

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
April 12, 2021
VIDEOCONFERENCE**

Members Present: Mr. Joe Guillen, NMSBA Mr. Raúl Burciaga, LSC
Ms. Rachel S. Gudgel, LESC Mr. Antonio Ortiz, PED
Mr. David L. Robbins, PEC Mr. David Abbey, LFC (arrived at 1:51 pm)
Mr. Clay Bailey, CID Ms. Ashley Leach, DFA
Ms. Mariana Padilla, Office of the Governor (arrived at 1:35 pm)

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**

Mr. Chamblin referred to the email request from Alamogordo Public School requesting a letter from the Council regarding Holloman Middle school, similar to the one generated for Holloman Elementary School in 2017. Justin, Burks, Chief of Capital Outlay and Facilities stated the district is requesting a letter of support for the Holloman Middle School project as they have now become eligible for federal participation to apply for the grant application for federal participation for replacement at Holloman Middle School. The district is looking forward to the grant proposal application but has an understanding that the funds are available for this project and submitting a formal proposal. Mr. Burks said that the district would commit 20% of the total project and the letter would indicate the district is in partnership with PSCOC towards a project such as this. Mr. Burke highlighted that the intent would be to express that it is in the state, district, and taxpayer's best interest to get the 80% federal funding for this project. Mr. Guillen agreed to move this request forward and asked about the timeframe; Mr. Burks stated that the orientation with the DoD would be in April and that the goal is to complete the proposal and application process by September. Mr. Guillen referred the request to the Awards Subcommittee for May. Ms. Gudgel requested that the district to be present at the Awards Subcommittee to answer any possible questions.

2. **Public Comment** – None.

3. **PSCOC Financial Plan**
 - a. **Financial Plan**

Mr. Evans reviewed the Fund Project Award Schedule Detail Modification and noted that Central Consolidated Schools has requested their design funding for Newcomb ES. Previously, the project was listed on the financial plan at a cost of \$1.4M, the current estimate is approximately \$1.0M resulting in a decrease of about \$400K and is a favorable change to the financial plan. Mr. Evans reviewed the variance analysis, which shows the out-year projections; FY21 to FY22 shows a favorable \$200K for half of the design phase in each year. Mr. Evans explained that the \$400K that was certified in the \$1.4M is used for construction

funding which has been awarded but not bided. Once the construction numbers are final, the certification for construction can be done. The Variance Analysis also reflects changes from the Board of finance for FY22-FY25. Ms. Gudgel commented that the financial plan reflects an estimated uncommitted balance of \$418M and suggested that Council analyze out-year scenarios for awards or consider possibly not certifying in the next sale because uncommitted balances continue to increase. Ms. Gudgel stated that there are other ways that the balance can be spent down like adding a program, increasing award amount with proper analysis, or expanding the ways the fund is spent based on statue guidelines. In the past, the Council has worked diligently to find ways to spend the fund down. Ms. Gudgel recommended that the Council consider demolition projects and requested that staff bring recommendations to the May subcommittee meetings on how to deal with the growing balance. Mr. Guillen asked Mr. Chamblin about the information that lists the out-year increases on the fund based on the current projections; Mr. Chamblin responded that a draft worksheet was emailed to members last week which included demolition and some of the other items mentioned by Ms. Gudgel. Mr. Chamblin said the information would be presented for discussion during the May meetings. Ms. Gudgel commented that the list that was emailed focused on waivers and certain districts. With the elimination of the impact aid credit, Ms. Gudgel felt that the list needed to be expanded on and suggested that it include items that Council could be doing that fall within the Public School Capital Outlay Act on creating new ways to spend down the fund. Mr. Guillen instructed the Council to send any potential ideas to Mr. Chamblin.

b. Recertification of SSTBs (*informational*)

Per Mr. Evans, this informational item was being presented regarding the corrected resolutions originally presented at the October 13, 2020 and January 30, 2021 PSCOC meetings. Ms. Leach thanked staff for working with the Board of Finance to make the requested changes. Ms. Leach clarified that initially the Board of Finance had requested a ratification which would have been an action item, rather than reporting back to the Council as an informational item. Though Ms. Leach stated it was too late to make the change, she was confident in the Council and staff to make the proper changes. Ms. Gudgel inquired as to the changes that were made as they appeared to be pretty significant when originally members were told it was technical changes to the verbiages. Mr. Evans clarified that the changes reflect different amounts because it describes where the amounts are coming from and where they are intended to go. The resolutions look different because of the detailed information but that the amounts remain the same. Ms. Leach said that historically, the PSCOC has provided resolutions and attached the certification worksheet. The resolution from October did not provide enough information and detail. Prior to the October meeting, the resolutions had not encompassed the changes from SB9. Mr. Evans stated that the October resolution included \$2.9M and the remaining \$82K was added in January. Mr. Guillen emphasized the priority to collaborate with DFA on consistent documents. Ms. Leach responded that DFA is working to refine how the resolution process functions between PSCOC and DFA.

c. Recertification of SSTBs

Mr. Evans introduced the certification of the M&V subscription for years two and three from FY23 to FY25 for \$59K.

