

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MEETING MINUTES
STATE CAPITOL BUILDING ROOM 307
June 9, 2022**

Members Present: Mr. Joe Guillen, NMSBA
Mr. David Abbey, LFC
Mr. Antonio Ortiz, PED
Ms. Ashley Leach, DFA
Ms. Mariana Padilla, Office of the Governor
Mr. David Robbins, PEC
Mr. Raúl Burciaga, LCS
Dr. Vanessa Hawker, LESC
Mr. Clay Bailey, CID

1. **Call to Order** – Chair Guillen called the meeting to order at 10:04 A.M.
 - a. **Approval of Agenda** – Chair Guillen asked if there were any changes to the agenda as presented; as there was none, Mr. Robbins moved for Council approval of the agenda. Ms. Padilla seconded and **the motion was unanimously approved.**
 - b. **Correspondence** – None.
2. **Public Comment** – None.
3. **PSCOC Financial Plan**
 - a. **Financial Plan**

Mr. Brad Mathews, Public School Facilities Authority (PSFA) Chief Financial Officer (CFO), reviewed the summary of the Public School Capital Outlay Council (PSCOC) financial plan noting detailed changes of out-of-cycle, emergency and additional funding from the last meeting, totaling of \$19,561,569. Mr. Mathews proceeded to highlight the changes to the financial plan from May 2022, indicating the projected fund balance as of May 23, 2022 was \$750,917,493.67. Mr. Mathews mentioned the PSCOC Financial Plan denoted the following changes since the last PSCOC meeting:

 - Line 16 for FY23 of \$6.8M for the PSFA Operating Budget and that was held flat through FY25.
 - Line 22 for FY23 for \$10M for the Charter School Loan Fund.
 - Line 27 for FY22 for \$5.9M for Garrett Dormitory, New Mexico School for the Blind and Visually Impaired (NMSBVI).
 - b. **PSCOC Reconciliation Update**

Mr. Mathews reviewed the executive summary for the PSCOC reconciliation update, noting that there were two deliverables involved with the reconciliation. The first task was to reconcile uncommitted bond balances (balances not assigned to any projects). Mr. Mathews said that the findings included the following:

 - Projects that were rescinded but not reflected on the recertification worksheet.
 - Projects missing from bond certification worksheets.
 - Projects under certified as compared to actual awards.
 - Differences between preliminary funding pool and actual awards.

- Multiple projects certified more than once.
- PSFA has completed this reconciliation from SSTB15SB to STB15; and SSTB18SB to SSTB21SD. At this time the work is ongoing and about 85% complete.

Mr. Mathews said that the work was ongoing and it should be completed by the next PSCOC Meeting.

Mr. Mathews reviewed the second task, which was to reconcile the final (committed) bond balances in SHARE vs the Board of Finance (BOF) by completing the following:

- SHARE expenditures and revenue to the BOF book of record (appropriation by agency report).
- Reconciliation of SHARE vs BOF has not started. The PSFA expected this process to take several months.

Mr. Guillen was glad to see that the work on the Supplemental Severance Tax Bonds (SSTBs) was 85% complete, and asked how long the additional work would take. Mr. Mathews responded that it would take a few months. Mr. Guillen asked if there was a schedule and if the PSFA had sufficient staff resources to support the efforts. Mr. Mathews said that there were sufficient staff resources, which include multiple staff working on the efforts and one full-time employee (FTE) was dedicated to the efforts fulltime. Ms. Martica Casias, PSFA Executive Director, also mentioned that Ms. Leach's staff with the Department of Finance and Administration (DFA) was also available to work with the PSFA as well, and was appreciative of that. Mr. Abbey requested more specific planning and discreet action to be presented every month moving forward leading to completion. Mr. Abbey told Mr. Mathews and Ms. Casias to let the Council know if there were any further resources needed to complete the reconciliation.

4. Consent Agenda

a. May 2nd, 2022 PSCOC Meeting Minutes*

b. Recertification of SSTBs*

c. Release of the 2022-2023 Lease Assistance Application*

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

5. Informational

a. Alamogordo District Presentation Regarding Chaparral MS

Mr. Abbey presented background information on what was discussed and presented at the May 31, 2022 Awards Subcommittee Meeting and mentioned the discussion was based on understanding the significant high cost of the project compared to other projects. Mr. Abbey said estimating a real cost was difficult due to price escalation, and the price gap was close to \$120/SF considering the district's pricing estimate compared to the PSFA pricing estimate. Ms. Casias reported the project scope, timeline and background along with the materials provided by Alamogordo Public Schools. Ms. Casias mentioned that the project had paused due to budget

concerns, and the project cost estimate was 210% over budget from the established maximum allowable construction cost (MACC). Ms. Casias said there had been 15-20% construction cost increase in the state of New Mexico and across the country. Mr. Guillen asked for the project cost in dollar amounts, and Ms. Casias mentioned the last project cost submission from March 3, 2022 was \$61.5M at \$707/SF and the original MACC was \$27.8M at \$325/SF. Ms. Casias said the PSFA is working with Alamogordo Public Schools to work on the cost, while considering equity around the state of New Mexico. Using the national construction industry cost escalation as a base, calculating a 20% increase from the original MACC would equate to \$33.36M for design at \$390/SF, which would be the range the PSFA would like to work within for the design budget. Ms. Casias mentioned that the PSFA had not been a part of any of design meetings from programming, schematic design, through design development.

Dr. Kenneth Moore, Superintendent of Alamogordo Public Schools, introduced himself along with staff; Deputy Superintendent, Colleen Tagle, and Chief of Capital Outlay and Maintenance, Justin Burks. Dr. Moore reviewed a project booklet that was submitted by Alamogordo Public Schools for the Chaparral Middle School project update to the Council, and presented a request to increase the project MACC to \$42.34M. Dr. Moore mentioned that the district and design professional had value engineered for the design and made compromises from the original design, and according to the PSFA, there was nothing in the design that was over adequacy. Dr. Moore shared a brief history and background on how the original MACC of \$27.8M was determined, and proceeded to read language from the Memorandum of Understanding (MOU) specifying: *“If the actual costs to meet the Adequacy Standards will exceed the funding identified, the District shall notify the PSCOC and request the pro-rata state share be adjusted; the MACC is a starting point for design.”*

Dr. Moore proceeded to discuss further history, mentioning that the school district’s predecessors were expecting to have to have a local match for another project at Holloman MS for \$20M in their budget for capital, and since that time, Alamogordo Public Schools acquired 100% funding from the Office of Local Defense Community Cooperation (OLDCC) federal funding for Holloman MS, therefore, the district did not plan on requesting PSCOC funding for Holloman MS. Dr. Moore stated that if the district did not have to set aside capital when they set the \$27.8M MACC for Chaparral MS, Alamogordo Public Schools would have been able to come up with a MACC of \$40M at that time, and also said that the district had the match to build Chaparral MS at a MACC of \$42.34M.

Dr. Moore discussed the concept of the school design, mentioning that they had hired Lake Flato Architects to design a school that students and teachers would want to attend and teach at, increase attendance, retention, and support parent and community involvement along with reducing long term operating and maintenance costs. Dr. Moore also brought up the school design was based around on concepts from the New Mexico Public Education Department’s (PED) Comprehensive Strategic Plan and the Martinez-Yazzie Equity Plan as Alamogordo is a focus district in the Martinez-Yazzie Lawsuit. Dr. Moore was adamant about making sure

Alamogordo Public Schools provides a top-notch school for students regardless of their socio-economic status.

Dr. Moore mentioned the January 2022 design development was completed and on March 11, 2022, Alamogordo Public Schools met with the PSFA and representatives from the PSCOC. Dr. Moore said at that meeting value engineering continued in order to meet somewhere in the middle with costs, and afterwards PSFA put the project on hold. Dr. Moore mentioned that the PSFA was not current on their portion of payments to the design professional.

