

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
December 18, 2018
STATE CAPITOL BUILDING, ROOM 307
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Pat McMurray, CID
 Mr. Raúl Burciaga, LCS Mr. Antonio Ortiz, PED
 Mr. Joe Guillen, NMSBA Mr. Gilbert Peralta, PEC
 Ms. Rachel Gudgel, LESC Ms. Nina Carranco, DFA
 Ms. Sara Fitzgerald, Office of the Governor

1. **Call to Order** – Chair Abbey called the meeting to order at 8:35 A.M.
 - a. **Approval of Agenda** – Chair Abbey asked if there was any objection to the agenda presented; as there was none the agenda was unanimously adopted.
 - b. **Approval of Minutes (November 8, 2018)** – Mr. Burciaga moved for Council approval of the November 8, 2018 minutes subject to technical corrections. Mr. Peralta seconded and the minutes were unanimously adopted.
 - c. **Correspondence** – Mr. Abbey read letters of acknowledgement and appreciation for three departing Council members; Mr. Peralta who has been on the Council for 5 years representing the Public Education Commission; Mr. McMurray who has been on the Council for 5 years representing the Construction Industries Division and also serving as the PSCOC Vice-Chair; Ms. Fitzgerald who has been on the Council for 1 year representing the Office of the Governor. Mr. Guillen thanked the three members for their contributions to the programs as well as to their hard work in their daily jobs. Ms. Carranco added that she appreciated their commitment and how much help they offered her. Mr. Abbey then read a letter to Ms. Natalie Diaz, former PSFA Regional Manager, thanking her for her service and dedication over the last 15 years. Mr. McMurray thanked everyone for their work and acknowledged it had been an honor to serve and wished the PSFA continued success in their work on the schools throughout the State of New Mexico.
2. **Public Comment** – Mr. Abbey had audience members and staff introduce themselves.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

Ms. Irion reviewed the changes to the financial plan since the last meeting: Revenue estimates were received; originally projected at \$176.3M the new bond projection is \$163.7M which is a reduction of \$12.6M on the financial plan; out-year estimates are yet to be received and incorporated. Total awards in the amount of \$846,237 were made consisting of BDCP Category 2 Equipment for \$511K, Consortium Procurement Support (REC5) Contract for \$5K, and CID Reimbursement and State Fire Marshal Reimbursements for \$250K and \$80K

respectively. The Española Abiquiu ES project was delayed due to district readiness; PED is administering the district's finances and as the district is not currently prepared to meet their local share the project has been moved out one year. Pending Council approval is the Roswell Del Norte ES project for \$14.5M; the financial plan estimate was not adjusted as it appears the project will come in at the current budget. Facility Master Plan awards originally listed at \$400K have been reduced by approximately \$160K and now reflect a \$240K amount for the state share and will be presented for Council approval. The 2015-2016 awards cycle has been updated to reflect the movement of the Española Abiquiu project. November draw requests were processed for approximately \$8.3M and the PSCOC Fund Balance is currently \$240.0M prior to the estimated bond sale of \$163.7M at the end of the month. Ms. Irion drew attention to the graphs depicting the SSTB revenue amounts and draw requests by fiscal year which had been requested by the Chair of the Awards Subcommittee. The estimated uncommitted balance for FY19 is \$179.1M.

b. Certification of SSTBs

Ms. Irion noted that the information would be presented as informational during the Awards Subcommittee and final action would be taken by the Council. Mr. Guillen added that DFA and LFC were given authority to ensure the dollar amounts were accurate and to make changes as necessary. Ms. Irion noted the resolution remains the same and the fall certification sheet was updated with the actual sale amount projected by Board of Finance. Not included in the certification is the PSFA operational budget and the appropriations yet to be made through the legislative process for the \$25.0M for instructional materials and transportation funds. Recertification's are made as needed based on when projects come forth and when items are required for funding.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt the December 2018 Certification and Resolution to sell SSTBs in the amount of \$185,573,348. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

4. 2018-2019 Awards Cycle

a. 2018-2019 Lease Assistance Awards – Adjustment for North Valley Academy

PSFA received an application for a new lease for existing space for the North Valley Academy art space. Originally, the art space was incorporated into a previous lease and had been separated by the lessor. The net square footage was validated by PSFA and the E-Occupancy was received. The calculated lease reimbursement for North Valley Academy is \$37,108; the annual lease amount is \$45,315. North Valley Academy received an award for their main campus in the amount of \$306,458; the total amount for both leases is \$343,566 and does not exceed the per MEM calculation of \$345,301. The charter school has 469 students.

