

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
October 13, 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
 Mr. Victor Reyes, GO

Designee: Mr. Clay Bailey, RLD
 Ms. Debbie Romero, 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.
 - b. **Correspondence** – None.
2. **Public Comment** – None.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

Mr. Evans reviewed the changes to the financial plan since the last meeting and began by summarizing the changes in the Variance Analysis. Mr. Evans stated the actual expenditures for FY20 versus what is projected is about \$1.3M. For each fiscal year, the revised Lease Assistance Awards was added in the amount of \$132K. Mr. Evans increased the SB-9 funding to \$2.9M for FY21 and FY22 and FY23 and FY24 reflect a funding increase of \$3.1M. The revised awards were reconciled with the award schedule and summary. The minor changes include a change in FY22 for a negative \$29.2M due to the timing of the awards. In FY23 there is a positive \$50.9M balance. Lastly, in FY24 the summary has awards of \$1.2M. Mr. Abbey requested clarification of the revised FY20 financial plan summary awards. Mr. Evans stated that the process includes reviewing the project and reconciling the amounts to the financial plan/timing of the phase. Mr. Abbey asked what schools were projected to move forward. Mr. Chamblin replied that PSFA staff updated the award schedule/phases to reflect accurate timing and noted that some projects were delayed and others moved forward. Highlights for FY19 standards-based awards include delaying Belen’s Jaramillo, Gallup’s Rocky View and moving forward, multiple of Roswell’s projects. It was noted that many of the projects had minor movement forward. A request from project S19-017 will be brought to the council for change of award request. Ms. Gudgel questioned if the project award schedule was updated and why there were no arrows on the schedule; Mr. Chamblin replied that there were no arrows added and reiterated that the award schedule had been updated. Ms.

Gudgel requested that the arrows be added to clarify the projects that are moving forward. Ms. Romero questioned why the material was different than what was presented in the subcommittee meeting material. Mr. Chamblin replied that the updates were COVID related and based on the communication with the district. Mr. Evans explained that some of the changes that were added following the subcommittee meeting included the lease assistance awards, the school bus appropriation, and the SB-9 final funding. Mr. Abbey commented that the net change of all the changes is \$2.0M in FY25 because the last number is cumulative. On one perspective, the fund has over \$400.0M, while on the other there is a deficit in future awards.

b. Recertification of SSTBs

Mr. Evans reviewed the potential motion and noted the request includes primarily projects for FY21 awards, the school bus appropriation, and lease assistance awards.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt the Resolution, Notification, Certification/Decertification and Resolution of unexpended bond proceeds as follows:

- SSTB19SD-0004 in the amount of \$196,209 to PSCOC awarded projects totaling \$196,209. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

c. FY22 Budget Appropriation Request

Mr. Robbins reviewed the motion and highlighted that last year, \$500K was moved from the operational budget to the bond fund. Without this expenditure, there is a \$300K decrease in the budget for FY21. The proposed budget for FY22 is \$5.9M. Mr. Chamblin stated that the Awards Subcommittee requested that there be a flat budget. This budget request for FY22 would allow PSFA to have up to 40 FTE. Mr. Evans added that the goal was to present a flat budget. Mr. Abbey questioned why the potential motion lists \$5.9M while the staff recommendation is for \$5.7M. Mr. Chamblin replied that the \$5.7M is the amount most accurate to a flat budget. Mr. Robbins amended the motion to read \$5.7M. Mr. Guillen clarified the amount requested was \$5.7M; Mr. Chamblin replied in the affirmative. Ms. Gudgel sought clarification on the vacancy savings for a 4% raise for all state employees. Mr. Evans explained it was from the special session, although this was a general fund raise, and the amount was deducted by DFA from the budget. Mr. Evans stated he had reduced the budget but did not make changes to personnel due to vacancy being covered. Ms. Gudgel asked if the \$5.2M budget for this year was impacted by this event; Mr. Evans replied that the \$5.2M was the reduced amount and that a match was done for the reduction that was given by DFA. Ms. Gudgel stated she would discuss further with Mr. Evans offline.