Dr. Moore mentioned the Adequacy Standards, and that the district had to compromise the original design by removing a community center, performing arts center, reduction in classroom size and reduction in parking lot size and landscaping, along with the removal of other items from the design. Dr. Moore recommended that the PSFA and PSCOC modernize the Adequacy Standards as there were many items that the PSFA would not participate in the cost, and the district has to pay 100% of those costs, such as connecting to city sewer, water, gas and electricity. Dr. Moore mentioned a roofing consultant must be hired for an additional \$500K as a project requirement, and the district saw no value added from the consultant on past projects. Dr. Moore mentioned the incongruent cost comparisons using Hobbs ES as a cost comparison, which had significant differences. Dr. Moore posed that all of the items that the district pays for 100% had to be included in the cost per square foot, which increases the cost per square foot as a whole. Removing items that the district will cover 100% or give up, amounted to an estimate of \$486/SF. Dr. Moore expressed concern over the significant cost escalations in the construction industry. Dr. Moore was not willing to compromise on features from the design such as the tilt up concrete walls, arguing that the upfront cost would be higher, but it would be maintenance free for the life of the building. Dr. Moore detailed the changes, compromises and comparisons made with the value engineering efforts to cut the cost of the building estimate. Dr. Moore reiterated the district's request to raise the MACC to \$42.34M at \$486.94/SF to build Chaparral MS, which was within the current PSFA Adequacy Standards. Dr. Moore pleaded it was not a luxury school, and said that the Alamogordo community deserved the school, and that every day the project was delayed prices would continue to increase, and requested the increased MACC and approval to move the project on to construction documents to get the project out to bid.

Mr. Robbins reviewed the original and revised cost estimate, and brought up the \$1.5M reduction in plumbing and Dr. Moore replied that the design went from copper to PEX piping. Mr. Robbins also brought up the \$2M reduction in electrical, noting it was a large reduction. Mr. Burks clarified the revision of the mechanical, electrical & plumbing (MEP) cost estimate, and said it was based on the design development estimates at Hobbs ES and Holloman ES. When the project was originally estimated from the district's design professional, the prices were inflated compared to the actual hard bid numbers that the district had seen comparing two other projects. Mr. Robbins said the \$1M estimate in landscaping was still high; Dr. Moore clarified the district was planning on having outdoor classrooms, and the local pecan and pistachio farms would donate the trees, and if the landscaping was pulled back the district was planning to pay 100% for the landscaping.

Dr. Moore reviewed the current condition of the existing Chaparral MS, and shared that it was one of the worst schools in New Mexico according to the ranking, and the district might have to shut down a wing of the facility due to significant sewage issues and students would have to move to different schools until the new middle school would be built.

Mr. Robbins asked why the offsite utilities were still on the proposed revised cost estimate, as the Adequacy Standards state the district was responsible for offsite utilities. Dr. Moore stated that the PSFA requires those amounts to be included in the cost per square foot; Mr. Robbins replied that if it is included in the \$42M, and then the state picks up 60%, the offsite utilities would not come out of the cost as it should. Dr. Moore asked the Council in the long term to reconsider including the offsite utilities in the Adequacy Standards, and that the district would remove the offsite utilities from the estimate.

Lastly, Mr. Robbins asked about Alamogordo Public Schools total school mill levy; Dr. Moore said that the district was at their max for bonding and all of the bonds come up for election in 2023, and if there is no progress on Chaparral MS, the district would most likely not be able to pass any of those bonds again. Dr. Moore said that would be the last time the district would go to the PSCOC for a request. Mr. Robbins said he understood the bonding was maxed, but wondered what Alamogordo's total debt service and mill levy was. The district responded that they did not have that information at the time. Mr. Robbins said it was very important because of the PSFA standards, the PSCOC follows those standards, and districts must be taxed at a reasonable level (10 mills is the minimum for the size of the Alamogordo school district), and if the district is not at the mill level in total, it is a concern that the district is asking for the state to pick up a larger portion; Dr. Moore said that they would provide the figures. Mr. Ortiz located the information in question and stated that Alamogordo was at 9.9 total mills (including ½ mill levy, 2 mill levy, SB-9, HB33 and debt service).

Mr. Abbey mentioned the district accepted the award last year. Ms. Casias noted that the PSFA had documentation that the district accepted the award and signed the MOU. Mr. Abbey asked Ms. Casias if the PSFA authorized the district and architects to resume work on the project, and Ms. Casias responded that the PSFA was planning on starting conversations with the architect after the PSCOC meeting that same day. Due to the short time frame, the meeting hadn't occurred, and Mr. Parks noted that research was being performed per Mr. Abbey's request, and the PSFA was planning to meet with Dr. Moore within the next week. Mr. Abbey mentioned the agreement was to resume the work, and Ms. Casias replied the funding was available to resume the work, and the PSFA would meet with Dr. Moore and the architect to start the project again. Mr. Abbey urged for the work begin as soon as possible and said per what was reported, Alamogordo's bonding capacity was at 67% not 100%. Ms. Tagle said there was additional bonding capacity within the community, but it would increase the actual dollar amount of the rate. Mr. Abbey interjected, and said the point was that Alamogordo did have unused bonding capacity of 33% at \$17M. Ms. Tagle said that the request was not more than their share of the match, and everything above adequacy would be paid 100% by the district. Mr. Abbey said the

district had significant resources to bring to the table to address a resolution. Mr. Abbey described the challenges for all parties and asked Mr. Parks about the \$57M amount reported as a cost reduction, and Mr. Parks said the \$57M was the amount the group came to, and since that time the school district had updated the cost estimate. Mr. Parks said that the PSFA hadn't been in conversation about the estimated change and said it was an oversight. Mr. Abbey said Alamogordo's estimate was at \$487/SF and the PSFA estimate was at \$390/SF, which was a big gap still. Mr. Guillen proposed to move forward with the project, and suggested for the district, PSFA, and the Awards Subcommittee to continue working on an offer or agreement. Mr. Guillen asked both parties to take a closer look and the telling point would be the actual bids that are submitted. Mr. Abbey requested the Awards Subcommittee members, Alamogordo Public Schools and the PSFA Staff to huddle and agree on the next steps before the recess for lunch.

b. Waiver Policy

Mr. Robbins reviewed the discussions held at the AMS Subcommittee meeting on May 31, 2022, where a formal motion had not been determined. The AMS Subcommittee agreed that there was need for additional discussions, and data required to refine the Waiver Policy. There was concern about the Waiver Policy additions that were proposed, and the Subcommittee believed that more data was needed to see what the total impact to the funding stream may be. Mr. Robbins said there needed to be balance and equity when to awarding waivers. Mr. Robbins mentioned that about twenty-five schools had received waivers over time. Mr. Robbins advised caution moving forward in easing up on waivers, stating he understood schools districts had been stretched, but dollars available from the state were also stretched. Mr. Robbins said that what could be put forth in bonds was increasing, and it did not come anywhere near the six million dollars in waivers. Mr. Robbins said that the AMS Subcommittee wanted more discussion so there was no formal position or motion made from the AMS Subcommittee.