MOTION: Council approval of the Awards Subcommittee recommendation to award in the amount of \$37,108 to Albuquerque – North Valley Academy (art space) for FY2018-2019 lease assistance. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

b. 2018-2019 Master Plan Assistance Program Awards

Mr. Guillen read the executive summary and Ms. Casias noted that after a review of the statement of financial position for South Valley Prep, it was determined that they had enough funds available for their local share. Ms. Carranco clarified the amount under consideration was found in Column M, entitled State Share Excluding Waivers for \$229,575.89; Ms. Casias replied in the affirmative. Mr. Abbey asked if the matches were under the new or old formula; Ms. Casias replied they were under the old formula and would change under the new awards cycle in FY20. Ms. Gudgel added that the new split phases in over three or four years.

Motion: Council: Council approval of the Awards Subcommittee recommendation to make 2018-2019 Facilities Master Plan awards as listed to the districts/state-chartered charts up to the estimated amounts specified on lines 1 through 8 in the spreadsheet of this agenda item. These amounts represent the state share portion of the estimated cost to develop a facility master plan at each of these districts/state-chartered charts to the PSFA guidelines and require a corresponding district match as set forth in the current state/local match formula. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

5. 2019-2020 Awards Cycle

a. 2019-2020 PSCOC Work Plan/Timeline

Mr. Guillen noted there had been Subcommittee discussion pertaining to adjusting some dates to coincide with the main mission of the PSCOC; Ms. Cano stated the next cycle award timeline was planned through December 2019 and included all proposed Subcommittee and PSCOC meeting dates. The draft funding program schedule provides a timeline of all funding programs under the preview of the Council. Mr. Guillen asked about the impact at the local level in terms of the workload and the various applications the schools would be preparing and asked if there was any part of the year that would heavily burden them over another; Ms. Cano replied that the summer presents its own challenges as far as the administrative work and acknowledged this has not been directly shared with the districts for feedback; however, it was not anticipated that there are any potential scheduling impacts for the districts.

Mr. Abbey inquired as to the delay in awards as they had, in previous years, been done in the summer; Ms. Cano replied that the change was made last year as it was found that applications were opened during the time that a preliminary ranking was released which resulted in data fluctuations. Upon reevaluation, staff proposed instead of making funding decisions on a preliminary ranking that it may be in the Council's best interest to adopt a final ranking from which to release the application period. The current schedule anticipates the early work to adopt the category weights and on December 31st all of the systems in the Facility Assessment Database can be aged another year, the preliminary ranking can be released, appeals can be made and applications can be released in the early spring. In anticipation of another year of high demand, the schedule allows for some additional time to provide the in-depth analysis required by the Council and is a one month push from last year.

Mr. Abbey said with bonds being sold in June and funds not being allocated until three months later the timeline could be cut for standards and systems-based projects. Ms. Carranco added that the schedule allows staff to focus on security separate from the standards and systems

programs and stressed that given the current demand on staff, it might be good to keep a little space between the processes. Ms. Cano stated that historically the standards-based process did take a full year to implement and noted that staff has made some effort to reduce the schedule by two months to accelerate the overall process. Mr. Guillen felt the staff comments should be taken in to consideration and thought that timeline could be cut a little for the standards-based projects but that the workload needed to be taken into consideration. It was suggested speeding up the planning and design phases and getting them to construction quicker would be helpful but cutting them back two or three months from the schedule presented would be very difficult. Ms. Gudgel raised concerns about the constitutional duty of the Council appearing to be done last; Ms. Carranco agreed with Ms. Gudgel.

