

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
December 14, 2020
VIDEOCONFERENCE**

Members Present: Mr. Joe Guillen, NMSBA Mr. David Abbey, LFC (arrived at 2:24)
 Mr. Antonio Ortiz, PED Mr. David L. Robbins, PEC
 Mr. Clay Bailey, CID Mr. Victor Reyes, Office of the Governor

Designees: Ms. Lenaya Montoya (for Mr. Raúl Burciaga, LSC)
 Ms. Ashley Leach (for Ms. Debbie Romero, DFA)
 Mr. Tim Bedeaux (for Ms. Rachel S. Gudgel, LESC)
 Mr. Sunny Liu (for Mr. David Abbey from 1:32-2:14)

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** – Two letters of appreciation were included under correspondence. Ms. Antonia (Toni) Lozano will be retiring at the end of the year after serving 16 years with the Agency. Mr. Ed Avila has resigned from his position and will be departing at the end of the year after being with the Agency for six and a half years. Both were thanked for their service to the PSCOC and were wished well in their future endeavors.

2. **Public Comment** – None.

3. **PSCOC Financial Plan**

Mr. Evans stated revised revenue projections were received from the Board of Finance (BoF) in November and were reflected as increases in FY22-25. Updated estimates for school bus replacements were also identified in FY22-25. Referring to conversations in both Subcommittees, Mr. Evans stated that the goal was to reflect a financial plan capable of handling upcoming awards, with the FY21-24 standards-based awards estimated at \$138.3M and \$5.0M for systems-based. Potential waivers are anticipated for any large construction projects that may be coming forward from recently awarded districts.

Mr. Bedeaux sought clarification on the appropriation for school buses and asked if the numbers were coming from PED or BoF; Mr. Evans replied that the numbers were PED estimates and have not been legislatively appropriated. Mr. Bedeaux then asked Mr. Ortiz if the replacement schedule looked appropriate for the next few years; Mr. Ortiz replied in the affirmative.

Referring to the SB-9 changes for FY21-24, Mr. Liu requested that Mr. Evans go over the assumptions for the increase over time. Mr. Evans replied that the changes are revised capital

improvements with an annual cost of living increase beginning in FY22. Additionally, the FY21 number was revised based on the numbers provided by PED and an estimated annual cost of living increase beginning in FY22-FY25.

4. **Consent Agenda**

- a. Approval of Minutes – November 9, 2020
- b. Hobbs – P21-004 – Heizer MS – Award Adjustment – Removal of Offset
- c. 2019-2020 BDCP – 2020 Category 2 (Equipment) Awards
- b. 2019-2020 BDCP – Renewal of E-rate Central Agreement
- c. 2021-2022 PSCOC Work Plan/Timeline

Mr. Robbins asked if PSFA would be able to move lease assistance awards to July since charter schools typically have to make lease payments out of their operational funds until they receive their first quarter lease assistance payment. Mr. Guillen asked Mr. Chamblin if the request was workable; Mr. Chamblin replied in the affirmative and stated the item would be discussed at the January AMS Subcommittee. Mr. Chamblin added that it was a complicated discussion as there were a number of moving parts yet there was still time to make program adjustments for upcoming year.

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

5. **Standards-Based Awards**

a. **Alamogordo – P19-001 – Holloman ES – Construction Funding**

Mr. Chamblin noted that Holloman ES and Holloman MS are two separate schools that sit on the same site. Recalling that the Awards Subcommittee had requested the FCI score for both campuses at the time of award, Mr. Chamblin stated that the elementary school had an FCI of 74.69% and the middle school had an FCI of 67.85%; according to the FCI scores, the elementary school is in worse condition than the middle school. Mr. Chamblin drew member attention to the executive summary and noted that the elementary school has been, and remains, outside the eligibility range for federal funding and it will be several years before any federal funding could potentially become available. On the federal ranking, the middle school is actually eligible for federal funding first. Discussion included the potential that by the time the elementary school is being completed, the middle school site might be the school that gets funding through the federal program for schools on Department of Defense bases.

Per Mr. Chamblin, this is a request for out-of-cycle construction funding for Holloman ES. This project was originally awarded in 2018. The construction phase estimate is \$19.0M in state funding and is within the estimated total construction cost formulated when the original award was made. Mr. Chamblin acknowledged that there was an anomalous enrollment last year and due to COVID, this year there will be another anomalous year; however, it is unknown how the numbers will be reflected with unusual enrollment fluctuations. PSFA staff provided a revised enrollment projection summary which reflected improved enrollment projections for the school/campus over the next five years. This district is being impacted by the Air Force's decision to relocate F16 squadrons

to Holloman Air Base, which will increase the number of students at the school. In addition to this, the birth rates in Otero County will also impact school enrollment for the next several years.