Ms. Casias brought up one of the topics that came up at both subcommittee meetings was the question as to whether the issue was with the waiver policy or the state-local match. Ms. Casias presented a packet of handouts reviewing historical analysis of the phase 1 and phase 2 funding formula. Ms. Casias said that as the phase 2 funding formula came in, majority of the local school district shares increased. Ms. Casias reviewed the specific regions throughout the state and proceeded to share the local match percentage analysis and reviewed what had occurred over the years. Ms. Casias said in 2004-2005 most district were within the bell curve, and in 2018-2019 schools shifted out to the higher percentage rates between 81%-90%. Ms. Casias said that in 2021-2022 (year 3) twenty-eight districts had local matches within the 91%-94% range. The state-local match phase 1 & phase 2 was to decrease the state share and increase the district share; however, Ms. Casias felt that there were unintended consequences, because the twenty-eight schools with local matches between 91-94% are small rural districts. Ms. Casias mentioned that in previous meetings there had been discussion to revisit the state-local share, and the small rural districts have schools with weighted New Mexico Condition Indexes (wNMCI) of 62% or higher, but their local match was now 94%. Ms. Casias said that the point trying to be made was that it was not about granting waivers, but rather, the state-local share needed correction. Ms. Casias said that the Council allowed the PSFA to take the state-local share as a policy consideration to the Public

School Capital Outlay Taskforce (PSCOOTF), and feedback shared suggested to simplify, revisit or reverse the state-local match formula. The state-local match formula was based on property valuation, school enrollment and mill levy. Ms. Casias said there are now districts posed with a bad facility condition index (FCI) score and a high match, and it did not necessarily start out that way. Ms. Casias suggested on focusing on the schools that had a high FCI, cannot afford the local match, and did not meet the current waiver criteria. Mr. Guillen was disappointed the PSFA did not have a recommendation for the Task Force. Mr. Guillen said there was a large number of districts that fell into the higher end of the percentage for local matches, and was unsure what had changed. Ms. Casias said that the waiver criteria was a policy that the PSCOC would make without going through the Task Force, to which Mr. Guillen understood, and said that Ms. Casias was making a point about the twenty-eight districts on the higher end of the local share percentage, but it seemed that was not anything new. Ms. Casias clarified the local share percentage increased over time and the amount of districts in that category had increased. Mr. Guillen said that it was a problem with the amount of districts in the category of having of high local match percentage, and they probably would never be able to afford their share. Mr. Guillen asked if the local match percentage was adjusted, would it guarantee districts coming forward with funding requests, and Ms. Casias responded that there would be no guarantee. Ms. Leach asked if there was a large shift in just the rural schools or if it was an increase in all of the schools. Ms. Casias said that it was some of the rural districts, but not all of them, and those particular districts could be specified. Mr. Abbey said there was too much data presented, and the issue in particular was to compare the 2017-2018 to 2021-2022 local matches. Mr. Abbey read off percent changes for a number of various school districts with significant increases, including Las Cruces, Albuquerque, Rio Rancho, Bernalillo and Clovis. Mr. Abbey said that the new formula had the consequences of causing applicant districts to be less interested in coming to the state for funding awards, given that the state share was relatively small, and offsets also caused an issue. Mr. Abbey said the data needed was the change from the last year of the phase 1 formula to the new formula, and just have one number for each district, the change over a three year period and separate the top ten districts into one category along with all of the other districts. Mr. Abbey said the waiver policy was about districts scrambling to find ways to get help when the formula was not generating the help needed, and the Awards Subcommittee wanted to revisit the equity of the formula. Mr. Abbey said the afternoon meeting would consist of Farmington and Gallup, which were the only large districts requesting funding, along with a handful of charter schools, and Farmington was going to request a waiver. Mr. Abbey said there is a need to revisit the formula. Mr. Robbins agreed with Mr. Abbey, and said the impact from the former formula to the current formula substantially increased the local match, which was counter to what the intent was originally, which was to get more state participation with the smaller rural districts that could having funding impact issues and it seemed the formula did not do what was intended. Mr. Robbins said that bonding numbers dropped dramatically over the last three to four years, and the reality was that in the foreseeable future the state will have substantial funds available, and the local matches seemed unreasonable. Mr. Robbins suggested lowering the cap on what the local match could be; for example, a cap of 80% and a minimum of 20% regardless of what the formula was could be one way to mitigate some of the negative effects the change in formula resulted to.

Ms. Leach concurred with Mr. Abbey and mentioned there was good data presented, and thought the data could be presented more succinctly, especially when it came to the rural districts or the big changes between the phase 1 and phase 2 formula. Ms. Leach thought that could present recommendations, and looking at the funding formula and recognizing the new reality of large revenues coming in, could help determine how to utilize that in an equitable way for schools, while still understanding that could change at any time. Ms. Leach thought the data was the starting point, and with additional editing there could be a real story to tell. Ms. Padilla also agreed with the direction of discussion, comments and suggestions and shared appreciation to staff on the data analysis, though it wasn't quite where it needed to be, and asked to see clear options and recommendations from staff so the Council could figure out and come to an agreement that the match needed to be addressed before looking to modify the Waiver Policy, although the Waiver Policy might also need to be modified.

Mr. Guillen believed the match was the most important thing, and once the match is figured out, the Waiver Policy could be tailored to the effects from the match recommendations. Ms. Padilla asked about the timing of efforts, and shared concern of time sensitivity. Mr. Guillen mentioned the Task Force would be having a meeting soon, and Mr. Turner clarified that there was an organizational meeting with the Task Force on June 21, 2022 to review and approve the work plan. Ms. Casias said that the PSFA had engaged conversations with University of New Mexico's Bureau of Business and Economic Research (BBER), which was the institution that originally worked on the state-local match, and letting them know that the PSFA and the PSCOC was interested in revisiting the state-local match formula. Mr. Abbey challenged staff and all of the agencies, including Legislative Education Study Committee (LESC) in particular, to begin brainstorm formula options, and wondered if another contract with BBER would have merit to provide technical support on formula options with their history and knowledge. Mr. Guillen mentioned that the state-local match was a long term project for Senator Mimi Stewart, and somehow involving Senator Stewart could be helpful. Mr. Guillen instructed PSFA to move forward with talking to BBER and to focus on points that could be more clearly defined for the next PSCOC Meeting. Mr. Abbey brought up a companion issue, and said that part of the impetuous on pushing up the local share was to allow greater share for the Impact Aid districts. Meanwhile, the Task Force worked with the Impact Aid districts to come up with a methodology to determine how much their revenues would be credited like a property tax. Mr. Abbey said that the issue is another layer of complexity that could be taken up at the same time and maybe backed off into a simple formula for everybody as it was in the past.

c. Teacher Housing Program Rules

Mr. Robbins reviewed discussions held at the AMS Subcommittee meeting, and mentioned a motion was not formulated. Mr. Robbins said the PSFA reported recommendations for a two bedroom of 1100 GSF (max) and three bedroom units at 1400 GSF (max). Mr. Robbins said duplex and triplex was preferred as there would be one access for all utilities. Mr. Robbins said the recommendation was good and asked the Council if there were any recommended changes. Ms. Casias shared feedback from both subcommittees, and heard conflicting suggestions concerning if the program should be limited to rural or include urban districts. Ms. Casias shared Mr. Ortiz's recommendation to use teacher housing bonds for districts to use to pay for teacher

housing. It was recommended to move forward with the specified square footages, using the United States Department of Housing and Urban Development (HUD), and to accept applications with certain dollar limits as well. Mr. Robbins explained that the Awards Subcommittee asked to only have rural districts considered and the AMS Subcommittee did want to have that exclusion because there were socioeconomic factors even in some of the more urban areas considering the issues with cost of housing and the availability of housing. The AMS Subcommittee was considering what the local districts and communities had been doing to access HUD funds to provide more local affordable housing, which could impact and potentially supplement what the PSFA presents with a teacher housing program. Mr. Guillen asked what the match requirements were for the teacher housing program, and Ms. Casias specified it would be the state-local match calculation used to determine the funding amounts.

