

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES  
May 11, 2020  
VIA VIDEOCONFERENCE**

**Members Present:** Mr. Joe Guillen, NMSBA      Mr. Raúl Burciaga, LSC  
Mr. Antonio Ortiz, PED      Mr. David Abbey, LFC  
Mr. David Robbins, PEC      Ms. Olivia Padilla-Jackson, DFA  
Ms. Stephanie Rodriguez, Office of the Governor

**Members Absent:** Ms. Rachel S. Gudgel, LESC (no designee)

**Designee:** Mr. Martin Romero (for Ms. Marguerite Salazar, RLD)

1. **Call to Order** – Chair Guillen called the meeting to order at 1:30 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.
  - b. **Correspondence** – Mr. Chamblin drew member attention to the letter from the US Department of Education recognizing Albuquerque’s Coyote Willow Family School as a “2020 Department of Education Green Ribbon School”. The Award recognizes that the school, opened in 2017, has design features, curriculum and student projects that touch all three pillars of the Green Ribbon Schools initiative: reduced energy use and other environmental impacts, student and staff health and wellness, and an environmentally responsible curriculum.
2. **Public Comment** – None.
3. **PSCOC Financial Plan**
  - a. **PSCOC Financial Plan**

\*\*\*The PSCOC Financial Plan and Out-Year Scenario were discussed concurrently.

Mr. Evans reviewed the changes to the financial plan since the last meeting: a delay in the SB-9 increase starting with FY22, the elimination of some legislative appropriation funding for school busses beginning in FY21. Items not yet integrated into the financial plan include the elimination of funding for security programs for FY21 and FY22 and limited funding for Pre-K in FY21. Limited funding for emergency reserves for contingencies in FY21. Reduced estimated annual awards for standards and systems for FY22 and the out-years. Mr. Evans noted the variances throughout the years, primarily the new projected revenue projections from the Board of Finance.

Mr. Chamblin suggested members might prefer to discuss the next agenda item, Out-Year Scenario, before taking action on the financial plan. Mr. Abbey and Mr. Guillen inquired

about the suggested changes made during the Awards Subcommittee, as they did not appear in the financial plan presented. Mr. Chamblin replied that the proposed changes were reflected in the Baseline Scenario.

Following additional discussion over the proposed Award Subcommittee changes, Mr. Abbey stated that he and Ms. Padilla-Jackson had heard from Board of Finance staff as well as the economists at LFC and DFA regarding updated projections. Though it appears the long-term bonds might be less than \$67M there is also some opportunity to get extra capacity through a statutory change of what would otherwise go to the service tax permanent fund. Mr. Abbey felt, based on how much revenue is being lost, that Council should take action and certify in June the need in order to get any additional revenue we can in order to keep the program going. Ms. Padilla-Jackson agreed there is a lot of uncertainty in terms of future impact on capacity and that exploring the long-term supplemental tax bonds and certifying a need for increased capacity in June would allow some of the other important programs to get some additional funding in the near term.

Mr. Gillen clarified that the additional funds certified would come into play down the line so that we could move forward, yet, continue to keep a close eye on it and, if there are increases or reductions, PSCOC could still take those at a later date. Ms. Padilla-Jackson replied in the affirmative stating that the increase to the long-term bond probably wouldn't be until FY22 but agreed that it was something to keep an eye on.

**MOTION:** Council approval of the modifications to the financial plan.

**AMENDED MOTION:** Mr. Abbey moved for Council approval of the modifications to the financial plan as outlined in Scenario 1 including any potential certification of funds from bonds sold in June. Mr. Robbins seconded and the motion was unanimously approved.

**b. Out-Year Scenario - *informational***

Mr. Chamblin pointed out that Scenario 1 reflected all of the Awards Subcommittee proposed recommendations and noted that the net effect of making limited awards this year is that the fund is in the negative in FY23. Additionally, staff looked at the impact of any potential delays on any of these projects. Mr. Chamblin acknowledged that many districts anticipate that their projects will slow down in the out-years. A relatively minor six month delay to seven standards-based projects would effectively push the negative \$9.9M in FY23 into the black and potentially reduce the FY24 balance by pushing some of it into FY25. Due to project timing, the staff recommendation is for a cautious, conservative approach to making new awards given the fact that the fund balance, versus the out-year revenue projections, can barely keep up with previously awarded projects.

**4. Consent Agenda**

- a.** Approval of Minutes – April 13, 2020
- b.** Española – P16-002 – Abiquiu ES – Rescind Unexpended Award Balance
- c.** Las Cruces – S19-011 – Rescind Award to Mesilla Valley Leadership Academy
- d.** Capitan – Request to Change Schedule of Advance Repayment

e. Certifications, Recertification and Decertification of SSTBs

Upon Mr. Guillen's request, Mr. Chamblin summarized the items listed within the consent agenda.

