

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES  
September 13, 2017  
STATE CAPITOL BUILDING, ROOM 317  
SANTA FE, NEW MEXICO**

**Members Present:** Mr. David Abbey, LFC                      Ms. Rachel Gudgel, LESC  
                         Mr. Pat McMurray, CID                      Mr. Paul Aguilar, PED  
                         Mr. Joe Guillen, NMSBA                      Mr. Gilbert Peralta, PEC  
                         Mr. Raúl Burciaga, LCS                      Ms. Jessica Kelly, Office of the Governor  
                         Ms. Stephanie Clarke, DFA

1. **Call to Order**—Chair Abbey called the meeting to order at 1:02 P.M.
  - a. **Approval of Agenda**—Chair Abbey asked if there was any objection to the agenda as presented; as there was none the motion passed unanimously.
  - b. **Correspondence**—Mr. Kearney noted the letter from PED Deputy Secretary Paul Aguilar to Reserve Independent Schools stating Glenwood ES did not have enough students enrolled to remain open and would be placed in a closed status beginning with the 2017-2018 school year. Mr. Kearney reminded Council during the September 26, 2016 PSCOC meeting Glenwood ES was awarded a total project amount of \$693,333 and Council may want to rescind the award, of which no money has been spent. Mr. Abbey instructed staff to bring a recommendation to the Awards Subcommittee.
  - c. **Approval of Minutes (August 11, 2017, August 28, 2017 & September 5, 2017)** - Mr. Guillen moved for Council approval of the August 11, 2017, August 28, 2017 and September 5, 2017 minutes subject to technical corrections, Ms. Gudgel seconded and the motion passed unanimously.
2. **Public Comment**—Chair Abbey had guests and PSFA staff introduce themselves.
3. **Presentation – Education Superhighway – New Mexico Statewide Aggregation Financial Modeling**

Mr. Jack Lynch and Ms. Aarti Bhatnagar represented Education Superhighway (ESH). Mr. Lynch began by stating ESH is a non-profit, non-partisan organization whose mission is to connect all public schools in the country to high speed broadband access. ESH has been working in New Mexico for approximately two years partnering with the State, DoIT, PED, PSCOC, PSFA as well as the Governor’s Office to pursue the shared mission/vision the agencies have for New Mexico schools. ESH provides consulting services, tools, data and analysis and various other support services to help upgrade broadband connections. Referring to the aggregation financial model done in 2016, Mr. Lynch stated the goal of the study was to examine ways in which the State could assist schools in gaining affordable broadband access. Affordability was a key barrier for some school districts in being able to scale up the bandwidth to the level they needed in order to be on the same footing as their peers. Traditionally, schools in New Mexico buy internet access directly

from a local service provider; for the study, three different scenarios for broadband procurement were looked at:

- Baseline – status quo; things will not change. Districts purchase on their own with no state intervention.
- Procurement Optimization – by improving the procurement process gains could be made in affordability.
- Backbone – predetermined aggregation points would be set up around the state and all school districts within a region would connect to those points resulting in one holistic network managed by one entity.

Mr. Abbey requested additional information on improving pricing outcomes. With regard to data transparency for schools, Mr. Lynch noted in many instances across New Mexico, one school may purchase an affordable package from the nearest service provider yet a nearby school may purchase the same package from the same service provider and pay 3-5 times more. One strategy ESH has employed nationally is to share information between school districts so they get optimal pricing when negotiating with their service providers. The procurement process can be burdensome on school districts and another strategy is to create a procurement vehicle (a state contract) that the State can make to ensure pricing is fair and at market value. Mr. Lynch noted nearly all public schools in New Mexico have scalable fiber connections; in 2015 89% of the public school buildings in the state had access to fiber infrastructure. Over the last two years the gap has nearly closed as 99% of public school buildings in New Mexico now have fiber which is largely due to funding Council has made available as well as the BDCP program leveraging e-Rate opportunities; \$3.4M in PSCOC funding has allowed schools to access an additional \$45.5M from the federal government with school districts not spending any dollars for capital build-outs. The median cost for internet access in New Mexico has dropped from \$16 per megabit per second (Mbps) per month in 2015, to \$6.95 in 2017. Also, in 2015 the median monthly cost for internet access was \$3,150 for 100 megabits; in 2017 the median cost per month is \$2,992; however, schools are getting 300 megabits at that cost.