Mr. Robbins said that the rules would be adopted at the July 2022 PSCOC meeting. Mr. Abbey asked if there was any analysis on the demand for the teacher housing program, and Ms. Alyce Ramos, PSFA Programs Manager, said there was not an analysis on a number of units and cost, but the PSFA had heard interest from many districts throughout the state including non-rural districts like Santa Fe and Raton. Ms. Ramos explained there were three scenarios of districts interested in teacher housing: districts that already had teacher housing where the facilities are beyond lifecycle that need to be replaced; districts that had teacher housing, but it was insufficient for the number of teacher housing needed; and districts that never had teacher housing and would be interested in starting a teacher housing program. Ms. Ramos foresaw all three scenarios coming to the Council at some point. Mr. Abbey shared concern about getting into the business of providing housing assistance outside of areas where there are no houses such as Des Moines or Mosquero, and did not support a program that would be wide open. Ms. Padilla mentioned the discussion held in the AMS Subcommittee meeting and said that the housing issues were not school-based housing issues, they were community housing issues and the program would not resolve the community wide housing issues, and it was not just a rural issue. Ms. Padilla said that the Council needed to look at the teacher housing program more comprehensively before any restrictions are put on a program that could significantly benefit communities that were having major staffing issues that were directly tied to housing. Ms. Padilla said there was need to have districts talk with their community leaders to address the housing issue as a broader community issue, as opposed to a school issue. Mr. Robbins proposed prioritization on areas that do not have housing first; secondly, areas that had current housing, but was in need of replacement; and third, affordability. Mr. Abbey mentioned Census data could help with developing prioritization methodology. Ms. Ramos mentioned that the PSFA planner had that information and would share that information in the July 2022 meeting. Mr. Abbey said if there was a criteria quantified and working with the Mortgage Finance Authority (MFA) would really help and avert the program from escalating. Mr. Abbey suggested to set a dollar limit to cap the program, and agreed with Ms. Padilla saying that it was a community and statewide problem, and warned the Council that spending education dollars was not the solution to the statewide problem. Ms. Padilla agreed with Mr. Abbey and mentioned there was a lot of work that needed to be done before the next Council meeting. Mr. Guillen suggested having criteria with the three categories of applicants that were suggested, along with the data of housing stock, and mentioned that there was a lot of housing data available from the DFA Community Development Bureau (CDB) along with HUD data and

the DFA's Local Government Division. Ms. Leach reiterated that MFA were experts with HUD data, and they would have a lot of information on similar programs that had criteria to identify affordability.

d. Process Improvements Update

Ms. Casias shared a brief timeline and history and provided details about what had been implemented and improved since October 2021, along with sharing the current status of ongoing work with the consultant. Ms. Casias also gave a brief summary on the PSFA partnering and outreach and the described all of the meeting types that were held. Ms. Casias said that the PSFA was planning on holding future meetings with school districts and stakeholders regarding changes to the Adequacy Standards. Mr. Abbey said it was a great effort streamlining the planning and design phases, reducing six to nine months to the process.

e. New Mexico Public School Adequacy Planning Guide – Exception for Existing Spaces Square Footages

Ms. Casias reviewed the exceptions for existing spaces' square footages from the New Mexico Public School Adequacy Planning Guide. Ms. Casias explained that when an existing school was awarded, and was being renovated, often times the existing gross square footage would exceed the maximum allowable calculator figure, and if it exceeded the maximum GSF, the space would be considered outside the allowable funding and the district must fund the space with their own money. Ms. Casias stated that the exception read "Certain oversized existing spaces may cause an entire facility to exceed the Allowable Total GSF calculated if the excess existing space cannot be economically subdivided or converted for other purposes to meet adequacy while remaining functional, then the space shall be excluded for the calculation for the total school." Ms. Casias said that if a school had an existing gymnasium that was 20,000 SF, the PSFA could only pay for 10,000 SF of the gymnasium, per Adequacy Standards, but if the other space could be used for something else that was a part of the PE credits, that space could be included in the allowable GSF and funded by the PSCOC. Ms. Casias presented a number examples that had the similar scenario, and mentioned that the district had to use the space for educational purposes in order for the Council to participate in the funding. Ms. Casias said that was a practice that was used in past years, though it had not been used recently, and indicated it was still an allowable practice within the Adequacy Planning Guide.

f. Semi-Annual Contracts Update

Ms. Casias presented updates on PSFA contracts. Ms. Casias then clarified a question Ms. Padilla asked about the Statewide Education Network (SEN) Consultant, CTC Technology & Energy's contract and was wondering how much was paid and the status. Ms. Casias clarified the contract was not-to-exceed \$300K. Ms. Padilla clarified the questions were related to the number of schools that elected to participate in the SEN and had concerns with the quantity being so low and the need with additional outreach. Ms. Casias mentioned that further details would be covered in Agenda item V.J.

g. HR Staffing Report Update

Ms. Casias gave a brief update, and indicated the PSFA was now fully staffed and the agency was optimistic that the vacancy percentage will remain in single digits. There had been in-house training and redistribution of workloads and improved internal processes. Mr. Guillen asked how many staff were on board, and Ms. Casias specified there were 53 staff members in total.

h. Quarterly Maintenance Status Report

Mr. Larry Tillotson, PSFA Maintenance and Operations Support Manager, presented quarterly updates as of March 31, 2022. Mr. Tillotson reviewed the Preventive Maintenance (PM) Plan Status completion rate was at 57%, which was a slight increase from the previous reporting period. 43% of districts did not have a PM plan, and the PSFA continued to pursue outreach to encourage districts to update their PM plans for not only capital funding, but also as a good business practice. Mr. Tillotson indicated there had been a slight reduction in the use of the Facility Information Management System (FIMS); 60% of districts utilized Maintenance Direct, 66% of districts utilized Preventive Maintenance Direct, 47% of districts utilized Utility Direct to collect utility data for energy management opportunities. Mr. Tillotson said there was still room for improvement across the state with the Utility Direct module as there was a lot of energy management issues across many industries and the PSFA would like to see districts utilize the data as a starting point to a good quality energy management program as managed in district facility master plans. Mr. Tillotson shared that the Facilities Maintenance Assessment Report (FMAR F6) was closing out the third, five year cycle of the FMAR and there were some success stories across the state, and unfortunately some districts had gotten worse. Mr. Tillotson said the current statewide FMAR (91 New Mexico school districts reported) was 72.095% as an average where 70% was recommended percentage, and the charter school category was 71.895%. The FMAR Minor and Major Deficiency Summary recognized life safety as an issue across the board statewide. Mr. Tillotson stated that the PSFA had seen fire alarms and sprinkler systems not being maintained as they should, along with a lack of preventive maintenance of fire extinguishers. Mr. Tillotson also stated that electrical distribution systems and roof flashing and gutters were two other categories that also could use improvement. Mr. Tillotson highlighted the 12% of New Mexico school districts that were using the Meaningful Maintenance Metrics (M3) consisting of Alamogordo, Albuquerque, Belen, Clovis, Deming, Farmington, Gadsden, Grants-Cibola, NMSBVI and Roswell. Lastly, Mr. Tillotson shared that the New Mexico Facility Managers Association Meeting occurred on April 11, 2022 supporting Facility Managers across the state, and the PSFA presented Module 4 and Module 5 on the benefits and value of maintenance across the board. The PSFA also partnered with POMS, who had a representative present Module 6 on Emergency Management, Safety and Security. Mr. Robbins asked Mr. Tillotson what the PSCOC and the PSCOOTF could do to maintain and improve the integrity of the 40% of districts that had outdated or non-current maintenance plans, and said that will result in higher expenses and earlier costs to replace schools that are not maintained. Mr. Tillotson recommended to enhance the statute criteria and make maintenance plans an annual requirement because it is a good business practice across the industry and push districts to recognize the value of maintenance. Mr. Robbins suggested a statutory change to require the maintenance of that plan for the term of any bonds and perhaps five years beyond the terms of the bonds because that will add importance to the

maintenance plan. School facilities and districts in New Mexico need to be held to a standard of making sure that we are doing the best we can as a state and improve standards and requirements longer term rather than just during the application period, but for length of the bonds and some period thereafter would be helpful.

i. BDCP – 2022 E-rate Cycle Update

Ms. Casias shared updates with the BDCP 2022 E-rate cycle, in regards to Category One, which is the fiber project, and Category Two, which is equipment. Ms. Casias said that there were 67 new potential broadband eligible projects, with a total cost of \$1.7M. Ms. Casias said that for Category 2 (Cat2), 66 projects had a total value of work estimated at \$13.3M, and the state had participated in \$1.2M for Cat2 projects. Ms. Casias continued to review that the direct support to charter schools had resulted in 39 applications for connectivity and equipment, and the charters' request for funding was about \$1.8M which was supported by the PSCOC's commitment of \$60M.

j. Statewide Education Network Update

Ms. Casias updated the Council on the status of the SEN program. Currently the PSFA was still working on contract negotiations that started on May 3, 2022, and is meeting weekly with the highest offeror to work out details. It was reported that fourteen schools have committed to participate in the SEN. Ms. Casias mentioned there was a request to have a more aggressive approach, because all fifty schools need to be signed up as there was information needed for the contractor. Ms. Casias said that the PSFA planned to have virtual or in-person meetings with superintendents throughout the state, and the plan was to continue to get schools signed up and finish contract negotiations, as there were five more meetings scheduled. Ms. Casias said that there should be more information to bring forward at the July or August 2022 meetings. Mr. Guillen suggested that prior to the next PSCOC meeting, PSFA look at the other schools from the total of 56 that were eligible.