Mr. Robbins inquired as to why the Capitan School District wanted to extend their repayment plan. Ms. Patti Nesbitt, Superintendent; Ms. Jamie Shepperd, CFO; Mr. Daryl Lindsay, Board President and Mr. Dennis Rich, Board Secretary, participated via videoconference. Ms. Nesbitt stated when the advance originally occurred and repayment was determined, it was contingent upon a bond being passed; the district has since been unable to pass a bond. Mr. Robbins asked if the revised schedule was contingent on future bond issues or if it was within the current fiscal ability of the district. Ms. Nesbitt replied it was within the current ability of the district.

Following Mr. Guillen's call for additional questions on the consent agenda items, Mr. Ortiz sought clarification on the Las Cruces project asking now that a charter was there, if the building kept the same ranking. Mr. Chamblin replied that the building was previously occupied by Mesilla Valley Leadership Academy (MVLA) and they were ranked within the Top 300 as a school, not a building. Now that MVLA has moved out of the building and it is being occupied by a different school, that schools position in the ranking may or may not be in the Top 300. Mr. Ortiz then asked if the new school was ranked and moved further up the list, if it would be better for members to wait and see where they fell in the ranking rather than rescind and learn later they were worse off than the previous school. Mr. Chamblin replied that the underlying issue is that the original award was for a district school in a district owned building and the current occupant is a state charter. The state charter would be obligated to bring their application for a systems award now that they are in the building. Transferring an award between the district and a state charter would be new. Ms. Gloria Martinez, Director of Construction and Mr. Gabe Jaquez, Deputy Superintendent, participated via videoconference. Ms. Martinez referred to the letter she had written in April (included in the meeting material), requesting that Council not rescind the award. Mr. Robbins clarified this was a district owned building and Dolores Huerta was a state charter and asked if PSFA Rules and Policies requires the charter school to reapply in order to retain the award. Mr. Chamblin replied that historic policy for PSCOC awards has been that the award follows the kids, meaning that an award is given to a school, which is a group of kids, and not to a building. Mesilla Valley was in the building and has since moved so they could request to transfer the systems award to their new building if the new building also had a roof problem. Mr. Robbins clarified it would go against precedent to allow the district to retain the award now that a charter is in the building and the original school has moved out; Mr. Chamblin relied in the affirmative. Mr. Guillen found it interesting that the district would be collecting a lease for the property and wondered what it would do to the match. Mr. Chamblin replied that for state charters, their local match follows the physical school district that they reside in. Mr. Guillen asked if a district could legally provide funding for a state charter; Mr. Chamblin's understanding was that state charters were obligated to bring their own requests for an award and did not recall an instance where a district applied for a state charter in the past.

**MOTION:** Mr. Abbey moved for Council approval of the consent agenda. Mr. Burciaga seconded and roll was called.

Roll Call:

Mr. Abbey – Yes	Mr. Ortiz – Yes	Ms. Rodriguez – Yes
Mr. Burciaga – Yes	Ms. Padilla-Jackson – Yes	Mr. Romero – Yes
Ms. Gudgel – Absent	Mr. Robbins – No	Mr. Guillen – Yes

By a vote of 7 to 1, the consent agenda was approved.

## 5. 2020-2021 Award Cycle

### a. **Security Program Timeline Adjustment**

Originally, when material was presented to the AMS Subcommittee, the staff recommendation was to delay the start of the security program, which was scheduled to have the applications released this month. Given all of the uncertainty, the recommendation has changed to delaying the program to start no sooner than July. As additional conversations have occurred, staff is now suggesting the potential to include other discretionary programs. Mr. Chamblin drew attention to the security program schedule modification and stated the adjustment could also be made to systems, Pre-K and security. Under this plan, standards-based applicants would present in June with awards made in July. Likewise, presentations for systems and Pre-K would take place in July and awards made in August. The security program, if it happens, would start at some point after the July meeting with potential awards made in December. There had also been discussion regarding including an adjustment for the lease assistance awards and potentially moving the awards month from July to August. This would allow Council to consider all of the applications for standards-based awards, make some decisions for the core program, then reassess and consider making potential awards for the discretionary programs.

Mr. Abbey asked if applications had been received for the security program; Mr. Chamblin replied that the application process had not yet been started. Mr. Abbey then clarified that systems and Pre-K applications had already been received to which Mr. Chamblin replied in the affirmative. Mr. Abbey felt Council should not go along with business as usual regarding systems and Pre-K but did feel there was a difference between stopping something mid-stream versus stopping before something is started. Noting that standards should take priority, Mr. Abbey also felt that since systems and Pre-K have already started, it would not hurt to look at them at the same time as standards. Mr. Chamblin reiterated there were several reasons for the proposed delay in considering systems and Pre-K and recalled there will be requests from Council to make design awards in addition to planning, this year. This could have substantial impact on the capacity to the fund to award new systems and Pre-K projects and is the reason staff is suggesting systems and Pre-K applicants present in July rather June. Addressing standards at the June meeting and delaying systems and Pre-K presentations until July, might allow those meetings to occur in person. Logistically, school districts do not have the capacity to compile presentation materials and do the work they need to for systems applications before the June meetings. Given the current situation, Mr. Robbins felt moving meetings

to July made sense; Mr. Abbey and Mr. Burciaga agreed. Mr. Chamblin felt the proposed schedule would work for all parties.