Motion: Council approval of the Awards Subcommittee recommendation to adopt the 2019-2020 proposed PSCOC Work Plan/Timeline, subject to change as deemed necessary by the PSCOC. As this was a Subcommittee recommendation a second was not needed and the motion was approved 8 to 1 with Mr. Abbey voting in the negative.

c. 2019-2020 Weight/Rank Methodology – NM Condition Index (wNMCI)

Ms. Casias stated that originally presented to the Awards Subcommittee was a recommendation to change the weight factor of Category 4 Beyond Expected Life from 0.625 to 1.0. The materials presented showed a weighted NMCI shift for every school equally. Upon additional review of the changes being implemented, it was noted that Category 4 is going to cause fluctuation and wouldn't reflect a universal shift to everyone in the ranking therefore, staff is recommending that the weight remain at 0.625. In addition, staff is looking at a new FAD system and felt if the category weight were to remain the same during the transition between systems, the data could be better studied for comparison to ensure everything is correct in the new FAD system.

Motion: Mr. Guillen moved for Council approval of the staff recommendation to continue the current NMCI Weight Ranking Factors for the full 2019-2020 award cycle. Ms. Carranco seconded and the motion was unanimously approved.

c. 2019-2020 Variance Renewal – Charter & Alternative Schools

Ms. Casias reminded members this item is reviewed and approved on an annual basis. The variance requires that charter schools and alternative schools meet facility structural integrity, life health and safety requirements and general classroom net square footage requirements per student as set forth by PED.

Motion: Council approval of the Awards Subcommittee recommendation to approve the variances for all alternative schools and those charter schools that have not been renewed. The charter schools that are in at least their first renewal period will be evaluated based on their current programs, enrollments and alternative facility use to determine specific facility needs and will be ranked accordingly. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

d. 2019-2020 School Security Program – Review of Lessons Learned and Discussion of Proposed Changes *(informational)*

Mr. Chamblin reminded members that staff had been asked, following the first year of the security projects funding program, to bring back some recommendations for improvement for next year's cycle as well as lessons learned from last year's cycle. Mr. Chamblin highlighted the list of items included in the meeting material. Mr. Chamblin stated they would like to make it a hard requirement for the next year to require any applicant to get an estimate/quote for any particular item/project that they have listed on their application. Mr. Abbey confirmed this was an informational item and the next step would be to take proposed changes to the AMS Subcommittee; Mr. Chamblin agreed. Mr. McMurray expressed his appreciation that 1 areas were being looked at that could be tweaked for better efficiency and cautioned that it be kept simple, clear and concise. Mr. Guillen complimented the staff on implementing the new program within a short period of time. Ms. Gudgel stressed linking the security assessments to what is being funded.

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

a. Roswell – P16-003 – Del Norte ES – Construction Funding

Ms. Casias stated this was a request for construction funding to adequacy for Del Norte ES. The project has come in within the original budget. Bid tabulations have resulted in no change to the state share to adequacy in the amount of \$14.4M. In its continued effort to reduce costs, the district has requested a best and final offer from the offerors. The total project cost to adequacy is \$22.0M with a state share total of \$16.0M. Mr. Jeremy Sanchez, Regional Manager, added that the district is currently in the RFP process, of which two responses have been received. Originally the request was based on the design professional's estimate, the numbers have since been adjusted to reflect actual proposal amounts. Mr. Mac Rogers, Construction Coordinator, thanked the Council for their consideration for funding and added that the district intends to fund their local share through the 2015 GO Bond authorization; their 2019 authorization will come up in February. Costs have been reduced and the district continues to work with PSFA and the design professional on value engineering to further reduce costs. Ms. Gudgel inquired as to why the project was being presented for Phase 2 funding now and not in January after the RFP is completely processed; Ms. Cano stated occasionally an architect's estimate has been brought forth and typically deals with a timing of the opening of the bids. Mr. Rogers stated the bids were received on December 4th and expire in 60 days. Mr. Abbey requested this be brought back at the next meeting as an informational item to clarify there was no adjustment to the budget; Mr. Chamblin agreed.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2015-2016 standards-based award to the Roswell Independent Schools for Del Norte ES to include construction to adequacy for 576 students, grades K-5, with an increase in the state share amount of \$14,454,000 (73%), and a corresponding increase in the local share amount of \$5,346,000 (27%). As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. Alamogordo – P19-001 – Holloman ES – Award Language Change