6. Awards Cycle

a. 2022-2023 Pre-Application Received for Standards-based Awards

Ms. Ramos informed the Council of new applications received since the May 2022 PSCOC meeting, as the application cycle is open year round. Ms. Ramos indicated the most recent letter received was from Truth or Consequences, requesting a Standards-based project for Truth or Consequences Middle School, which was currently ranked number seventeen. Ms. Ramos shared a spreadsheet with the dollar amount of the request and mentioned that it would most likely change, and indicated the request had very specific renovations. Ms. Ramos also mentioned the PSFA would begin reviewing the pre-application letter and follow-up with a site visit in the near future; the Council members would be invited to attend the site visit.

b. 2022-2023 Capital Outlay Summary and District Presentations

Ms. Ramos shared the purpose for the district presentations was to provide the districts the opportunity to express their needs and convey their formal requests to the Council. Ms. Ramos reiterated that the application was now open year-round and the pre-application process had been changed to only a letter of intent, which all the districts had completed; the final application for the Standards-based requests was now web-based and all the districts had completed the application. Ms. Ramos reviewed eligibility for Standards-based projects, which was the top

150 in the ranking, or a current campus FCI greater than 70%, and for Pre-K it was open to all school facilities. Standards-based and Pre-K applications received and reviewed that were presenting today included the following:

1. Farmington – Heights MS (Standards-based)
2. Farmington – Mesa Verde ES (Standards-based)
3. Farmington – Preschool Academy East (Pre-K)
4. Gallup – Gallup Central HS (Standards-based)
5. Gallup – Thoreau HS (Standards-based)
6. Gallup – David Skeet ES (Standards-based)
7. Albuquerque Sign Language Academy (ASLA) (Standards-based)
8. New Mexico School for the Blind and Visually Impaired (NMSBVI) – Albuquerque (Pre-K)

Ms. Ramos pointed out that the numbers on the Combined List of 2022-2022 Final Applications for Potential PSCOC Funding Spreadsheet were placeholders because the PSFA was expecting to receive the new state-local match sometime in July 2022, which would alter the state-local match percentage shares. Ms. Casias brought up that the request for construction funding was also a placeholder because of the current construction climate, and the true cost would not be known until the project is brought back to Council with proper numbers. Ms. Ramos said the primary concern in July 2022 would be for phase one, planning and design, to make sure that districts would have enough funding to complete the first task. Ms. Ramos continued to review the supplemental deliverables and details along with the district presentation format.

Farmington Municipal Schools (FMS)

Cody L. Diehl – Superintendent (As of July 1, 2022)

Bobbi Newland – Chief Financial Officer

Regina Gaysina – RBC Capital Markets, District Bond Advisor

Pamela Schritter – Principal, Mesa Verde ES

Nicole Lambson – Executive Director of Curriculum and Instruction

Facility	Project Type	Rank	wNMCI (%)	FCI (%)
Heights MS	Standards	65	39.86%	67.12%
Mesa Verde ES	Standards	59	40.95%	74.46%
Preschool Academy East	Pre-K	N/A	N/A	N/A

Heights Middle School

Ms. Ramos mentioned that Farmington’s Facility Master Plan (FMP) was expiring soon, so the district was in the process of starting a new FMP. Ms. Ramos mentioned that the PSFA would use the outdated enrollment projections from the current FMP, and the maximum allowable gross square footages would be based on those numbers, until the updated FMP enrollment projections are available in the early fall. However, Mesa Verde ES had increased enrollment and the PSFA Master Planner, John Valdez, completed a demographic study to determine the enrollment number. Lastly, Farmington was requesting a waiver for all three projects.

Mr. Cody Diehl thanked the Council for the opportunity to work with them on the projects, and explained the rationale and reason for the funding requests. Heights MS (ranked 65) safety, age, maintenance and congestion of the school (bus pick-up and drop-off) brought much concern. Allowing the district to rebuild would make it possible to create safe new structures. Heights MS has been in existence since 1969, with several additions in 1976, 1983, 1989, and 2003. Significant deficiencies consisted of roof leaks, outdated and insufficient HVAC, inadequate hallway spacing, single pane windows, uninsulated walls and inadequate electrical servicing. Mr. Diehl projected an increase in enrollment along with the building of a temple from the Latter-day Saints Church. Mr. Diehl specified that Heights MS and Mesa Verde ES are located right across the street from each other. Mr. Diehl said that there were insufficient number of classrooms for the enrollment at Heights MS and there were two portables being utilized; the district would not like any portables on the new campus. The current cafeteria was inadequate, with no restrooms, and is located in a separate building from the main building, making it an unsecure area for students. In conclusion, Mr. Diehl shared gratitude for all the work and assistance that the PSCOC had provided over the past several years at McKinley, Tibbets MS, Hermosa MS and Farmington HS. Mr. Diehl indicated that Farmington Municipal School's maintenance department was present, and that you wouldn't know by walking into Heights MS that the facility needed replacement until you would start digging. Mr. Diehl mentioned that Farmington Municipal School's maintenance department had received the Ben Lujan Maintenance Award several years in row and commended their work and outstanding job over the years. Mr. Diehl mentioned that the scope of work with Heights MS and Mesa Verde ES would be to build a new Heights MS on a playing field while the current middle school is utilized and then the Mesa Verde ES would move into the old Heights MS while it would be built across the street.

Ms. Ramos reviewed the PSFA recommendation report for Height MS, noting that the PSFA agreed with the district's request for a replacement school because the facility was past its functional lifespan, and the cost to renovate and upgrade multiple system deficiencies would be cost prohibitive. The permanent facility was slightly smaller than the maximum allowable gross square footage would allow. The site included many unsafe and uneven surfaces, and there were also drainage issues. Considering the FAD data, six of the seven assets on the campus had FCI scores ranging between 63 and 79 percent, indicating the need for replacement rather than renovation, with the one exception of a classroom addition that was completed in 2003. Ms. Ramos continued to report that the buildings had multiple systems that surpassed their functional lifespans and condition-based deficiencies, including HVAC, structural issues, floor finish, and early stages of roof failure. The district did previously apply for a Systems-based project in the second round of 2021, but withdrew because the district would rather replace the school. The PSFA recommended two phases for the project, beginning with planning and design, followed by a construction phase. PSFA suggested an estimated cost of \$400/SF MACC. Farmington was requesting a full waiver, and the PSFA could not recommend a full waiver because the district was not at 100% bonding capacity. Ms. Ramos shared the breakdown of the dollar amounts of the project, and the potential total estimated project cost of \$46M, and \$4.6M for Phase 1. Ms. Ramos reiterated that the state and local shares would change in July 2022.

Mr. Abbey asked Ms. Ramos when the differences of the enrollment and the dollars per square foot would occur, and Ms. Ramos clarified the enrollment projects would be completed by the FMP consultant in the near future, and the changes in dollar per square foot would be determined when the district comes forward for their out-of-cycle funding for construction.

Mr. Abbey mentioned that Alamogordo Public Schools' Chaparral MS project estimate was struggling between \$390/SF-\$400/SF, and Farmington was also suggesting that their funding should be higher than what PSFA was proposing. Mr. Abbey said that those things would get sorted out, and that was important.