#### **4. PSCOC Financial Plan**

##### **a. PSCOC Financial Plan**

Ms. Irion reviewed changes made since the last meeting. There was a total net awards of \$3,241,199; dispersed to Roswell Del Norte ES for \$1,533,000; Ruidoso Nob Hill ES for \$1,111,088; and BDCP for category 1 and 2 for \$29,690 and \$567,421 respectively. There was a financial plan estimate change for NMSD Cartwright Hall. Originally estimated at \$3,428,137, the current financial plan estimate based upon the RFP received is now \$5,460,741 resulting in an unfavorable change of \$2,032,604. Revenue projections were received from the Board of Finance. Overall, the percent change was relatively flat except for FY18 at 12.4% increase of \$13.7M. In FY18 the financial plan will show an increase of \$43.9M based upon when the revenue proceeds are recognized, however, in FY19 there is a reduction of \$24.3M. Upon incorporating the revenue estimates into the financial plan, the awards cycle was also adjusted. Cobre passed their bond election in August and staff will work with the district for their \$1.1M repayment owed for a portion of their advance. Emergency Reserve for Contingency was used for the Cartwright Hall variance. Estimated uncommitted balances are \$45.7M for FY18 and \$1.8M for FY19-22. Ms. Irion also noted projects that moved out one or two quarters per district readiness.



**b. Recertification of SSTB's**

Ms. Irion presented the information found within the executive summary.

**5. 2017-2018 Awards Cycle****a. 2017-2018 Lease Assistance Awards**

Following Mr. Abbey's request for discussion, Mr. Aguilar moved for Council approval of a flat rate of \$736.25; Mr. Peralta seconded. Mr. Guillen noted while the reduction in lease assistance was originally projected at up to 20%, and following discussion with some charter schools, felt a 4% reduction was a good compromise and reiterated notice of the reduction was provided a year ago and formal notice was given earlier in the year. Ms. Gudgel echoed Mr. Guillen and added the program has grown over time. Notice was given and charters need to be aware that next year they may not receive the same amounts; this is a discretionary program and are not dollars charters should expect to receive every year. Mr. McMurray agreed cuts need to be made next year and that notification needs to be acknowledged now that this is anticipated next year yet felt the amount should remain flat this year. Mr. Burciaga felt a 2% cut could be absorbed and wasn't an unreasonable expectation compared to other amounts that were proposed. Ms. Kelly felt it was premature to give notice that funding would be cut as notice is not being given to any other group and agreed with Mr. Aguilar that funding should remain flat. Mr. Abbey sought clarification on how lease assistance would affect the financial plan; Ms. Irion replied \$12M is currently listed adding there is a project reversion estimate of \$2.5M and a recertification of bonds to cover the amount above the \$12M.

**MOTION:** Recommendation to make awards in the amounts specified for lease payment assistance on the accompanying spreadsheet for Option (A/C/E/F/G) to make awards to \_\_\_\_\_ charter schools totaling \$ \_\_\_\_\_. Upon acceptance of awards by charter schools and school districts, Council authorizes PSFA staff to distribute award amounts quarterly on a reimbursement basis upon receiving proof of lease payments made. Council authorizes PSFA staff to make reductions to award amounts subject to PED certifying in writing to PSFA that a condition exists that warrants an award adjustment or suspension which may include: school closure, charter revocation, financial violation or irregularities, adjustment to certified attendance numbers (MEM counts), lease termination or amendment. Council may also authorize reductions if scheduled attendance does not fully utilize facility, or operational use changes from classroom o non-classroom uses.

**ALTERNATE MOTION:** Mr. Aguilar moved for Council approval of Option A, holding the rate flat at \$736.25 per MEM for the current school year; Mr. Peralta seconded. As there was opposition to the motion roll was called:

**Roll call:**

Ms. Clarke – Yes	Mr. Burciaga – No	Mr. Peralta – Yes
Mr. Aguilar – Yes	Mr. McMurray – Yes	Ms. Gudgel – No
Ms. Kelly – Yes	Mr. Guillen – No	Mr. Abbey – No

By a vote of 5 to 4 the alternate motion passed.

**b. 2017-2018 Systems-Based Awards – Awards Subcommittee Recommendations**

Mr. Kearney presented the information for the Central, Las Vegas City and Gadsden school districts applying for systems-based awards.