MOTION: Approve the proposed \$5,933,900 FY22 budget and organizational structure of the PSFA.

AMENDED MOTION: Mr. Robbins moved to approve the proposed budget of \$5,789M and organizational structure of the PSFA and amended the motion to the amount of \$5.7M. All member were in favor, no opposition.

4. Consent Agenda

- a. Approval of Minutes – August 17, 2020 and September 14, 2020
- b. 2021-2022 Charter School Variance Renewal
- c. 2021-2022 Ranking Methodology
- d. 2021-2022 Remaining Charter Lease Assistance Awards
- e. 2021-2022 Charter Lease Assistance Awards MEM Adjustment Process
- f. ACES Technical Charter School Award Adjustment

MOTION: Ms. Gudgel moved for Council approval of the consent agenda. Mr. Robbins seconded the motion was unanimously approved.

5. Other Business

a. 2021-2022 Broadband Program Support Services for Remote Learning

Following the reading of the motion, Ms. Gudgel proposed a change to the last sentence to read “districts/state-chartered charter schools.” Ms. Gudgel acknowledged that because there are limited funds, the focus should be on prioritizing at risk students based on the proportion of students in the districts; Mr. Guillen agreed. Ms. Gudgel requested that Mr. Chamblin summarize the planned intent for this item; Mr. Chamblin explained that this item is a response to the COVID issue and the need from districts to have consultation support to work with the local market for telecommunications. The target is to respond quickly and help as many students as possible. After soliciting the local market, an evaluation of possible solutions would be conducted prior to proceeding with implementation. The targeted time frame would be any time between now and January 2021. PSFA has conducted a preliminary draft that indicates the potential districts that may need support. Based on a recent PED survey, staff concludes that along with many other districts, Gallup and Central are two districts who will greatly benefit from this service. Mr. Chamblin went on to review the additional checklist that was requested by the Awards Subcommittee which includes additional steps the consultant would follow as part of the plan. The goal is to help districts move forward quickly and efficiently. The challenges presented in different districts throughout the state will vary and the support may be very extensively detailed to each student’s household; the consultant will be the most appropriate support to help fill this gap. Mr. Guillen asked how PSFA planned to announce the support and how the application would be processed. Mr. Chamblin replied that a meeting was previously conducted where IT and district entities attended and discussed this possible support. While not all districts will need this assistance, staff anticipates at least two dozen districts statewide are in the market for this support. The consultation will provide an evaluation of operational and capital expenditure determination. Based on previous discussions, the districts seem to be in favor of operational options. However there may be a possibility for capital expenditures. Evaluations will be completed to determine the direction. PSFA is encouraging districts to not purchase major technological infrastructure and advises districts to find alternate methods like negotiating contracts/services that include equipment. Mr. Guillen suggested informing all districts of this service regardless if PSFA anticipates them needing this service or not. Mr. Abbey thanked the staff for the checklist and believed it represented a plan that is unique to each district.

MOTION: Council approval of the Awards Subcommittee recommendation for approval to award up to \$200,000 for planning, procurement, contracting, and project management support services for internet infrastructure expenditures in school districts and state charter schools to improve student connectivity for remote learning. These funds may be prioritized to districts based on the number of at-risk students within the districts. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. 2021-2022 Impact Aid Awards Update

Mr. Chamblin provided an update of the Impact Aid awards from August. The legislative appropriation included \$18.8M from the fund for 21 eligible districts and 2 state-chartered charter schools. All 23 entities have signed MOUs and are procuring services. Mr. Chamblin presented a table that included the districts and how they planned to use their award. Eight districts will use the award for remote learning improvements. No districts have disclosed the inability to spend the award before the required deadline. Ms. Gudgel commented that the guidance document for the impact aid award described a criteria to use the award money for no more than three projects. Ms. Gudgel requested that staff work with the Cuba district to minimize their projects. Ms. Gudgel commented that staff did a great job in expediting the process to help districts spend this award money.