Mr. Abbey asked if the district needed to know in advance if the waiver was going to be granted and Mr. Diehl said yes. Mr. Abbey said the waiver decision was very difficult as the legislature may be looking to rethink the state-local match formula. Mr. Abbey suggested that the district needed to work on the bonding capacity offline, and also asked Mr. Diehl if the district had any American Rescue Plan Act (ARPA) funds available for the project. Ms. Newland specified that the district had committed \$15M of the \$19M ARPA funding to the special systems upgrade that were awarded in 2021, and the remaining funding must go toward education and learning acceleration. Ms. Ramos reminded the Council that Farmington received six systems-based awards in the second round of awards from 2021.

Ms. Gaysina, Farmington's Bonding Advisor, said there were a few things to consider regarding the bonding capacity for the district. There was obviously the legal capacity in what they called the tax rate capacity. Since 2010, the district had borrowed over \$100M; however, if you looked at the ten year average growth for the assessed valuation for the district, it was 0.1%. The five year average growth was 0.3% and over the last three years the district had seen a negative trend in the growth of its assessed valuation; given the fact that the district not only had a principal repayment, but also an interest repayment of about \$7M annually, to borrow additional funds and get the district up to 100% of bonding capacity would only be possible by raising and increasing the existing tax rate. The numbers said that if the district decided to increase borrowing and go out for a tax rate increase in November 2025, in 2026 the district would be able to borrow about \$38M, and Farmington would have to increase their tax rate at about \$3.75. For an average homeowner with a house with a market value of about \$100K there would be an annual increase of about \$125 per taxpayer, and Ms. Gaysina mentioned that is a consideration when talking about if the district could bond more than it currently had been. Ms. Gaysina said at the moment, without a tax rate increase, the district was looking at the trends of the assessed valuation and approved a small election of \$8M election going back to voters in 2025, and that was all that was possible without raising the tax rate. Unless there was an increase, there would not be an ability to borrow up to the maximum capacity that was legally possible by the Constitution. Mr. Abbey asked Mr. Diehl if nobody ever had to raise taxes to pay for thing they wanted, taxes would be zero, and if taxes would never go up if nobody had to raise their own money to buy what they wanted, and Mr. Diehl said that made sense. Mr. Abbey suggested to Mr. Diehl to pay attention to discussions that were happening with waivers. Mr. Abbey said once bonding was at 100%, waivers would have a role. Mr. Abbey brought up a past project at Chama when the district was 100% bonded and had significant cost to finish the school, and then a waiver was applied to allow the district to pursue the project. Mr. Abbey wasn't sure where the idea arose that districts didn't need to use their bonding capacity, and

could get a waiver without raising taxes. Mr. Abbey said there was time to sort this out and see what the legislature will end up doing with the state-local match formula and see what the Council will end up doing with the waivers. Mr. Abbey said that \$38M was a big number of unused bonding capacity, and Ms. Gaysina specified the \$38M would be the amount of unused bonding capacity for 2026.

Mr. Guillen asked about capacity, and the several projects in process in Farmington, and asked if the district was able to handle administration and construction for all of the projects plus an additional two projects, and Mr. Diehl responded in the affirmative. Mr. Guillen asked if all of the local matches were in place for all of the projects, and Ms. Newland responded in the affirmative and that all of the funding for all of the special systems had been encumbered with purchase orders in place.

Mr. Abbey commented on the wNMCI versus FCI scores, and said that the school needed to be replaced because their FCI was high. Mr. Abbey said that their wNMCI was low because they had excess capacity in the building. Mr. Abbey asked staff to work with the AMS Subcommittee to revisit the ranking and double weighting regarding enrollment.

Mesa Verde Elementary School

Mr. Diehl mentioned that both the schools were very similar in the ranking and all had similar safety issues. Ms. Ramos reviewed the PSFA recommendation report for Mesa Verde ES. The school was right across the street from Heights MS and built in the same era (1960s), and was beyond its lifespan. Ms. Ramos shared further data, noting that the school had 585 students and 58,586 gross square feet. Mesa Verde ES was ranked 59, with a wNMCI of 40.95%, and an FCI of 74.46%, which again was indicative that a school replacement was appropriate. Ms. Ramos said that the building had multiple deficiencies, and the costs to renovate and upgrade the multiple system deficiencies would be cost prohibitive. The existing facility was smaller than the maximum allowable gross square footage that would be provided for a new school. The school had six portables to accommodate classroom needs. There were many site issues consisting of uneven surfaces, multiple ramps across the site, removed portables that left site issues, along with the roadways and bus loops in parking lots with safety issues similar to Heights MS. Seven of the eight assets had FCI scores ranging from 71 to 80 percent, which indicated replacement was needed, with the exception of a newer cafeteria building. The school was built on an uneven hill, which resulted in the ramps being added throughout the halls of the school after the fact, because the school was built before ramps were a common practice. The project phasing would be similar to Heights MS, with a phase 1 and phase 2. The PSFA was suggesting a MACC of \$375/SF, with an estimated potential total project cost of \$28.3M. Farmington was requesting a waiver for the local share.

Ms. Schritter concurred with everything Ms. Ramos said and reiterated that several classrooms had doors that were not contained, holes in the exterior walls, dangerous sidewalks and terrain. Ms. Schritter said that the cafeteria was not connected to the main building so when the Aztec shooting happened the school was in a predicament since the cafeteria was not attached. Ms. Schritter proceeded to mention that the fences were low, and there were parking lot issues. Ms. Schritter and assistants completed safety training through the state to direct traffic because of

the high traffic area. Mr. Diehl added that both Heights MS and Mesa Verde ES did not have safe vestibules and entryways into their facilities, which was needed in addition to the rebuilds. Mr. Guillen asked about the outlined process of the projects. Ms. Ramos clarified that Heights MS and Mesa Verde ES would be built concurrently for a brief time; Heights MS would build half of the new school, and then move Mesa Verde ES over into the existing Heights MS, while the new Mesa Verde ES would be constructed. Students would then move into the new Mesa Verde ES and then Heights MS would be completely finished. Mr. Diehl specified that both projects would not start at the same time. Mr. Parks pointed out that Farmington Municipal Schools preferred the Construction Manager at Risk (CMAR) method, which brings the general contractor in much earlier on the project. Going through design with both schools at the same time and building the schools at the same time presents an opportunity to purchase materials for both facilities simultaneously.

Preschool Academy East

Ms. Ramos reviewed the PSFA recommendation report for Preschool Academy East and mentioned the district had two preschool campuses; the east and west. Farmington Municipal Schools was interested in consolidating the two campuses into one school facility at the current east campus site, which would extend into the Country Club Elementary School site next door. The district would then convert the west campus site into a career and technology education (CATE) center for high school career-oriented programs. The request was for full replacement of the facility to include classrooms, kitchen, multipurpose room and administration. Ms. Ramos indicated that the Preschool Academy East had not surpassed the building's functional lifespan, but the PSFA agreed that if the district consolidated the two schools that the east campus building did not meet the needs of the program and school. The classroom sizes did not meet the Adequacy Standards for a full size Pre-K program. Ms. Ramos noted that providing a new school at one location would be more efficient for the district's resources of staffing, and would also align with current preschool trends. Ms. Ramos said that it would also present an opportunity for the district to accommodate their CATE center, which also aligned with current state trends. The project would have phase 1 of planning and design to determine the scope of work and potential enrollment projections. Ms. Ramos mentioned that the district's enrollment projections for Pre-K had increased, though it was difficult to project into the future with Pre-K because those students had not been in the school system yet. The district planned to extend the Pre-K program instruction to full day, instead of half day scheduling, and projected an increased enrollment because parents would not have to send children to daycare for half a day. Farmington Municipal Schools was requesting a waiver for Preschool Academy East as well, and the potential project cost of \$27M.

Ms. Lambson added the district would like to see more immersion and an inclusive model with students that had significant disabilities, and that the new building would allow the district to operate with inclusiveness instead of isolation. Ms. Lambson also mentioned that with full day instruction for Pre-K, it would increase the current 10% capacity to utilize an additional 40% capacity. Ms. Lambson said that the district had a strong strategic priority to ensure students were kinder-ready, as those were some of the biggest steps for kids to become successful in elementary, and also considering collaboration between special education and Pre-K.