The district is asking for an award language change, with no change in the award amount, to include demolition of the intermediate school which is on the shared site with Holloman ES. The district believes the current award amount is sufficient to accomplish the demolition of both the existing Holloman ES and Holloman Intermediate School. District representatives thanked the Council for their consideration of the award language change and agreed with Mr. Chamblin that the current award would be sufficient to cover the cost of demolition.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation for planning and design for a replacement facility to the GSF pursuant to the Adequacy Planning Guide with a core capacity of 600 initial classrooms for 500 students, grades K-5. Award includes demolition of existing Holloman Elementary School and existing Holloman Intermediate School. The playfield/track on this site is excluded from the scope of this award. Any federal funding to support this or future phases will be primary sources to complete the work; non-funded balances for the scope of work may be considered at future PSCOC meeting for award at the state/local match percentages. Mr. McMurray seconded and the motion was unanimously approved.

7. Other Business

a. Update on Charter Workshops (*informational*)

Five of the six state-wide workshops have taken place and have been very productive with good feedback being received. The charter schools have expressed appreciation in the existing processes, how they work, what the statutory rules are, etc. and have greater clarity on the lease assistance program. Staff has received good ideas from charters and some will be brought to Council in January on how to improve the lease assistance program. The charter school survey is being finalized and will be posted on the PSFA website this week.

b. Strategic Plan Action Items (*informational*)

Council had requested an update on the strategic plan, the process and what people/groups were doing specifically to address the five focus areas and goals within the plan. Mr. Chamblin stated that staff is actively engaged in formulating ways to address the strategic plan and acknowledged that updates will be brought back on a regular basis; making it a transparent process so that the Council can see what is being done to address the strategic plan.

c. PSCOC Supported Legislation (*informational*)

Based on the memorandum distributed by LFC staff at the November Council meeting, and included in the meeting material, suggested potential changes to the Public School Capital Outlay Act were highlighted.

8. Informational

a. Broadband Deficiencies Correction Program Status Report

No significant changes.

b. PSCOC Project Status Report

No significant changes.

c. Master Plan Project Status Report

No significant changes.

d. Lease Assistance Status Report

Aldo Leopold Charter School will not be moving in to Ritch Hall until August 2019. This has been removed from the awards for lease assistance. North Valley Academy, acted upon earlier, will be added. There are 100 lease assistance awards totaling \$15.7M.

e. Maintenance Program Status Report

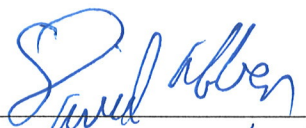
Maintenance performance in New Mexico is maintained at a 71% performance rating.

f. FY18 & FY19 Budget Projections and Personnel Update

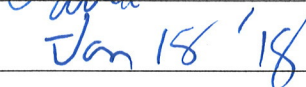
Two positions have been filled with a tentative third, all to begin in December. The remaining approved vacancies currently in the interview stage are for two regional managers and one central coordinator. The schedule for professional development plan implementation will be brought in January; staff is encouraged to formulate and engage in a professional development process year-to-year. Policy updates are being reviewed and updated and will be brought forth for Council review later in the fiscal year.

9. Next PSCOC Meeting – Proposed for January 18, 2019

10. Adjourn - There being no further business to come before the Council, Mr. McMurray moved to adjourn the meeting. Mr. Burciaga seconded and the motion was unanimously approved. Meeting adjourned at 10:27 A.M.



Chair



Date