

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES  
August 17, 2020  
VIDEOCONFERENCE**

**Members Present:** Mr. Joe Guillen, NMSBA      Mr. Raúl Burciaga, LSC  
                         Mr. Antonio Ortiz, PED      Mr. David Abbey, LFC  
                         Mr. David Robbins, PEC      Ms. Rachel S. Gudgel, LESC

**Designee:** Mr. Martin Romero (for Ms. Marguerite Salazar, RLD)  
                 Ms. Renee Ward (for Ms. Debbie Romero, DFA)  
                 Mr. Victor Reyes (for Ms. Stephanie Rodriguez, Office of the Governor)

1. **Call to Order** – Chair Guillen called the meeting to order at 1:32 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** – None.
2. **Public Comment** – None.
3. **PSCOC Financial Plan**
  - a. **PSCOC Financial Plan and Outside of Adequacy Projects Summary**

Mr. Evans reviewed the changes to the financial plan since the last meeting: a \$1.9M unfavorable change to Pre-K awards for FY21 and FY22, a \$400K favorable change in System awards and out-years. In FY21, the security awards have been set to zero. Approximately \$134.6M are projected in awards for this cycle. Mr. Guillen inquired as to the Subcommittee discussions regarding the school security programs; Ms. Gudgel replied that the current challenge is the limited funding capacity and being focused on trying to meet the needs of the standards-based awards, which is the constitutional requirement of the Council. Rather than delay a number of the projects, it was decided to fund them as Council could. Noting not all projects would be starting at the same time, Council felt comfortable funding the larger projects and holding off on the security awards this year and reassessing next year. Mr. Chamblin noted that next year would be the fourth and final year of the security funding appropriation. Mr. Abbey expressed concern that the security awards were very expensive, time-wise, to consider. Mr. Guillen thanked members for the feedback and agreed that Council was on the right track going forward.
4. **Consent Agenda**
  - a. Approval of Minutes – July 13, 2020
  - b. Pre-Kindergarten Funding Program Guidelines
  - c. 2020-2021 Standards-Based Award Additional Conditions
  - d. 2020-2021 Systems-Based Award Additional Conditions

**MOTION:** As there was no objection to the consent agenda, the motion to approve was unanimous.

**5. 2020-2021 Award Cycle**

**a. 2020-2021 Standards-Based Capital Outlay Awards**

Mr. Chamblin reviewed the summary spreadsheet listing the three funding programs and noted that the Phase 1 state match for the standards-based program is \$2.0M with an out-year state match of \$195.8M. Depending on the action taken by Council on the Gallup projects, the offset will be applied to one of the awards made which will affect the dollar amounts for the remaining Gallup projects. PSFA staff is awaiting confirmation from the Gallup school district on which project the offset would be applied to. Mr. Chamblin reiterated that all of the standards-based applications will begin with a planning award except for the Grants project, which would be a planning and design award but not yet construction. Mr. Chamblin drew member attention to the spreadsheet included in the meeting material, which listed the recommended award language for each project.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make capital outlay project awards for the standards-based capital outlay program to the following districts, including any special conditions contained in the award language for each school:

(Zuni) Twin Buttes HS and Zuni HS planning phase \$75,000 state share, \$0 district share; (Carrizozo) Carrizozo Combined School planning phase \$0 state share, \$75,000 district share; (Hobbs) Heizer MS planning phase \$0 state share, \$75,000 district share; (Gallup) Gallup HS planning phase \$XX state share, \$XX district share; (Gallup) Crownpoint HS planning phase \$XX state share, \$XX district share; (Gallup) Navajo Pine HS planning phase \$XX state share, \$XX district share. The awards for Crownpoint HS and Navajo Pine HS are for funding to complete planning and feasibility studies. Upon completion, the district may return to the PSCOC for review of the planning and feasibility studies; the scope of the projects for Crownpoint HS and Navajo Pine HS is subject to future construction awards, at a future PSCOC meeting, based on the results of the planning and feasibility studies. The final state and district share amounts for the Gallup awards will be calculated once the Council takes action and the offset balance is applied. (Grants) Mesa View ES planning and design phase, excluding state participation in Pre-K classrooms from Milan and Mt Taylor, \$1,796,022 state share, \$631,035 district share. (See attached, entitled PSCOC 2020-2021 Standards-Based Capital Funding Applications). Each allocation is intended to fully complete the project, phase or specified purpose. Upon completion of this awarded phase of work, including conformance with all contingencies, out-of-cycle funding for future phases of work may be considered at any upcoming regularly scheduled PSCOC meeting. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

**b. 2020-2021 Systems-Based Capital Outlay Awards**

Mr. Chamblin reviewed the summary spreadsheet listing the systems applicants, which also included the potential award language for each application. The Phase 1 state match for the systems-based program is \$2.2M with an out-year state match of \$2.7M. Mr.