District representatives attending via videoconference included Deputy Superintendent's Ms. Colleen Tagle and Ms. Cara Malone, and Mr. Justin Burks, Chief of Capital Outlay. Due to audio difficulties, comments from Mr. Burks were unable to be heard.

Mr. Avila added that even with increasing the student capacity from 500 to 600, the project could be delivered based on the original budget. Mr. Liu sought clarification that the middle school was also up for consideration for a future federal award and asked Mr. Chamblin for any additional detail he could provide. Mr. Chamblin replied that the middle school was slightly higher on the ranking of schools on military installations because of the way the federal program evaluates schools and assesses for portables. The middle school was about eight slots out on last year's federal ranking. In any given year, about three to four projects on the federal list will get funded if funding is available. Under this assumption, the middle school might be eligible for federal funding within the next two to three years. The elementary school is several slots lower than the middle school on the federal ranking. On the state ranking, the middle school is currently 152 and is outside of the typical standards-based award eligibility. Mr. Bedeaux asked Mr. Valdez for a walkthrough of his calculation method. Mr. John Valdez, PSFA Facilities Master Planner drew member attention to the enrollment graphs included in the meeting material and spoke to the enrollment trends between 2017-2020 as well as the enrollment projections through 2025. Mr. Valdez noted that the projections indicate the school will continue to grow based on the larger kindergarten classes due to a significant increase in the county's birth rates.

Mr. Abbey asked if there would be an opportunity to access space for the seventh and eighth grades for the middle school which has approximately 100 students; Mr. Chamblin replied in the affirmative, stating that the school's floor plan as designed, has built into it that kind of flexibility and could be an option in the future if it becomes necessary since the two schools share a site.

MOTION: Amend the 2018-2019 standards-based award to Alamogordo Public Schools for Holloman ES to include construction phase funding for a replacement facility, to the Maximum Allowable Gross Square Feet pursuant to the Adequacy Planning Guide, for 600 students, grades Pre-K-5, with an increase in the state share amount of \$19,087,928 (62%), and a corresponding increase in the local share amount of \$11,699,053 (38%). As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

6. Other Business

a. Preventive Maintenance Plan Sustainability

Mr. Ortiz questioned why this was being presented as an action item since it was already a requirement included in statute. Mr. Chamblin replied that it was related to the PM Plan requirement in statute; however the intention of this proposal is to extend the functionality

of the PM Plan requirement to make it last longer and make it more effective. Members reviewed the timeline graphic which illustrated the requirement to have a current PM Plan at time of award compared to the timeline with the proposed modification. Mr. Chamblin stressed that staff was not proposing a change to statutory language but rather a program rule change requiring districts that get an award to keep their PM Plan current for the duration of the project. The proposal would still require that the PM Plan be current at time of application and award, but it would also require that the district have a current PM Plan when they returned for out-of-cycle funding for design, construction and through financial closeout.

Mr. Tillotson noted that updates are required on an annual basis for all 91 school districts, including charters. They are required to update any new facilities or assets they have in their equipment inventory and are also asked to update their staffing models. Much like the FMP, the PM Plan is a roadmap on how they operate their facilities year-to-year. The PM Plan is also a primary feeder into accomplishments made with facility assets and it feeds into the FMP. Mr. Tillotson acknowledged that four districts updated their PM Plans over the last week and the state is now at a 42% compliance rate with statute.

MOTION: PSCOC approval to require NM Public School Districts to maintain their Preventive Maintenance (PM) Plan current at the time of the application, award and throughout the project phases. In addition, the final financial closeout for any project(s) will not be completed unless the district has a current and approved PM Plan. The PSCOC could take further action on the district or school as they deem necessary. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. PSCOOTF Supported Legislation

Mr. Chamblin reviewed information listed within the executive summary. Topics discussed at the November Public School Capital Outlay Oversight Task Force meeting included:

- SB9 Program Guarantee
- Broadband and technology projects to improve remote learning
- HVAC projects in response to COVID
- PSFA operating budget cap calculation methodology
- State funding for demolition projects

Mr. Chamblin reiterated that broadband and technology projects have been major topics of discussion this year and anticipates bringing an update in January regarding connecting students to high-speed internet.

The only piece of draft legislation endorsed by the Task Force was the SB-9 draft legislation to change the rules regarding the calculation of program units.

c. Strategic Plan Update

Mr. Chamblin noted that the strategic planning process was currently underway as the 2018-2020 plan will expire at the end of the year. The working group includes eight PSFA staff, a planning consultant, one Council member and an LESC analyst. Draft text will be sent to members for feedback within the week and the final document will be assembled and presented for approval at the January PSCOC meeting.