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

- SSTB18SD-0001 in the amount of \$ 59,000 to PSCOC awarded projects totaling \$ 59,000.

As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

d. FY20 Audit Report

Mr. Evans stated the FY20 Audit Report was completed by the statutory due date and submitted to the Office of the State Auditor (OSA). The OSA gave an unmodified opinion with three audit findings. The audit findings were minor and included a repeat from the prior year regarding reconciliation of financial statements. An exit conference was held on October 29, 2020 with Mr. Robert Gonzales, Audit firm partner, Mr. Robbins, Mr. Chamblin, Ms. Casias, and Mr. Evans. Mr. Robbins discussed the findings from the audit and stated that PSFA and the auditor discussed the repeat issue and state he was satisfied with the steps to correct/prevent future audit issues as well as the outcome of the audit. Mr. Guillen thanked Mr. Robbins for his participation in the audit. Mr. Abbey questioned if a timeline of processes and procedures, as listed on the audit feedback, have been established. Mr. Evans ensured a timely audit would be submitted again this year and hopes for an even better process. Mr. Abbey suggested that Mr. Chamblin be held accountable for the deadline on the audit feedback to ensure timeliness for this year’s audit; Mr. Chamblin agreed to do so and stated he would work with Mr. Evans to get everything aligned for the FY21 audit.

e. Quarterly Lease Assistance Status Report

Per Mr. Evans, the number of lease assistance awards as of October 2020 was 98 totaling \$16,532,531. Since October 2020, four changes occurred which resulted in reducing the award total to \$16,476,132. The changes that occurred include:

- ACES Technical Charter School award decreased by \$14,169 for the adjusted MEM count.
- Sidney Gutierrez MS/Elementary award decreased by \$32,383
- Cottonwood Valley Charter School actual lease payment was less than awarded by \$5,764 and
- The Albuquerque Sign Language Academy’s actual lease payment was less than awarded by \$4,083.

Total lease assistance reimbursement as of March 24, 2021 is \$8,819,635. Additionally, 82 charter schools have submitted for 1st and 2nd quarter reimbursement, 34 charters have submitted for 1st, 2nd, and 3rd quarter reimbursement and nine charter schools have not yet submitted for any reimbursement. The total FY21 lease assistance balance is \$7,656,498. Email reminders will be sent to charter schools that have not submitted any reimbursement requests.

4. Consent Agenda

- a. January 11th and January 30th PSCOC Meeting Minutes
- b. FY22 PSFA Operational Budget Request

- c. BDCP – 2021 Preliminary Cat1 (Fiber) Awards
- d. BDCP – 2020 Cat1 (Fiber) Awards
- e. BDCP – 2020 Cat2 (Equipment) Awards
- f. PSCOC Participation in Teacher Housing

Ms. Gudgel requested that consent agenda item F be discussed separately. Mr. Guillen called for a motion on the remaining consent agenda items a-e.

MOTION: Ms. Gudgel moved for Council approval of the consent agenda items 4a-e. Mr. Robins seconded and the motion was unanimously approved.

f. PSCOC Participation in Teacher Housing

Mr. Robbins expressed that he and other members had some concerns about teacher housing costs and stated that both historically and currently the amount being spent on rural teacher housing is more expensive than in urban areas. Mr. Robbins said the recommendations from staff and the AMS Subcommittee addresses both the Subcommittee concerns and the districts requests. Mr. Chamblin reviewed the executive summary and noted that potential action proposes maximum allowable gross square footage for teacher housing units to define the limit of PSCOC funding participation on teacher housing projects.

Mr. Chamblin explained that teacher housing would vary around the state and the same logic that is used to build schools is being recommended for teacher housing. After two years of staff research, and completing walkthroughs at sites, PSFA staff has concluded there are two types/sizes of teacher housing that districts request; two bedroom and three bedroom units. Mr. Chamblin reviewed examples of housing designs from different architecture firms as well as the range of potential costs, floor plans and range of size.