Ms. Leach asked if the district proved CTE in another space currently or would it have been a brand new program for the district. Mr. Diehl clarified that the district was looking to expand their current CTE program. Ms. Lambson followed-up in the conversation and specified that at the current space Pre-K was shared with automotive, welding, and culinary arts. Ms. Lambson said the district was interested in expanding the culinary arts program to include a hospitality business management program. Ms. Lambson also said that the district was interested in building a stronger information technology program. Ms. Lambson mentioned there was concern with the current campus, as there are more high school students, the space was becoming very tight with the multiple programs, bringing safety concerns considering the wellness for both sets of students.

Ms. Padilla was happy to hear that the district was able to increase their capacity for Pre-K and also having the inclusion with their special education program was excellent. Ms. Lambson thanked Ms. Padilla and mentioned that the district had further plans to expand with Head-Start program and that the district would come back to share what they were planning sometime in the future.

Gallup-McKinley County Schools (GMCS)

Mike Hyatt – Superintendent

Roxy Flanders – Director of Construction

Jack McFarland – Director of Career Technical Education

Facility	Project Type	Rank	wNMCI (%)	FCI (%)
Gallup Central HS	Standards	1	122.44%	74.38%
Thoreau HS	Standards	27	45.57%	77.40%
David Skeet ES	Standards	93	37.24%	72.21%

Mr. Mike Hyatt thanked the Council for having the district present. Mr. Hyatt proceeded to introduce his colleagues, Ms. Roxy Flanders, Director of Construction and Mr. Jack McFarland, Director of Career Technical Education. Mr. Hyatt mentioned the district wanted to talk to the Council a bit more about career technical education, as Gallup Central HS was specifically related to the career technical program. Mr. Hyatt thanked the Council again for their participation and all of the awards Gallup-McKinley School district had received, and also thanked the PSFA, and mentioned that the district had a lot of needs and it was a necessity to have the PSCOC involved in the work the district had been doing for their students. Mr. Hyatt commended the process updates for speeding up awards and mentioned design and construction was taking far too long to get projects done, and suggested that a 3-year window was an appropriate time frame. Mr. Hyatt proceeded to review the district’s requests for three standards-based projects for full replacement facilities at Gallup Central High School, Thoreau High School, and David Skeet Elementary School. Mr. Hyatt reviewed the school’s qualifications to show that the schools were in need of replacement. Mr. Hyatt shared the district’s plan and goals and mentioned how the PSCOC’s role was to award money for facilities and shared how it fit in the district’s strategic plan. Mr. Hyatt said that appropriate facilities are very important with the respect of increasing students’ success. Mr. Hyatt shared the GMCS educational specifications for schools, and said that the district found that it took roughly 15% more space to have a more educationally spec’d school for students in the Gallup-McKinley

School District and the district encompassed schools that were large and small in size in rural areas. Mr. Hyatt shared the GMCS career pathways program and mentioned that the district was heavily involved in career technical education; the district had started the program about three years ago. Mr. Hyatt said that teacherages were very important to empower staff with professional development so they could meet the needs of students, and shared appreciation for the efforts and continued discussions about teacherages.

Another highlight Mr. Hyatt brought up was strengthening partnerships with Gallup Central High School regarding adult education needs in the community and how the district wanted to help students reach their career goals and pathways. Mr. McFarland said GMCS was developing a graduate profile that connects with their pathways program, and there were specific skill the district wanted students to develop and graduate with in their senior year. The plan was developed by business-people, parents, the community, students and staff. The first skill the district would like to see was “creative and critical thinker.” These were some of the things the district learned from visiting local businesses that shared experiences about the students once they were in the workforce, that they were not able to solve problems within their jobs, not having personal responsibility, or being accountable for themselves. Mr. McFarland continued to share the pathways program per each high school, and mentioned there was community involvement to help design the program in relation to the job opportunities available within the community. The program followed a three core sequence, starting with an introduction, concentrator and capstone courses, which were based on the New Mexico Cluster Guidelines. Mr. McFarland shared the various concentration options at each campus, and said that students had the opportunity to explore and travel between schools with different pathways of interest. Mr. Hyatt followed-up in the conversation sharing that GMCS was very focused on not only getting students to graduate, but to also prepare students for their career goals.

Mr. Hyatt reviewed the request for Gallup Central High School, which was an alternative high school for 6th-12th grades. GMCS was looking to repurpose the current facility because there was a significant need in the community for a facility serving full-time students and also students that lived in rural communities. GMCS currently had an early college program where they were bussing students to school every day from in and around the county. Mr. Hyatt would like to do the same thing with Gallup Central High School and repurpose the facility as a career technical school to offer pathways that may not be available for students at their home school, that they may be interested in exploring. Mr. Hyatt said that GMCS was working with a group that Representative Patricia Lundstrom worked with, called the Southwest Indian Foundation, that trains adults, and GMCS was looking to provide adult and student pathway trainings. Mr. Hyatt visited a school in Oklahoma City called Frances Tuttle where they had adult and high school students getting career training and it was funded through the City of Oklahoma’s bonding capacity. GMCS was looking at a partnership similar to that so there could be a continuum of services from kindergarten through 12th grade and beyond. Mr. Hyatt urged it was an important partnership for the community that had a high need for adult training so that the community could attract and help with economic development. Mr. Hyatt said that Gallup Central High School would serve 350-500 students, some of which would be part time. Mr. Hyatt said Gallup Central High School was number one on the ranking and it was obvious that the school was in desperate need of replacement.

Mr. Guillen asked what the difference between Gallup High School and Gallup Central High School. Mr. Hyatt responded that Gallup High School was a traditional high school, and Gallup Central High School served students that were not successful in a traditional environment and the hope was to make the facility more useful for students looking for different opportunities. Mr. Abbey commended the district for going out to look at a range of thought leaders and innovative high schools in other states. Mr. Abbey said that there needed to be a better agreement on the number of students, and asked Mr. Hyatt how they would get in an agreement on a project. Mr. Hyatt said the district visited schools across the western side of the country, and GMCS found in those communities you had to plan for a certain amount and then also design the facility for potential expansion and have the site prepared. Mr. Hyatt said that the 300 students was a good number and the 500 student enrollment number was considering the part time students, and anticipated that 400 students might end up being the maximum student enrollment. Mr. Hyatt said that career technical facilities are not similar to traditional classroom sizes. Ms. Casias shared that planning would occur and the building would be based on the educational program and on what the school was going to do, there was not a predetermined size. Once the project is going the district would work with the architect and talk about enrollment numbers and then determine a better defined program and cost. Mr. Hyatt said that the district had done some legwork ahead of time and looked at plans from other place from other parts of the country and they have a lot of data, but when it gets to the design phase, there will have to be extra conversation to get the design right. Ms. Casias recommended the programming and design coincided.

Mr. Hyatt proceeded to review Thoreau High School, which was built in the 1980s, and the request consisted of a full rebuild of the facility. The school had lost enrollment, it was originally built for 500-600 students, and the current enrollment was significantly lower. Mr. Hyatt shared that all GMCS schools were career technical centers, and there would be a few differences in the design considering the different pathways offered at Thoreau HS. Mr. Hyatt wanted to make the Council aware that all of GMCS high schools and elementary schools were being looked at differently with the design. Mr. Hyatt shared an example, mentioning that libraries were called learning centers, and they were designed to bring out more resources and a hands on approach for students to learn and develop skills at a young age.

Lastly, Mr. Hyatt presented David Skeet Elementary School, which was a small elementary school twenty five miles south of Gallup, New Mexico. The facility was built before Adequacy Standards, so the classroom sizes were larger. The new school would be designed similar to a traditional elementary school including the resource centers for the career pathway program. In addition to the new elementary school, there was a request for eight teacher housing units to be included in the project scope because the school is located in a rural area and there were no teacherages near tribal land. Because of the location, David Skeet ES has been a difficult school to staff.