Mr. Robbins acknowledged that Mr. Tom Sullivan, strategic planning facilitator, had sent out a survey to public school and charter school representatives asking for public comment. Replies received indicated the PSFA was generally doing a good job but did want to see improved communication as well as improved safety.

d. Analysis of SB-9 Calculations

Mr. Chamblin stressed that this was a request from the Awards Subcommittee to analyze the SB-9 Program Guarantee to understand and validate how the calculation is made every year. The SB-9 state program guarantee draws an annual amount of money from the Capital Outlay Fund and directs it to the districts that have passed SB-9 and have that local mill levy in place. SB-9 is a system where local voters can vote on a 2-mill tax levy for a six-year term and the proceeds of the tax should go to capital maintenance and capital items in school districts.

Mr. Chamblin noted that PSFA focused on understanding and validating the whole process of calculating an assessed valuation per district. Starting at the local and county assessor level an assessed land valuation is generated every year. The information goes to PED and the Taxation and Revenue Department (T&R) to translate the data into district boundary assessed data. The methodology to calculate program units starts at the district level with the district entering their base program units into the state database; this eventually becomes the final funded program units in the SB-9 calculation. PED then builds the final funded program units based on the original data from the school districts. The last thing PSFA looked at was the annual CPI adjustment. For the last five years, it was found there were some anomalous years between the published CPI from the US Department of Labor and the CPI that was applied in the adjustment.

Mr. Bedeaux asked what the minimum program guarantee should be if the CPI were correctly applied in each of the years. Mr. Evans drew member attention to the 1% applied in 2017 when it should have been 0.1% and in 2019 when the dollar unit values were not increased yet the CPI was 2.1% and noted that the program guarantee should be fairly close to where it is now at \$6.80. Mr. Bedeaux suggested that when it comes to SB-9, a formal mechanism be put into place where PSFA, PED and LESC meet and review the SB-9 spreadsheet to ensure that this is fixed before the money goes out.

7. Informational**Project Status Report**

Mr. Chamblin reviewed information listed within the executive summary, noting there were 414 active projects throughout the state. There are a number of projects moving through the planning and design phase and will be coming with out-of-cycle requests beginning in January.

Referring to the projects not making progress, Mr. Abbey questioned what was being done, who was responsible and suggested adding a proposed action item in order to get the school/district to make progress on their project. Mr. Abbey suggested adding the who, what, when and how to the projects in order to start making progress. Mr. Chamblin agreed to add the additional text to the projects listed on the PSR not currently making any progress.

8. Consideration for Approval to Adjourn to Executive Session Pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H)(2) for the purposes of discussing Pending Litigation – Employee Lawsuit and Personnel Matters - PSFA Director Evaluation

Mr. Guillen noted that the PSFA Director evaluation would be delayed until January due to the number of members absent from the meeting. The pending litigation item remain on the agenda for discussion during the executive session.

AMENDED MOTION: Mr. Reyes moved for Council approval to adjourn to executive session pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H)(2) for the purposes of discussing Pending Litigation – Employee Lawsuit and Personnel Matters. Mr. Ortiz seconded and roll was called.

Roll Call:

Mr. Abbey – Yes	Mr. Reyes – Yes	Mr. Robbins – Yes
Ms. Montoya – Yes	Mr. Ortiz – Yes	Mr. Bailey – Yes
Mr. Bedeaux – Yes	Ms. Leach – Yes	Mr. Guillen – Yes

Adjourned to executive session at 3:01pm.

9. Reconvene to Open Session

MOTION: Mr. Burciaga moved for Council approval to reconvene from executive session pursuant to the Open Meeting Act NMSA 1978, 10-15-1 (H)(2) for the stated purpose of discussing Pending Litigation – Employee Lawsuit and Personnel Matters. Only the pending litigation item was discussed and no action was taken. The Personnel Matter - Director Evaluation to be addressed at the January meeting.

Roll Call:

Mr. Abbey – Yes	Mr. Reyes – Yes	Mr. Robbins – Yes
Ms. Montoya – Yes	Mr. Ortiz – Yes	Mr. Bailey – Yes
Mr. Bedeaux – Yes	Ms. Leach – Yes	Mr. Guillen – Yes

Reconvened from executive session at 3:31pm.

10. Next PSCOC Meeting - Proposed for January 11, 2021.

10. Adjourn – There being no further business to come before the Council, Mr. Robbins moved to adjourn the meeting. Mr. Reyes seconded and the motion was unanimously approved. The meeting adjourned at 3:34 p.m.



Chair

01/30/2021

Date