- **Central** – total estimated project cost is \$3,453,673 with an offset amount of \$9,000; the net local match is \$1,252,322 (36%) and the net state match is \$2,201,351 (64%). Ms. Candace Thompson, Construction and Facilities Coordinator and Mr. David Biggs, Regional Manager, participated via phone. The district was appreciative of the systems-based awards as it gives them the opportunity to take care of smaller projects. Award recommendation was unanimously approved.
- **Las Vegas City** – total estimated project cost is \$5,051,855 with an offset amount of \$692,499; the net local match is \$2,965,834 (45%) and the net state match is \$2,086,021 (55%). Mr. Kelt Cooper, Superintendent, Mr. Dennis Romero, Board President, and Mr. Michael Lovato, Associate Superintendent, represented the district. In response to a question previously posed by Mr. Abbey on where affected students would be located, Ms. Casias reviewed a map of the Las Vegas City Schools identifying where the student populations would be changing. Mr. Abbey asked if Mr. Cooper agreed with the assessment; Mr. Cooper replied with the addition of classrooms at Los Niños, the school would be able to serve all Pre-K/K students at one site. Mr. Cooper acknowledged the district is diligently working on minimizing excess space and though demolition is the primary objective for the facilities to be closed, the city is interested in some for use as office space; the gymnasium will remain in use by the district. Demolition is not part of the award request. Mr. Guillen noted there were no projects identified in the offset spreadsheet, Mr. Kearney clarified that the listing of the projects were on pages 22-24 of this item. Mr. Abbey requested the design capacity, enrollment and utilization percentage be included to the ranking list. Award recommendation was unanimously approved.
- **Gadsden** – total estimated project cost is \$5,860,057; the local match is \$879,009 (15%) and the state match is \$4,981,048 (85%). Mr. Ralph Gallegos, Executive Director for Energy Management & Construction, and Mr. Anthony Lucero, Regional Manager, were in attendance. The Awards Subcommittee felt though the project did not meet the reduction criteria under wNMCI it did under FCI therefore the project was recommended for award by the Subcommittee. Mr. Guillen clarified that the Subcommittee felt the change from wNMCI to FCI could be made as this is a pilot program. Mr. Kearney agreed staff would look at how to do this based on the FCI. Discussion continued on the wNMCI requirement and how changing to the FCI may be a better option as well as the timeline for the next round of awards. Mr. Abbey requested the item be placed on the agenda for the next meeting and that a staff presentation be made on various options. Staff to bring analysis and look at school engagement processes, inviting feedback from districts on how to improve the program. Mr. McMurray agreed the criteria is creating an issue and suggested discussing in-depth in a work group. Mr. Abbey clarified he was not proposing that districts not apply for systems awards, but was stating they could apply for what they want and Council would look at the FCI as well as the funds available and determinations could then be made. Mr. Abbey requested staff come back with a work paper for both subcommittees along with a timeline that is consistent with the timeline



currently in place and include district, community, architect and planner engagement. Award recommendation was unanimously approved.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make capital outlay project awards under the systems-based capital outlay process to the districts set out in the award spreadsheet on page 1 for the purposes and in the amounts specified, including any special conditions contained in the award language for each school. Each allocation is intended to fully complete the project, phase, or specified purpose. Motion was unanimously approved.

**c. 2017-2018 Additional Conditions – Awards Subcommittee Recommendations**

Mr. Kearney drew attention to the meeting material, noting the changes to the conditions as highlighted.

**MOTION:** Council approval of the Awards Subcommittee recommendation that systems-based capital outlay awards are further subject to the Additional Conditions presented in the meeting notebook. Motion was unanimously approved; Mr. Peralta was not present during the vote.

**d. 2017-2018 Master Plan Assistance Program – Application & Procedures**

Ms. Casias reminded members the Master Plan Assistance Program occurs on an annual basis. If approved, applications will be due mid-October with potential awards made in November. The estimated state share of both district and state charter FMPs could be \$779,381.67. PSFA currently has \$400,000 included in the financial plan for the 2017-2018 master plan awards.

**MOTION:** Council approval of the Awards Subcommittee recommendation to send the 2017-2018 Facilities Master Plan application and procedures to all school districts and state authorized charter schools in accordance with the timeline presented. Motion was unanimously approved; Mr. Aguilar was not present during the vote.

**e. PSCOC Work Plan/Timeline (*informational*)**

Mr. Kearney presented the work plan/timeline and noted it reflected changes previously made by Council.

