

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES**

January 24, 2020

**STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. Joe Guillen, NMSBA Mr. Raúl Burciaga, LSC
Mr. Antonio Ortiz, PED Mr. David Abbey, LFC (arrived 1:45)
Ms. Rachel S. Gudgel, LESC Mr. David Robbins, PEC (arrived 2:10)
Ms. Stephanie Rodriguez, Office of the Governor

Designee: Mr. Martin Romero (for Ms. Marguerite Salazar, RLD)
Ms. Donna Rivera (for Ms. Olivia Padilla-Jackson, DFA)

1. **Call to Order** – Chair Guillen called the meeting to order at 1:31 P.M.
 - a. **Approval of Agenda** – Chair Guillen asked if there was any objection to the agenda presented; as there was none the agenda was unanimously approved with Mr. Abbey and Mr. Robbins absent from the vote.
 - b. **Correspondence** – Three pieces of correspondence were included in the meeting material; a letter of appreciation to Ms. Irina Ivashkova thanking her for her many years of dedicated service and well wishes on her retirement from PSFA, a letter from Mr. Michael Hallock, II regarding mold and other serious issues at Columbia ES and email correspondence regarding a waiver request from the Gallup-McKinley School district.
2. **Public Comment** – Las Cruces School Board President Terrie Dallman and Vice-President Maria Flores addressed the Council and spoke to their concerns regarding the condition of Columbia ES as well as the community's desire for the school.
3. **Presentation on Cyber Security in NM Schools – PED, DoIT, NM IT Directors Cyber Security**

Mr. Lee Reynolds, IT Director (Rio Rancho Public Schools), presented on behalf of the New Mexico IT Directors Cyber Security Forum. Mr. Reynolds acknowledged that he came up short on the action item requested by Mr. Abbey at the December PSCOC meeting (Mr. Abbey had suggested collaboration with PSFA to provide a checklist to Superintendents on short and long term needs, and were encouraged to continue communicating with the districts on what they need to be doing and what is being looked at during the legislative session; information was to be provided to members the first week of January). Mr. Reynolds did provide the strategic awareness plan which included a survey to help identify the gaps within the school districts. Mr. Bob Simpson, IT Manager (Reserve Independent School District), and Mr. Jeffrey Tull, Technology Director (Socorro Consolidated School District), provided a proof of concept for the West Central Consortium which was successful in bringing a common WAN between the participating school districts as well as reducing costs from \$40

per MG to \$7 per MG for connectivity. It was noted that the smaller districts don't have the capacity, knowledge or capability to deal with the cyber security issues and the only way to do so was to form the consortium. Socorro has agreed to be the entry/exit point for these schools. The infrastructure that is being put in to place has implications for state-wide scalability. Cyber-security issues are ongoing and smaller districts banding together allows economies of scale to be provided. Mr. Jason Johnson, Deputy State CIO for DoIT, noted that parallel systems are in place and an enterprise cyber security unit has been created to look at potential areas for upgrade. Ms. Rodriguez noted that cyber security has been added to the PED executive budget via the Governor's office. Mr. Guillen stated the announcement had been made by the Governor at an earlier meeting which received good response from the members, superintendents and school boards that were in attendance.

4. PSCOC Financial Plan

Mr. Evans reviewed the changes to the financial plan since the last meeting: an award of \$1.7M to Las Vegas City for Los Niños ES and an award to NMSBVI of \$2.3M for Quimby Gym. Up for potential Council action is the request for emergency award to Mora Public Schools for \$150K and the HB55 Appropriation to NMSBVI for Sacramento Dormitory which was already identified within the financial plan and reflects no change. New revenue projections have been received from the Board of Finance for the next four years; estimates are down slightly in each year for a total reduction of \$22.8M. The projected Fund balance, as of January 3, 2020, is \$264M.