Chamblin noted that the systems awards would follow a one or two phase funding based on the type of project being applied for.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make capital outlay project awards for the systems-based capital outlay program to the following districts, including any special conditions contained in the award language for each school:

(Clovis) Clovis HS design and construction phase \$967,357 state share, \$434,609 district share; (Hatch Valley) Hatch Valley MS design and construction phase \$220,397 state share, \$38,894 district share; (Gallup) Tohatchi MS design and construction phase \$XX state share, \$XX district share; (Las Cruces) Tombaugh ES design phase \$165,548 state share, \$165,548 district share; (Las Cruces) Ocate HS design phase \$139,862 state share, \$139,862 district share. The final state and district share amounts for the Gallup awards will be calculated once the Council takes action and the offset balance is applied. (See attached, entitled PSCOC 2020- 2021 Systems-Based Capital Funding Applications). Each allocation is intended to fully complete the project, phase or specified purpose. Upon completion of this awarded phase of work, including conformance with all contingencies, out-of-cycle funding for future phases of work may be considered at any upcoming regularly scheduled PSCOC meeting. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

**c. 2020-2021 Pre-Kindergarten Awards**

This item did not have any discussion and following the reading of the motion action to approve was taken.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make capital outlay project awards for the Pre-Kindergarten Facilities capital outlay program to the following districts, including any special conditions contained in the award language for each school:

(Hatch Valley) Garfield ES design and construction phases \$403,550 state share, \$71,215 district share; (Los Lunas) Peralta ES design and construction phase \$2,246,400 state share, \$1,319,314 district share; (Los Lunas) Gabaldon ES design phase and construction phase \$2,805,660 state share, \$1,647,769 district share. (See attached, entitled PSCOC 2020-2021 Pre-K Facilities Capital Funding Applications). Each allocation is intended to fully complete the project, phase or specified purpose. Upon completion of this awarded phase of work, including conformance with all contingencies, out-of-cycle funding for future phases of work may be considered at any upcoming regularly scheduled PSCOC meeting. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

**d. Fiscal Year 2021 Lease Assistance Awards**

Ms. Gudgel noted a number of charter schools have not yet submitted final documentation, which was due in April, and stated that September 1<sup>st</sup> should be the deadline for charters to have all documentation submitted to PSFA in order for lease award payments to be processed otherwise the application would not be accepted. Mr. Guillen asked how many schools were missing documentation; Mr. Chamblin replied that 26 out of 101 applications had been submitted incomplete. PSFA staff has been working with each of the schools and numerous emails have been sent itemizing missing materials as well as reminding them of the September 1<sup>st</sup> deadline for complete submittal. Communication will continue. Ms. Rivera, State Budget Division, asked if the primary reason for schools not applying was due to COVID; Mr. Chamblin replied that every year the number of schools missing documentation is about the same; the issue with schools not submitting all of their documentation is not new and is not COVID related. Mr. Guillen asked Mr. Chamblin to send an email reminder regarding the submittal deadline.

Referring to ACES Technical Charter School, Ms. Gudgel commented that their projected student membership was 125 students and to date only 45 kids are enrolled. This concern was being raised statute states they have to be funded based on what is in their charter application. Ms. Gudgel reiterated her understanding is that they are phasing grades in so their application has a certain number and with phasing, they will be at a significantly lower number. This is something normally seen with new charters as they typically over estimate their enrollment, they get more SEG than they should, they get more lease assistance than they should up front and then mid-year those payments are pulled back and this can cause some issues. Ms. Gudgel reminded staff that this is something to pay close attention too.

**MOTION:** Council approval of the Awards Subcommittee recommendation to approve of the award recommendations, as specified in the accompanying spreadsheet entitled “*FY21 Lease Assistance Program Detail Summary*”, to charter and district schools in the amount of \$11,614,726. All awards are contingent on the submittal of an E-occupancy certificate, current facility master plan, audit report, and other statutory requirements, as set forth in the application. Upon acceptance of the award by the applicant charter school or district, PSFA staff shall distribute the award amounts on a quarterly basis for FY21. The distribution shall be based on the receipt of the actual lease payment submitted by the charter school or district. Reductions to award amounts are subject to a PED written certification to PSFA that a condition exists that warrants an award adjustment or suspension due to a school closure, charter revocation, financial violation or irregularities, and or adjustments to certified attendance numbers (MEM counts). Adjustments to lease amounts may also be made due to a lease termination or amendment. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