**6. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**

**a. NMSD – P15-010 – Cartwright Hall – Construction Funding**

In 2014, the Legislature appropriated \$7,038,650 to the New Mexico School for the Deaf for the Cartwright Hall project based upon the district's master plan estimate. Throughout the course of design, the architect's estimates identified a significantly lower than anticipated cost. In March 2016, Council approved an adjustment to the financial plan to reduce the out-year estimate to \$4.1M. Based upon actual proposals, the total project cost is anticipated to be \$6,164,578. Staff recommends a final award of \$6,164,578 which is \$873,787 less than the original appropriated amount. The increase in the local share amount of \$5,460,741 with a 100% local share for support space. The project shall be funded from the Public School Capital Outlay Fund appropriated through the balance of the 2014 HB55 appropriation. According to the FIMS database, the district is performing good maintenance. Their five year FMAR indicates high satisfactory with an average of 78.58% and a recent school site rating of 86.33%. Ms. Rosemary Gallegos, Superintendent, and Mr. Harold Moya, Facilities Project Manager,

were in attendance. Per Ms. Gallegos this project will serve the most vulnerable students, the youngest who have no services in remote areas of the state. The facility will also serve transition students in the independent living skills program and serve the outreach districts with support and expertise. Ms. Gudgel noted the space is considered through the adequacy standards created for the special schools and the school is responsible for 100% of the funding. The appropriation was for the period 2014 through the end of FY18. Ms. Irion stated as all project expenditures will not occur by June 30, 2018 a recertification will be needed. Ms. Gudgel suggested Ms. Irion work with Ms. Kehoe and the Legislative Finance Committee to ensure this is added to the reauthorization bill.

**MOTION:** Council approval of the Awards Subcommittee recommendation to amend the 2014-2015 standards-based award to the NM School for the Deaf for Cartwright Hall to include construction to adequacy. The increase in the local share amount of \$5,460,741 (100% local share for support space) is approved to be funded from the Public School Capital Outlay Fund through the balance of the 2014 HB55 appropriation and to be administered by PSFA. As there was opposition to the motion the votes were recorded as noted below:

Ms. Clarke – No	Mr. Burciaga – Yes	Mr. Peralta – Yes
Mr. Aguilar – No	Mr. McMurray – Yes	Ms. Gudgel – Yes
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

By a vote of 7 to 2 the motion passed.

Ms. Kelly inquired if costs could be tracked as they relate to historical preservation; Mr. Avila replied in the affirmative. Ms. Clarke suggested tracking cost per square foot of every construction and every renovation project; Mr. Kearney replied costs are tracked on new construction and renovation, however numbers are skewed depending on the level of renovation.

**b. Broadband Deficiencies Correction Program – 2017 Awards**

Per Mr. Viorica, these awards address equipment upgrades at 47 schools and represent approximately \$1.8M in upgrades. Some 2017 projects have already received Funding Commitment Decision Letters from the E-rate program and those projects will be brought before Council in October for final approval. Mr. Abbey asked Mr. Viorica if he could provide to Council the transparency on pricing ESH presented earlier on the agenda; Mr. Viorica clarified ESH was referring to the cost of internet access services, whereas these projects relate to equipment upgrades. Mr. Viorica did note the information ESH referred to is posted on both the PSFA and Broadband for Education websites. Mr. Viorica added that the maps presented in previous meetings showing the progression from year-to-year can be brought back in future meetings.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDGP) Category 2 budgetary awards of E-rate project amounts to provide the state match to eleven districts/schools, for the purposes and up to the amounts specified. Actual award requests will be based on Funding Commitment Decision Letters (FDCL) amounts and will be presented to the Council for final approval. Motion was unanimously approved; Ms. Gudgel was not present during the vote.



**c. Broadband Deficiencies Correction Program – UNM/EDAC Funding Request**

PSFA continues to coordinate efforts with PED, DoIT and ESH to make progress on the Governor's Broadband for Education Initiative. The mapping and data analysis provided by EDAC is helpful to this initiative. Mr. Darryl Ackley, Cabinet Secretary/State CIO, presented the proposal made during the Awards Subcommittee. Instead of an original \$270,000, 30-month contract, Mr. Ackley proposed \$12,000 per month through the end of the fiscal year with DoIT providing \$30,000 of in-kind funding to include some general broadband deliverables. DoIT is seeking additional funding mechanisms outside of the BDCP to continue after the end of the fiscal year. The contract will be for 9 months and DoIT will provide an update on the results of the contract to the Awards Subcommittee in the spring of 2018. Discussion continued on how much PSFA and school districts were using the information. Ms. Kelly asked how PSFA was not using the service as it has been used in the past and appeared to be working. Mr. Kearney replied that staff could bring a presentation to the Subcommittee as to what exactly the maps are and what can or cannot be gleaned from them. Mr. Abbey agreed and requested the information be brought to the Committee in the future. Ms. Gudgel thanked Mr. Ackley for working with the Subcommittee and presenting a proposal members are comfortable with; Mr. Guillen agreed.