5. Consent Agenda

- a. Approval of Minutes – December 17, 2019
- b. 2020-2021 Final wNMCI Ranking
- c. BDCP – 2019 Category 1 (Fiber) Awards
- d. BDCP – 2019 Category 2 (Equipment) Awards
- e. BDCP – Renewal of E-rate Central Agreement
- f. NMSBVI – P14-020 Sacramento Dormitory – Approval of HB55 Appropriation
- g. Recertification of SSTBs

Mr. Guillen read through the items listed within the consent agenda and asked members if any item needed to be pulled for discussion; as there was none, a motion to approve was made.

MOTION: Ms. Gudgel moved for Council approval of the consent agenda. The motion was unanimously approved. Ms. Rivera seconded and the motion was unanimously approved with Mr. Burciaga and Mr. Robbins absent from the vote.

6. 2020-2021 Award Cycle

a. 2020-2021 Systems-Based Program Changes

Mr. Chamblin reviewed information listed within the executive summary and highlighted the items listed under "key issues." The major, proposed change for the program is to limit the eligible system types to target this program to fix building systems around the state known to be in a critical state of failure. The focused list of eligible systems was reviewed in detail by Mr. Chamblin. Mr. Guillen sought clarification on the inclusion of demolition as a system and questioned if it was a serious issue with the districts. Mr. Chamblin replied

that for the last several year's demolition has been a fundable system type eligible for application and funding as districts have a difficult time disposing of abandoned/underutilized buildings and is a hard sell for bonds. If a district sees there is some state funding that could go towards demolition it would make the ability to dispose of buildings easier. Ms. Gudgel suggested adding site drainage to the motion; Mr. Guillen agreed.

MOTION: Ms. Gudgel moved for Council approval to adopt the proposed program changes as outlined in the 2020-2021 Systems-Based Program Change document attached to this agenda item with the addition of site drainage. Ms. Rivera seconded and the motion was unanimously approved with Mr. Burciaga and Mr. Robbins absent from the vote.

b. 2020-2021 Capital Funding Application Announcement & Preliminary Funding Pool

Ms. Cano noted that the application announcement, which began with the standards-based program and has been updated regularly to include other programs (i.e.: systems and pre-k) which will use the same award timeline. The added programs are included both within the application announcement and within the application for the school districts. Ms. Cano drew member attention to the proposed changes in the application letter and highlighted any that were considered "significant." The timeline reflects that awards are proposed to be made in July.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to release the 2020-2021 application announcement and timeline with a preliminary funding pool of the 2020-2021 Final wNMCI Ranking as follows:

- For standards-based requests, facilities within the top 100;
- For systems-based requests, facilities within the top 300;
- For pre-kindergarten classroom requests, all facilities in the ranking.

Based on the number of pre-applications received by the February 14, 2020 due date, a final funding pool will be established that will be used to determine eligibility to complete the full application and be considered for an award. As this was a subcommittee recommendation a second was not needed and the motion was unanimously approved with Mr. Burciaga absent from the vote.

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

a. Gallup – 2019-2020 Systems-Based Awards – Reconsideration of Local Match Reduction

Mr. Tim Bond, Assistant Superintendent; Ms. Roxy Flanders, Director of Maintenance and Construction; and Ms. Jvanna Hanks, Assistant Superintendent, participated via phone. Ms. Gudgel began by reiterating that there was not a Subcommittee recommendation and after having reviewed the data in Subcommittee members decided to maintain the Council's action for a 30% reduction. The district was requesting an additional waiver for \$969,690; of which, the only amount that could potentially be waived was \$941,770 because of required offsets that Council is not statutorily authorized to waive.