**MOTION:** Approval of the postponed schedule for the security program, with release of the applications tentatively scheduled for July 2020.

**AMENDED MOTION:** Mr. Robbins made a motion to move all programs and district presentations to July. Mr. Abbey seconded and the motion was unanimously approved.

**6. Other Business**

**a. Disposition of Portables**

Mr. Abbey referred to a call he had received regarding interest from the Gallup COVID Strike Force asking if there were any available portables that could be used to help with the COVID crisis. Mr. Chamblin noted staff has been looking at the state-wide inventory of PSCOC owned portables and have identified three that are ready to ship to the northwest part of the state if needed. Staff is also conducting a state-wide survey of districts who own portables and noted there are more district owned portables with restrooms that might be/are available to move immediately for the COVID effort.

Mr. Chamblin acknowledged this issue is separate from the COVID effort, as the district has been negotiating the sale of two portables for more than a year with a local buyer.

Mr. John King, Deputy Director of Operations, participated via videoconference. Mr. King clarified negotiations have been in the works for approximately three years. The district needs to get the portables moved in order to move forward with their projects.

**MOTION:** PSCOC approval to sell two PSCOC owned portables (NMS011 & NMS010), currently located at the Clovis Municipal School District, to Bennett Movers in the amount of \$2,000 per portable for a total of \$4,000. Pending appropriate documentation from General Services Division (GSD). The motion received unanimous approval.

**b. FY19 PSFA Audit - *informational***

Mr. Evans noted the audit reflects an unmodified opinion. There were two findings: the first was for the late submittal of the audit report (material weakness/material non-compliance) and the second was for insufficient internal controls over trial balance, financial reconciliations, budget and reporting (material weakness).

**c. Lease Assistance Application – Status Update**

Mr. Chamblin reviewed the information listed within the executive summary and highlighted that three charter schools have submitted land lease assistance requests for this upcoming awards cycle even though it was very clearly stated that land leases would not be eligible for consideration this year. All applications, leases and dollar requests are currently under review and will be brought back for potential awards at the July meeting.

**d. BDCP – 2020 E-rate Applications Summary**

In 2019, the total applications from New Mexico schools and libraries totaled \$58.0M; this year the total went down to \$46.4M. There are two E-rate categories: Category 1 is related to internet access. We are seeing a decrease in Category 1 based on 1) large fiber-optic builds that are coming to a closure and 2) the reduction in costs for internet access. Due to a decline in per unit costs, a decline is also seen in the funding needed by schools. The result of the upgrades is a 5x increase in the average speed available to schools internet access and approximately 75% reduction in costs. The second category, Category 2 network equipment, is experiencing an increase in the applications from schools and libraries to upgrade internal networks. More schools have applied for funding this year to take advantage of their budgets, which are expiring this year; a new five-year cycle, will begin in 2021. Mr. Viorica noted there was another consortium application in North Central NM benefitting the Dulce, Jemez, Pojoaque, Peñasco, Mesa Vista, and Chama districts. The consortium is helping schools and libraries increase the speed and quality of the internet service while lowering broadband costs. PED has certified Pre-K eligibility for E-rate funding which results in additional funding being available to schools. Twenty-three charters have applied for E-rate funding totaling \$1.2M in requests.

**e. E-rate Funding and Broadband during COVID-19 School Closure**

Mr. Viorica recognized how essential remote learning access is during the COVID-19 pandemic. A recent survey conducted by PED and PSFA show that approximately 70,000 New Mexico households with students do not have access to the internet which is about 23% statewide. Mr. Viorica noted that the percentages are actually higher in rural and tribal areas and recognized the need for over 100,000 devices for these students. There is currently two bills in the US Congress totaling about \$6.0B that would allow the E-rate program, in an emergency approach, to provide funding for schools to secure internet connectivity, devices and cyber security for their students. In the absence of that, schools are currently working with different parties to provide connectivity.

**f. PSCOC Project Status Report**

Mr. Chamblin noted previously awarded projects are represented in the financial plan as out-year obligations for state funding. Part of the research that was done for the financial plan and the out-year scenarios included looking at previously awarded projects to see if those listed as currently not making progress, were holding money or to determine if money was certified for those projects and wasn't being used. The research reflected that there were no projects with funds earmarked for them. Though some projects may not be making progress for any number of reasons, there is no funding being held up.

**g. Budget Projections and Personnel Update**

Staff is working with DFA to prioritize upcoming hires for critical positions.

**7. Next PSCOC Meeting - Proposed for June 2, 2020.** Following discussion, it was decided that there would be no June meetings and the next round of meetings would occur in July.

Mr. Burciaga thanked Ms. Padilla-Jackson for her work on the Council and on behalf of the Administration. Ms. Padilla-Jackson thanked members for their well wishes.

Mr. Chamblin noted that the calendar had been cleared for regular business in June and inquired if there was need for any meetings in June; members agreed there was none.

**8. Adjourn** – There being no further business to come before the Council, Mr. Robbins moved to adjourn the meeting. Mr. Ortiz seconded and the motion was unanimously approved. The meeting adjourned at 3:26 p.m.



Chair

7-13-2020

Date