**MOTION:** Council approval of the Awards Subcommittee recommendation to award funding not to exceed \$78,000 for mapping and data collection and analysis work by UNM's Earth Data Analysis Center (EDAC). DoIT will contribute \$30,000 to include general broadband deliverables in the EDAC scope of work for a total contract sum of \$108,000. DoIT will present regular updates on the results of the work for public schools broadband upgrades. Motion was unanimously approved.

**7. Other Business**

**a. Disposition of PSFA Property**

No discussion; motion was read and unanimously approved.

**MOTION:** Council approval of the AMS Subcommittee recommendation to dispose of 69 obsolete computer equipment items along with the certification of sanitation from PSFA in accordance with Section 13-6-1 and 13-6-2 NMSA 1978. Motion was unanimously approved.

**b. Proposed Changes to Facilities Master Plan**

Ms. Casias drew member attention to the visuals (binders) located on the presentation table.

**MOTION:** Council approval of the AMS Subcommittee recommendation to move forward with proposed changes to the Facilities Master Plan guidelines. Motion was unanimously approved.

**c. State Fire Marshal Reimbursement (*informational*)**

Ms. Casias presented the information found within the executive summary. The State Fire Marshal's Office wishes to exercise the ability to receive reimbursement for all PSCOC related

inspections and plan review at a cost of \$150 per inspection. Mr. Aguilar confirmed projects would be prioritized, Ms. Casias stated PSFA will request the same consideration as they do with CID which is a 3-5 day turn-around for plan review and inspections within 24 hours, with proof of such in order to obtain reimbursement.

**d. Public School Capital Outlay Act Funding: Clarification and Eligibility for Inclusion of Teacherages (*informational*)**

Adequacy standards allow for teacherages. Ms. Casias reiterated teacherages are not included in the ranking. Mr. Guillen inquired as to where it states teacherages are an eligible activity noting verbiage states they shall meet standards and felt opening funding for teacherages would be a mistake as Council is already facing difficulty funding projects. Mr. Kearney clarified this was a Task Force item PSFA was asked to bring forward. The information was shared with the Council in order to keep them aware of the discussion the Task Force had. Mr. Abbey reiterated no applications have been received and did not contemplate inviting applications for a teacherage program however, some districts have them and need them and this is a vehicle that may come before Council in the future.

**8. Informational**

**a. Broadband Deficiencies Correction Program Status Report**

Progress is being made with over half of the Category 2 upgrade projects complete or in closeout stage. 2017 projects are moving forward and staff is assisting with projects for 2018.

**b. PSCOC Project Status Report**

This item was not presented.

**c. Master Plan Project Status Report**

This item was not presented.

**d. Lease Assistance Status Report**

This item was not presented.

**e. Maintenance Program Status Report**

The FY16 FMAR cycle was closed with 72% of the schools completed. PSFA is working on a new version of the dashboard.

**f. FY18 Budget Projects and Personnel Update**

This item was not presented.

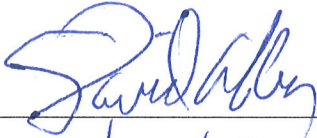
**10. Next PSCOC Meeting – Proposed for October 12, 2017.**

Mr. McMurray read a letter of appreciation thanking Mr. Aguilar for his many years of service to the State and wished him well in his retirement. Ms. Kelly thanked Mr. Aguilar for his help and guidance on the Council. Mr. Aguilar thanked the Council and staff for everything they have done in making the program a success.



Mr. Burciaga read a letter of appreciation thanking Mr. Kearney for his many years of service to the Agency and wished him well in his retirement. Mr. Kearney thanked PSFA staff for their support and acknowledged his continued support for the agency. Mr. Kearney also thanked Mr. Aguilar for his dedication to the students of New Mexico and congratulated him on his retirement as well. Mr. Abbey and Mr. Murray were also thanked for being supportive of Mr. Kearney and the program.

**11. Adjourn** - There being no further business to come before the Council, Mr. Abbey moved to adjourn the meeting. Ms. Gudgel seconded and the motion passed unanimously. Meeting adjourned at 4:11 p.m.



Chair



Date