6. Informational

a. School HVAC Systems and COVID Risk Reduction

Mr. Guillen stated that a letter was received regarding this issue from Mr. Dennis Roch, President of the New Mexico School Superintendent's Association requesting that HVAC filtration in schools be discussed along with any possible support from PSCOC regarding this issue. Mr. Chamblin reviewed the PowerPoint slides included in the meeting material. The PowerPoint agenda, identified topics such as PED reentry requirements for schools in New Mexico, ASHRAE Guidelines, HVAC projects in schools, Ventilation/Filtration, and Air Cleaners, Purifiers and Disinfecting Technologies. Two documents: Reentry Guidance and the COVID-19 Response Toolkit were referenced in the discussion for PED Reentry Requirements. The first document summarizes how to ensure ventilation systems operate properly in order to increase circulation. The second references upgrades and improvements with a target level for filtration in schools is minimum efficiency reporting value (MERV) of 13 or higher. If the upgrades are not a possibility, the COVID-19 response toolkit offers four different options to increase air ventilation. Mr. Chamblin continued to review the checklist from the toolkit that districts are required to complete for HVAC systems. PED has also referenced ASHRAE (American Society of Heating, Refrigerating, and Air Conditioning Engineers) for HVAC system criteria. ASHRAE has developed their own criteria and is being used as a reference because it is comprehensive and non-prescriptive. ASHRAE recommendation has a prioritized list that includes assessing the existing HVAC system design and condition of components, increasing ventilation, improving filtration, cleaning the air, and energy use considerations (develop local solutions that are functional with the existing HVAC systems and economically

viable. Mr. Chamblin emphasized the limit on the ability to quickly upgrade every HVAC system in every school. From what is known from HVAC systems cannot happen because they are disruptive, expensive, and slow projects. A reasonable estimate is \$1.0M to \$5.0M per school site to replace/upgrade HVAC Systems; this amount is unfeasible. The sustainability of the HVAC system by the districts is unrealistic. The differences between Ventilation and Filtration was discussed as described by ASHRAE. ASHRAE recognized that increasing ventilation first was the most important step because added ventilation dilutes contaminants before air filtration occurs. Mr. Chamblin highlighted a conflicting point, and explained as filtration is increased with upgraded filters, the air ventilation rates will be reduced as an outcome. Additionally there is some information to consider with ventilation. There are two ways to increase ventilation: 1) open doors and windows or, 2) open the air louvers and draw more fresh air through the HVAC system. In the winter the cold air that is drawn in may be an issue because the air will be warmed up to 70 degrees and will stress systems. This may be more than a district can afford with the increase in propane use. Mr. Chamblin went on to review some of the risks that may occur in the winter if districts do not receive adequate help, such as upgrading MERV filters may not be possible because some schools are heated with radiant heat and have no air to filter. Per Mr. Chamblin, installing MERV 13 filters on older systems that have been running on older MERV filters indicates issues like stressed system components. Upgrading to MERV13 filters would also be costly; Albuquerque Public Schools is estimated to spend \$7.5M for replacement. Additional things to consider is that filters are only sold in bulk which would not be practical for small districts, MERV 13 filters are also not available for immediate delivery and filters must also be replaced on a quarterly basis. The final point made in the presentation was in regard to air purifiers, cleaners, and disinfecting products. These products are being heavily marketed and some may or may not help a school that cannot ventilate air or install new filters. As research had been conducted by PSFA staff, some of these products are not so efficient. Some of these products are realistically too noisy for a classroom setting. These products may also cause schools to exceed their electrical capacity. The products that are being marketed have also not been proven to be non-toxic for children. The recommendation by staff to districts include assessing the system and identifying a solution that is functional and affordable. PSFA recommends purchasing air purifiers, air cleaners, and air disinfecting technology that is feasible and safe. PSFA's goal is to inform and support districts on this issue. Mr. Guillen acknowledged that districts are having a difficult time meeting the requirements. President Roch thanked the Council for the invitation to discuss HVAC systems. Mr. Roch stated that COVID planning has been a big focus this year and the HVAC topic was an issue that was suggested as a new safety measure. Mr. Roch also believed that the issue presented some challenges. PSFA has expertise in facilities and PSCOC has access to resources that districts can invest to upgrade their systems. Mr. Roch appreciated Council's attention to the matter and went on to discuss the creative measures superintendents consider with new technology in order to target better air quality. These ideas have been discussed with PED and feedback is being received. Some of the responses indicate these technologies are supplemental although the data shows improvement in the air quality. Mr. Roch emphasized that the upgrades on these systems are costly. Stan who was introduced by Mr. Roch to speak on the issue. Stan reiterated that the ultimate goal is not ventilation or filtration but rather air quality. Stan requested PSCOC support this issue and expressed his concern that there is enough money