**6. Other Business****a. Legislative Appropriation for Capital Projects in Impact Aid Districts Schedule and Award Letter**

Ms. Gudgel reminded members that the Legislature appropriated nearly \$18.9M in Section 5 of the General Appropriation Act for Impact Aid districts for students residing on tribal lands. Awards are to be made in the amounts listed on the spreadsheet, included in the meeting material, and quarterly updates will be provided to the PSCOC. Mr. Chamblin drew attention to the list of eligible school districts. Referencing the draft award letter, the district would need to accept, or reject their award and return the form to PSFA in order for an MOU to be generated. A list of eligible project types was included in the letter; COVID 19 related capital expenditures incurred since March 11, 2020 was included. Based on language within the appropriation, expenditures would need to be complete by the end of the fiscal year. Unexpended funds from any of the eligible schools/districts will revert to the Public School Capital Outlay Fund at the end of the fiscal year as this appropriation is drawn from the fund.

Mr. Burciaga sought clarification on the daycare for educational program/life skills line item and asked if it was for operational daycare or facilities daycare; Mr. Chamblin replied it would be for a facility for that type of program and not funding for the teachers and agreed to rework the verbiage for better clarity.

Ms. Gudgel stressed that the sentence “*funds must be expended before the end of fiscal year 2021*” be moved to the first paragraph and bolded in order to avoid having it be missing. Mr. Chamblin agreed to the change.

**MOTION:** Council approval of the Awards Subcommittee recommendation to make proportional distributions of the \$18,867,000 appropriation in House Bill 2 of the 2020 Legislative Session to the eligible school districts and state chartered charter schools for capital projects and capital expenditures, as defined in the table below. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

## 7. **Informational**

### a. BDCP Proposed Changes to the Broadband Program

Mr. Chamblin reviewed the BDCP presentation that summarized potential changes that could be made to the existing Broadband Deficiencies Correction Program (BDCP) to make it a more expansive program and to allow it to fund more things, equipment, infrastructure for network, internet connectivity within school districts. The program has successfully leveraged federal e-rate dollars for the last four years and has gotten 99% of the schools in New Mexico connected to fiber optic for high-speed internet with the Category 2 equipment to make it functional. The gap being described in the presentation is the state of affairs for New Mexico and the estimated number of students that do not have internet connectivity when they leave the school site. The upcoming challenges for the program/PSFA is that we need to continue to work with schools and districts to renew networks, optimize them and configure them in a more efficient way. This includes the sharing of resources in the state. In New Mexico, with the remote and rural population, we will never have IT expertise in every corner of the state. For the sake of the districts and the state, we are encouraging finding ways to set up sharing networks and construction of configuration of networks at a regional level so that districts can gather and group

purchase services and equipment. Reducing the opportunity gap to ensure that students have uniform access to internet resources at school and at home.

**b. Consolidated Pre-Kindergarten Classroom Facilities – Operational Savings and Educational Benefits**

Mr. Chamblin noted this item was related to the item under the consent agenda. This was material put together for AMS in anticipation of a discussion that will come back next year for applicants to the Pre-K funding program. There are many districts that are planning to build Pre-K centers in their districts and consolidate Pre-K classrooms into a single location. PSFA is looking at the operational pros and cons, the cost saving benefits operationally for districts that chose to do that; what are the reasons why, what is the net effect to the districts operating budgets, etc.

**c. PSCOC Project Status Report**

Mr. Abbey inquired as to the delays regarding the (Hobbs) Southern Heights ES and Mills ES projects especially given that Hobbs was awarded funding for another project earlier on the agenda; Ms. Casias replied that she would look up the information and provide to the members via email. Mr. Abbey also inquired about the (Socorro) Socorro HS project, as it was a large project; Mr. Chamblin replied that the status listed on the PSR might be misleading as the district has been progressing with the work through an ESCO contract and have not yet requested funding for the project. It is expected that the district will be bringing a request for funding at a future PSCOC meeting. Mr. Abbey then inquired about the (Roswell) Monterrey ES and Sunset ES projects and their ongoing RFQ documentation; Mr. Chamblin replied that PSFA and the district have been working to finalize their solicitation documents for those projects. The district did not initiate the procurement process for many months and now it is moving and those bid documents will be put out within the next week.

**d. PSCOC Work Plan/Timeline – *informational only*.**

**8. Next PSCOC Meeting - Proposed for September 14, 2020.**

**9. Adjourn** – There being no further business to come before the Council, Mr. Robbins moved to adjourn the meeting. Mr. Abbey seconded and the motion was unanimously approved. The meeting adjourned at 2:51 P.M.



Chair

10/14/2020

Date