As a result of districts paying for teacher housing through loans or NMFA funding, the housing units are small and compact and comply with code, ADA requirements, and are energy efficient. Mr. Chamblin drew member attention to a bid sheet from a recent project at the Central Consolidated school district, which listed the different bidders for their teacher housing project. The district selected the lowest bidder which, Mr. Chamblin said, which reflected a reasonable cost for the size/project. While referring to the bid sheet, Mr. Chamblin stated the most important impact to control cost would be the square foot limit. Mr. Abbey questioned whether the request should additional detail such as GSF per student; Mr. Chamblin replied that dealing with each request individually would be the best approach since each request would be unique.

Mr. Chamblin stated that the information requested from the district includes how many new teacher housing units are needed, the staff list for the district and the school, how many teacher housing units are currently on site, how many teachers are on a waiting list, etc. Mr. Chamblin suggested validating numbers as the requests come in. Ms. Padilla asked if staff collected input from the districts regarding the size of the potential teacher housing; Mr. Chamblin replied that numerous discussion have taken place with Zuni, Central, Mosquero, Dulce, and

Gallup and they all agree the range in potential design size is reasonable. Aside from size, Ms. Padilla expressed concern for the housing design to integrate more standards (i.e.: energy efficiency, lighting, etc.) in a way for the district to save money. Mr. Chamblin replied in the affirmative and noted that the design would be code compliant and the units would meet energy performance requirements. The Council was assured that the design for teacherages was more efficient than with past designs. Ms. Gudgel asked how many districts had teacherages; Mr. Chamblin replied that based on the state-wide survey PSFA did two years ago there were a couple dozen districts with teacherages. Ms. Gudgel commented that out of approximately 24 teacher housings participants, PSFA has only had discussions with 5-6 districts. Ms. Gudgel felt the process should be more inclusive and recommended gathering information in a more formal process as the requirements are not as comprehensive as other program rules. Ms. Gudgel asked Mr. Chamblin if he felt additional information and parameters should be included; Mr. Chamblin replied in the affirmative and reiterated that though they have received information from all districts they focused specifically on the Zuni, Central, and Gallup districts because the design of their teacherages are within the last 10 years and adheres to many of the standards in size, style, and efficiency. Mr. Chamblin referenced the spreadsheet from the survey two years about to discuss some of the other districts GSF in the past. Many of the districts had 1100ft GSF or higher. For example, Lovington is 2300ft GSF. Ms. Padilla agreed with Ms. Gudgel’s recommendation to have a more inclusive process and suggested that staff collect information across the state about the positive and negative outcomes of teacher housing projects.

Mr. Guillen felt with so many questions to be answered and so much money to be spent on these projects there needs to be a more in-depth discussion about policy. Ms. Gudgel requested that the item to be tabled to allow for additional analysis and information gathering from PSFA. Mr. Guillen asked Mr. Chamblin the effect would be of delaying this item; Mr. Chamblin replied that PSFA has not participated in any teacher housing and this would be a first step towards starting to do so. Mr. Robbins volunteered the AMS Subcommittee to work with PSFA staff on gathering information and developing procedures that address all concerns discussed and proposed six-month period to finalize the guidelines; Mr. Chamblin agreed.

MOTION: Adopt the proposed maximum allowable gross square footage for teacher housing units to define the limit of PSCOC funding participation on teacher housing projects: 1,100 GSF for 2 bedroom units and 1,400 GSF for 3 bedroom units. Mr. Guillen requested a motion from the Council. Ms. Gudgel moved a motion to table the motion. Ms. Padilla seconded the request. Mr. Guillen requested roll call and Mr. Burciaga requested clarification on the motion.

AMENDED MOTION: Ms. Gudgel moved to table this agenda item and Ms. Padilla seconded.

Prior to a roll call vote, Mr. Burciaga sought clarification on whether the motion to table included sending the item back to the AMS Subcommittee for additional work; Ms. Gudgel agreed and amended her previous motion to table.

AMENDED MOTION: Ms. Gudgel moved to table this agenda item and send it back to the AMS Subcommittee for additional work. Ms. Padilla seconded the motion. By a vote of 8-1, the amended motion was approved with Mr. Abbey voting in the negative.

5. Out-of-Cycle Funding/Award Language Request

a. P20-002 Central Newcomb Elementary School – Design Phase Funding Request

Mr. Daniel Benavidez, District Superintendent and Candice Thompson, Director of Operations, represented the district and expressed their excitement for the project looks forward to the Council’s decision on this project. Mr. Chamblin commented that the staff recommendation reflects a conservative approach to the project. Following the impact of COVID-19, the staff recommendation is for the district to design a facility for 209 students for 29,538 GSF and to have an alternate design for a facility up to 227 students for 31,899 GSF with a final decision made closer to the construction phase projected to be in the summer of 2022.