to resolve all of the air systems and acknowledged that the plan is not a “one size fits all”. Stan expressed concern over the construction component of the projects that might take away from learning in classrooms. With districts and superintendents doing their best to comply with the PED standards, Stan is worried about the long term goal and the challenge of purchasing the filters in a timely manner while also noting though it is important to get kids back to school it is difficult to do so when the air quality is not safe. Mr. Guillen thanked Stan and reiterated that the intent of the discussion was to evaluate if there was a way PSCOC could help. Mr. Robbins recalled that he had previously mentioned air cleaners and UV systems and also expressed concern about the cost. Mr. Robbins asked if there has been any discussion with PED about changing the focus of ventilation/filtration to air quality; Mr. Ortiz replied that as of right now no supplemental technologies have been approved by PED because PED are still in the process of revising the approval. PED continues to evaluate the criteria for this issue and has recommended for schools that are opening, to increase air flow in their facilities. Mr. Ortiz also stated that PED is evaluating different options for schools that cannot replace their filters with MERV 13. Mr. Guillen suggested that Mr. Ortiz share the HVAC information that was presented by Mr. Chamblin with PED; Mr. Ortiz agreed to do so. Ms. Gudgel commented that a federal bill was filed for assistance in HVAC systems. Mr. Roch thanked Council for the opportunity to speak about this issue. Stan stated he looks forward to the continued partnership and thanked the Council for all the work they have done for all New Mexico schools.

b. Facilities Master Plan Status Report

Ms. Casias reviewed the information listed within the executive summary. Currently, 96% of districts have a current master plan and 4% have an outdated/in progress facilities master plan (FMP). Ms. Casias drew Council attention to the 18 districts with FMP’s in progress. A summary of the award status was summarized as follows: dollars committed is \$408,421.68, dollars expended is \$65,973.41, and the award balance is \$93, 882.00. Mr. Guillen inquired if there were any districts with an expiring master plan that were not taking advantage of the FMP program; Ms. Casias replied there were a few districts who did not have FMP’s including Cobre, Animas, Hagerman, and Lake Arthur.

c. Budget Projections and Personnel Update

Mr. Chamblin provided the update for this agenda item and noted currently PSFA has 50.0 FTE authorized positions, 48 FTE budgeted, 40.5 FTE filled, 2.5 FTE which will remain unfilled, and 2 FTE which will remain open for vacancy savings.

d. Project Status Report

Mr. Chamblin stated there were currently 413 projects being managed by PSFA staff. These projects are all within the planning, design, construction, and closeout phases. Mr. Chamblin highlighted that there are 113 security projects in design, 102 in construction, and 97 in planning. Mr. Abbey inquired as to who handles project closeouts; Mr. Chamblin replied that there were two components that happen in this process. The first closeout is done by the Field Group/RFM and the second is done by the Finance Department. Mr. Abbey noted there were several projects that have not been closed out and have pending balances and asked if there is a way to reclaim that money. Mr. Chamblin explained that the projects were still in the warranty phase, thus the balance, and acknowledged that some

of the projects will lead to reversions once they have been reconciled/balanced. Mr. Chamblin offered to provide Mr. Abbey with a list of the reversions; Mr. Abbey accepted the offer. Mr. Guillen commented that in the past DFA has given incentives to districts in order to encourage them to close out and asked Mr. Chamblin to consider this tactic.

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

7. Next PSCOC Meeting - Proposed for November 9, 2020.

8. Adjourn – There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Ms. Gudgel seconded and the motion was unanimously approved. The meeting adjourned at 3:18 P.M.



Chair

11/09/2020

Date