Mr. Evans reviewed information listed within the executive summary in detail and Mr. Guillen clarified that considering the district's request, staff has reviewed the figures and are confident that the original recommendation to grant up to a 30% waiver was correct; Mr. Chamblin replied in the affirmative. Ms. Gudgel commented that there were a number of things moving through the legislative session that also would be available to the Gallup school district if enacted. The SB9 proposal that was drafted gives Gallup the most amount of the additional \$17M that has been spent as well as the \$22M-\$25M for retroactive adequacy program similar to what was done this year but has language in it that asks the Council to prioritize the funding to districts that receive impact aid. Mr. Guillen asked if Mr. Bond had any comment; Mr. Bond replied in the negative. Based on the information provided by Ms. Gudgel on the potential legislation, Mr. Ortiz asked if it would be possible to hold off on a vote until the next PSCOC meeting; Mr. Guillen asked what a delay would do to the projects; if the projects were moving along or if they were being held up based on the decision. Mr. Bond replied that the projects were at a standstill. Ms. Rivera then asked for the district to explain the districts cash balance and what the plans were for the money. Ms. Jvanna Hanks stated that PSFA and PSCOC were provided the information in writing and acknowledged that the district has numerous temporary cash transfers which is a rolling problem and as more of the funds are being targeted toward temporary cash transfers the district is having to move more funds into the loan. Additionally, the district targeted some funds to a project that they needed to accomplish as soon as possible at the beginning of the year and PED allowed the district to budget approximately \$2.0M for David Skeet ES because they didn't know when awards were going to occur and for health and safety reasons the district felt the project could not wait. The district also pledged funds towards the E-rate program. Mr. Guillen expressed concern that the projects were at a standstill. Discussion continued regarding the uses for the district's funds that are identified in the statement of financial position.

MOTION: Ms. Gudgel moved for Council approval to deny Gallup-McKinley County Schools' request for an additional local match reduction for the balance of the 2019-2020 Systems-based awards for the Gallup HS, Crownpoint MS, and Tse Yi Gai HS. The final net state and local match requirements are outlined in the attached Adjustments for Partial Local Match Reduction spreadsheet of this agenda item. Mr. Robbins seconded and the motion was unanimously approved.

Additional comment(s): Per Mr. Abbey, in a lot of the emails regarding this request for a waiver, there have been conversations involving some of the things that Council has talked about, i.e.: when waivers happen, pilot programs and retroactive awards, and felt that one of the concerns is how important it is to be consistent. Mr. Abbey reiterated that the Council has tried to be consistent over the years, however, there is not a policy and this situation is a reminder of the need to be more predictable and suggested that the AMS Subcommittee work on a waiver policy that is in writing. The policy should actually be viewed as a guideline as it is difficult to think about every possible situation to be flexible on. Mr. Guillen agreed and stated the recommendation would be formally passed on to the AMS Subcommittee. Mr. Guillen also noted he felt today's action was consistent and no new precedent was being set.

8. Informational**a. Mora Request for Emergency Award (not to exceed \$150,000) Sewage Lift Station**

Mr. Chamblin noted that the district's request for emergency assistance is for a septic issue. Their lift station is down and the only work around they currently have is for a pump truck to come to the site and pump the sewage. The total project cost is up to \$150,000 and the district will take the \$150,000 as an advance. PSFA is looking at the district's statement of financial position to see if at a future point it may be converted to a grant.

b. PSCOC Project Status Report

There was nothing new to report on this item.

c. Maintenance Program Status Report & Maintenance Cost Analysis


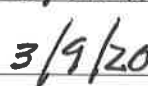
Mr. Tillotson stated that a preliminary analysis was done on PED data with the goal to help New Mexico school districts determine best practices in maintenance and operations. How much should be spent moving forward; how much was spent; what industry standards say. Some challenges noted: data in PED is not always "apples-to-apples." Regardless, it is a tremendous opportunity to move this forward and perhaps look at it on an annual basis. Additional costs have been determined for New Mexico schools; on the low end, some schools are spending between \$2.59 per square foot up to \$12.00 per square foot; the average is \$6.39 per square foot. Staff plans to dive deeper into the details to determine what maintenance is and if it includes utilities and custodial services so that everyone is on the same page. The maintenance program status report highlights that the FMAR ended the year at 70.76% which remains in the satisfactory area of over 460 FMARs done throughout the state.

d. Lease Assistance Status Report

There was nothing new to report on this item.

9. Next PSCOC Meeting - Proposed for March 9, 2020

11. Adjourn – There being no further business to come before the Council, Ms. Rivera moved to adjourn the meeting. Mr. Ortiz seconded and the motion was unanimously approved with Mr. Abbey absent from the vote. The meeting adjourned at 2:51 p.m.

 Chair
 Date