Mr. Abbey asked for clarification between the functional capacity and available capacity as noted in the meeting material. Mr. John Valdez, PSFA Facilities Master Planner, replied that the consultants on the campus master plan determine the functional capacity at each school based on their classroom needs and evaluate the capacity depending on the program type for the space. Mr. Abbey asked if there was ever any consideration to move the 6th graders to the middle school to reduce the need for new spaces; Mr. Chamblin replied that the current request includes moving the sixth grade to the elementary school. The community and the district wanted the sixth graders in the elementary school due to programmatic and age level reasons. Mr. Chamblin highlighted that the district would like to bring a request for the MS and HS next year which would not include the 6th grade. Mr. Abbey asked for detailed information on the potential costs; Mr. Chamblin drew member attention to the out-year financial projections and noted that the costs may increase post COVID-19 and the district already has a high project cost because of its remote area. Mr. Chamblin reviewed some of the projected costs for the project including \$1.6M for demolition, \$446 per square foot for 31,899 GSF and \$1.75M for site costs.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2019-2020 Standards-based award to Central Consolidated School District for Newcomb Elementary School to include design phase funding up to \$1,770,905, state share \$1,062,543 and district share \$708,362, for a replacement school with a base bid design enrollment of 209 students in 29,538 GSF and optional bid alternates to increase the design enrollment to 227 students in 31,889 GSF, pending further analysis of the enrollment trend in the 2021-22 school year, for grades Pre-K through 6. PSCOC approval of construction phase funding, including funding for optional bid alternates, will be contingent on a final determination of the design enrollment, based on updated enrollment projections, to be completed by the end

of the design phase. As this was a Subcommittee recommendation, a second was not needed and the motion was unanimously approved.

6. 2021-2022 Award Cycle

a. 2021-2022 Capital Funding Program Review of Pre-Applications & Final Funding Pool

Mr. Chamblin noted that the pre-application request amounts were large but were not as much as originally anticipated on the financial plan. The estimated total state funding for all requests for the three programs is \$16M, with a potential out-year funding request of \$96M. Seven pre-application requests were received from five districts for Standards-Based projects with a projected state match of \$9.6M for planning and design and \$96.7M for construction. Twenty-one pre-application requests were received for Systems-Based projects from 13 districts with a total projected award of \$10M. Three requests for Pre-K funding were received from three districts with a total state funding cost of \$5.5M. The total funding request for the three programs is estimated at \$231.3M.

Mr. Chamblin went on to highlight some of the requests received. Mr. Chamblin acknowledged that (Gallup-McKinley) Tohatchi MS applied for a Standards-Based award for teacher housing but may be ineligible due to their current ongoing awards/projects; however, a new award may be added the current award. Ms. Gudgel asked what the projected dollar amount of the project was; Mr. Chamblin replied that the cost was approximately \$3.5M. The next project Mr. Chamblin discussed was (Gallup-McKinley) Crownpoint MS. Mr. Chamblin stated that the request was to demolish the middle school and rebuild alongside with the high school. Currently, the middle school has a systems award and may bring a request to upgrade to a Standards-Based award since the district is technically not eligible for a new award this year. The district did not think they had the capacity to have two Standards projects but over the past year that has changed. Mr. Chamblin went on to review the request for (Gallup-McKinley) Thoreau MS which is currently ineligible for an award this year but may bring a request to add teacher housing to their current award for their elementary school. Lastly, Mr. Chamblin discussed the project for Holloman MS in Alamogordo. The school is next to Holloman ES that currently has a project in progress. The middle school is ineligible for an award this year but seeks to get a letter from the PSCOC for a commitment of funding for their own federal funding through Department of Defense Education Activity (DoDEA).

