOC meeting materials to electronic format, possibly including the use of tablet computers for members at meetings.

AMS members have proposed these measures as initial suggestions only as a means to open this discussion, and to solicit the thoughts and ideas from other PSCOC members.

f. PSCOC Annual Report

Mr. Mark Williams, PSFA staff, presented this item to the Council stating that the PSCOC Annual Report was reviewed by the AMS Subcommittee. He noted that the cost measures and transparency measures have improved. Mr. Clifford requested that the staff provide a more detailed report. Mr. Gorrell stated that the Annual report will cover all aspects of the quarterly report. Mr. Gorrell noted that past annual reports are on the PSFA website.

This report is for informational purposes, no action required.

7. Other Business

a. Deming—Appeal to Extend Roof Projects

Mr. McMurray presented this item, noting that the Deming District did not meet the requirements of the 2011 roofing award cycle re completing their projects by the end of 2011 and are requesting an extension and would like to address the reasons for the delay for the projects. Representing the Deming School District is Mr. Ted Burr, Associate Superintendent of Finance, for the district.

As reflected in the letter to the PSFA dated December 8, 2011, “the work we are proposing fits our intention to stay at the existing facilities though the warranty period of the roof repairs and stay within our budget to do the necessary repairs. We believe that it is in the best use of taxpayer’s money to do these repairs now rather than wait and risk more exposure to mold and damage of the facility. The plans are in place, and contracts can be awarded immediately upon Council approval of an extension. We see no advantage of delaying the work now and only see the potential for increased prices if they wait.” Mr. McMurray referred the Council to the district’s timeline and post-construction schedule that was made available to them in their meeting notebooks.

The initial award was to repair the roofs at the high school and at Deming Intermediate School. The top surface of the roofs have damage and the foam underneath is wet. Mr. Burr stated that CID gave them the impression that this was fine and only the worn out parts would have to be replaced. However, the front of the high school had severe damage and it would make more sense to tear all the foam from in front of the high school and re-foam it. Mr. Burr stated that CID then told them that they would have to tear off the built-up roof underneath, at which point it became unduly expensive and replacement would be the better way to address these problems. The district presented to the Council in July 2011 and discussed their intentions for the high school building and that they had decided to renovate the roof.

The project went out to bid in November and the district received protests. Between the protest and the holiday, it was the end of November before the district was able to award the roof. Mr. Burr indicated that the board has approved the contracts and if the Council approves the request for an extension, the district can award the contracts.

Mr. Richard Tevelli, Director, CID, stated that he was not directly involved in the project and voiced concerns regarding the project beginning in December. Mr. Burr assured that Council that the weather is not bad in the area and the district may decide to begin the project in March 2012.

Mr. Burr stated that there were issues with the bidders which caused protests which resulted in the delay of the projects. Mr. Aguilar noted that there was a change in scope on June 1, 2011 and why the district has not submitted revised plans to the PSFA. Mr. Burr responded that the electrical portion was not going to be an issue and it was his understanding that the standards for electrical had changed. Mr. Burr noted that CID determined that there is a need for redesign.

Mr. Aguilar noted that at the last site visit, there were parts of the building that needed to be torn down, not renovated. Mr. Burr stated that demolition may be included in the

master facility plan. Mr. McMurray pointed out that the scope of work was well over \$1 million and the project may take a year. Mr. Burr indicated that the project is \$1.6 million.

The Council noted that there is an outstanding award for the high school. Mr. Burr informed the Council that the district must have their facility master plan in place for both schools before they can begin the high school and intermediate school projects. The master facility plan will address all the schools but the main focus is the high school and intermediate school.

Mr. McMurray assured the Council that there would be no additional cost to the State and the project has been kept within the original budget. He indicated that the district would need to return to the Council to request funding for the permanent roof on the high school. Council members are in support of the project and urged the district not to rush the project. Council also noted that this is the worst high school in the state and hope that action taken by the Council will assist the district in a positive manner.

MOTION: Mr. Guillen moved for Council approval to extend the completion deadline for the 2010-2011 standards-based roof awards to Deming Public Schools for Deming HS and Deming IS until June 30, 2012. The award for the high school is also amended to allow replacement of the main building roof in lieu of repairs. The district shall provide a project status update to the council at the March 1, 2012 PSCOC meeting. Since this is a subcommittee recommendation a second is not necessary.

b. Next PSCOC Meeting—Proposed for January 12, 2012

After discussion, the Council unanimously agreed to hold its next PSCOC meeting on January 12, 2012.

Public Comment

There is no public comment at this time.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 11:00 AM.



1/19/12 Date