Additionally, Mr. Chamblin mentioned there were several charter school applicants that were ineligible for various reasons. Per Mr. Chamblin, there were several requests in this award cycle for demolition both in and out of the standards program. Mr. Chamblin requested that the Council evaluate if demolition should have expanded guidelines or be a separate program. Mr. Guillen noted the importance of expanding the guidelines for teacher housing and demolition and commented on how critical the Gallup projects were and the impact of their current ineligibility. Mr. Guillen was unsure if waivers would be part of the award cycle. Mr. Robbins agreed with Mr. Guillen and said guidelines for demolition should be developed to address cost, recovery, and time limits.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt a

2021-2022 Capital Funding Program final funding pool as follows:

- Standards-based (large projects) facilities within the Top 100 and/or with a campus FCI greater than 70%;
- Systems-based (small projects), facilities within the Top 300 or with a campus FCI greater than 70%;
- All Pre-K classroom facilities requests for facilities within the ranking.
The PSFA is authorized to perform site visits and work with the districts regarding project scope and total estimated project costs for full application, and to bring back more information for the June district presentation meeting.

Mr. Abbey moved for approval, as this was a Subcommittee recommendation, a second was not needed. The motion was approved 5 to 0 with Mr. Bailey, Ms. Gudgel, and Ms. Padilla absent from the vote.

b. 2021-2022 Work Plan Timeline

Mr. Chamblin reviewed key dates on the work plan/timeline. Mr. Burciaga informed Council that this is the year for redistricting and the census numbers will be late which will likely result in a special session in December.

7. Informational

a. Broadband Program Updates – E-rate Expansion/Student & Teacher Connectivity

Mr. Viorica discussed the BDCP updates for student and teacher connectivity and requested guidance from the Council for this topic. Mr. Viorica informed the Council that the BDCP would present the 2021 E-rate information at the next meeting. Mr. Jerry Smith, BDCP Program Specialist, discussed the information related to SB144. As of March 2021, there are three new federal funding sources across the nation totaling \$20B however; the funding is intended for household connectivity. The funding sources include the following:

- **Emergency Broadband Benefits: \$3.2B**
 - a. Broad eligibility
 - b. Primarily through Internet Service Providers
 - c. \$50-\$75 / Month (and \$100 one time for device)
 - d. From April 2021 until fund expires
- **Emergency Connectivity Fund (E-rate expansion): \$7.2B**
 - a. Connect students and teachers off campus
 - b. Relatively short-term (~two years)
 - c. Rules are being developed
- **Emergency Infrastructure Fund: \$10B**
 - a. Targeted for longer-term solutions
 - b. Funding to go to states and municipalities
 - c. May be a precursor to larger broadband infrastructure investments.

Mr. Smith stated that the Emergency Broadband Benefits funding would cover approximately 75% of New Mexico students and that the rules for the Emergency Connectivity Fund were still being established but 100% of the costs would be covered which may lead to another E-rate window opening later this year. Mr. Viorica drew member attention to the goals proposed from the BDCP. Mr. Guillen commented that

guidelines and rules would need to be developed for the Emergency Broadband Benefits and the Emergency Infrastructure Fund. Mr. Guillen asked who would qualify to apply for the Emergency Broadband Benefits; Mr. Viorica replied that the qualified groups include families applying for the program and internet providers providing the service to families. Mr. Viorica added that community organizations, schools, libraries, and the state can play a vital role by helping applicants and acknowledged that minorities are less likely to participate and take advantage of opportunities like this due to the lack of support. Mr. Robbins mentioned that Ms. Padilla responded to his follow up email last week after the Subcommittee meeting with a request for the Governor’s office to potentially be involved in the initiatives for SB144.

b. Legislative Session Update

Mr. Chamblin acknowledged that the PSFA provided analysis and commented on 23 FIRs that were presented during the legislative session. Seven bills that passed through both Chambers included: HB 6, HB 10, HB 168, SB 43, SB 93, SB 131, and SB 144. All of the bills were signed with the exception of SB 131 which was vetoed by the Governor. A review of the legislative matrix was provided by Mr. Chamblin. Mr. Guillen asked what bills impact PSCOC/PSFA the most. Per Mr. Chamblin, SB144 was important for BDCP. Additionally, Mr. Chamblin reiterated strategies need to be made for HB 6 as it requires Council to work with a variety of stakeholders to define how unrestricted revenue can fit into the state/local match formula as a value in the future; this information will be a new source listed next to the revenue based on land valuation. Additionally, SB 43 will need rules established for demolition funding. Mr. Guillen thanked Mr. Chamblin and staff for their work during the legislative session.

c. Project Status Report

No discussion.

d. BDCP Project Status Report

No discussion.

e. Facilities Master Plan Project Status Report

No discussion.

8. Next PSCOC Meeting - Proposed for May 10, 2021.

Mr. Abbey requested in person meetings for May.

9. Adjourn – There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Mr. Robbins seconded and the motion was approved. The meeting adjourned at 3:53 p.m.


_____ Chair

05/10/2021
_____ Date