Mr. Robbins said that David Skeet ES was built in 1990, and asked why the school needed a replacement and wanted to know what issues the building had. Mr. Hyatt said thirty years ago facilities were not being built to true educational specifications, and also multiple mechanical systems were not up to par, and because the facility was not built correctly it would deteriorate faster. Mr. Hyatt said that in general, building life spans aren't as long because projects are

value engineered. Ms. Flanders shared that David Skeet ES had structural failure in the slabs and walls along with significant heating issues that the school updated and the roof was failing. Ms. Flanders said that the facility was built at 45,454 SF for many more students, and now there were only 154 students. The heating and maintenance for the extra space is costing the district every day. Ms. Flanders said that the floor was failing and the district had been replacing the flooring, and the gymnasium had significant failure as well. Ms. Flanders said that the goal was to construct a building the right size and with a proper foundation that works with the soils. The concrete sidewalks were also failing. Mr. Robbins said that was one of the reasons PSFA exists is because schools that were built 30+ years ago were not built with proper consideration for foundation, hydrology and geology of the area, which is critical because that affects the life of the structure.

Mr. Abbey shared his experience visiting the school and said that epitomized the challenge there is in rural New Mexico, and the school was at 50% utilization and the facility was pretty near the end of its useful life. Mr. Abbey said the building needed work, and it was twice the size as it needed to be, considering heating, cooling and maintenance costs were big issues. Mr. Abbey said there was not a house within five miles of the school, and that was a school that needed teacherages.

Mr. Guillen asked if the property of all of the sites were school owned or leased; Mr. Hyatt responded that Thoreau was leased on tribal land, Gallup Central, and David Skeet were owned by the district. Ms. Casias said that the Council typically asks for a fifty year lease or a twenty-five year lease with the option to renew for another twenty five years. Ms. Ramos pointed out that for Gallup Central HS, the district was looking for a possible new site, and Mr. Hyatt said the site was still being determined, but there was space on the current site to construct the new facility if a new site was not determined.

Albuquerque Sign Language Academy

Rafael Martinez – Principal

Enrico Gradi – Deputy County Manager, Bernalillo County

Rick Martinez – Governmental and Financial Consultant

Vincent Ward – Legal Counsel

Dan Caruso – Lead Architect

Jason Vigil – General Superintendent, Enterprise Builders

Facility	Project Type	Rank	wNMCI (%)	FCI (%)
ASLA	Standards	5	64.81%	46.42%

Ms. Ramos shared the PSFA recommendation report for The Albuquerque Sign Language Academy (ASLA); the state charter was requesting a Standards-based project for the full replacement of their facility. The current facility does not meet the Special Purpose Adequacy Standards, which had been applied to the school a couple of years ago. The majority of the student population were considered students with profound disabilities, which requires more square footage for spaces. The current facility is at capacity of 100 students. Ms. Ramos stated that the PSFA did agree that the facility did not meet the current Special Purpose Adequacy Standards or the needs for the unique population. Ms. Ramos mentioned that the school had

proactively accomplished the planning and design phases of the potential project in attempt to make the project shovel-ready once construction funding was obtained; the school had received several direct appropriations to fund the planning and design phases of the project, and therefore has an offset. If the construction funding is awarded, the PSFA was planning on reviewing the design to ensure it meets the Special Purpose Adequacy Standards, though the PSFA had already acknowledged a few processes through the project's design phase. The current project contract format was set up for design-bid-build, and the contract did not utilize the PSFA standard contract template, but instead, a standard American Institute of Architects (AIA) contract document format was utilized. The PSFA would review the contracts for compliance and make amendments if required. Ms. Ramos proceeded to review further background information, noting that in October 2018 ASLA requested that the PSCOC allow the Special School Adequacy Standards apply to the school with the population served. In October 2019 the same request was presented to the PSCOC, which was approved and resulted moving the school ranking from 540 to number 4. ASLA proceeded to apply for a Standards-based award over the last three years. If the project request is awarded, the project would only be a single phase project because the other phases had already been completed. The estimated construction cost was \$402/SF, and the school had made a request for their local share to be waived. Ms. Ramos clarified that as a state charter school, they do not have the ability to bond; ASLA is included in the Albuquerque Public Schools (APS) bond, but only receives a limited distribution. ASLA provided their statement of financial position, indicating that the project cash balance of \$1.7M remained flat over time. Ms. Casias stated in regards to the waiver, if the school could not meet the criteria for the waiver, the PSFA recommended to then have a partial waiver where the charter comes up with an amount that's agreed upon and the PSCOC would pay the rest of the funding, meaning that the state/local match would be adjusted. Ms. Ramos said that the PSFA was working with the school and the architect, and had estimated a total project cost for construction only of \$31M. Ms. Ramos mentioned the school did have an offset due to the appropriations used for planning and design fees, which the charter was willing to pay down. Ms. Ramos said another issue to note was that ASLA's Preventive Maintenance Plan was not current, and they were working with Mr. Tillotson, PSFA Maintenance and Operations Support Manager, to update the plan.

Mr. Rafael Martinez, Principal, The Albuquerque Sign Language Academy, introduced himself and his team: Enrico Grady, Deputy County Manager, Bernalillo County; Rick Martinez, Governmental and Financial Consultant; Vince Ward, Legal Counsel; Dan Caruso; Lead Architect; Jason Vigil, General Superintendent, representing Enterprise Builders. Mr. Martinez reviewed the presentation storyboard, reviewing the pursuit of the project and how the project had gotten to the point it was at. Mr. Martinez shared that the ASLA was a state authorized charter school, which meant the school had no affiliation with Albuquerque Public Schools nor the New Mexico School for the Deaf (NMSD). ASLA was created out of a need that arose; Mr. Martinez was a father of a deaf child with multiple needs, and fifteen years ago Mr. Martinez went down the path to create a charter school that was inherently different to support deaf and special education, where deaf kids and hearing kids could go to school together, and did not have to travel to Santa Fe if they lived outside of town to keep families together. Mr. Martinez noted that ASLA was a nationally acclaimed program, and had been featured in various news

articles and studies across various schools nationally, attracting the likes of Harvard University, Penn State University, University of Minnesota, University of Arizona, University of New Mexico, New Mexico State University, and New Mexico Highlands University. Mr. Martinez said programmatically, ASLA was doing something special.

When the school originally opened, there were thirty-six students, and now the school had 130 students based on kids who were deaf and needed American Sign Language as a primary language. Mr. Martinez continued to share further history on how ASLA made multiple attempts of trying to get a new school facility through various partnerships. The first attempt was with the Sawmill District and the City of Albuquerque, and that was when Enterprise Builders and RMKM Architecture were hired to bring momentum forward on the project. The partnership at Sawmill fell through, so then ASLA turned to APS and asked if the district had any extra facilities available, and nothing came out of those negotiations, so that is when ASLA turned back to their original partner, Bernalillo County. ASLA was then able to lease an existing building located off of 7th and Lomas Boulevard in Albuquerque. Mr. Martinez shared the site plan for the potential facility, located off of Edith and Osuna Road in Albuquerque. The program would consist of partnerships working in unison with Bernalillo County's extension office, 4H, programs growers and others. Mr. Martinez has been working with Bernalillo County the past two years to gain community support.

Mr. Martinez explained how ASLA was worthy of a waiver, and shared understanding to the Council's perspective around having to be aware of precedent when there were a whole lot of other schools in the mix. Mr. Martinez said in all the Martinez/Yazzie Lawsuit demographic numbers, ASLA's demographics fell in the majority of disability, poverty and minority. Mr. Martinez urged there was a need for ASLA and a need for a safe building; currently the school had been split up into three separate campuses to accommodate more students, but it was not ideal for programming. Mr. Martinez shared that there were social issues the school dealt with daily consider the homeless issues in downtown Albuquerque.

Mr. Martinez continued to review the cost and how it evolved over time. When ASLA originally went to RFP, the bid hovered between \$8.5M and \$10M, and the wNMCI ranked ASLA in the top 20-30, which the match ratios at that time gave hope that at that price ASLA could get a loan to cover the match and move forward, but at that time ASLA could not find a piece of land, and that was when the partnerships began. Mr. Martinez said right before COVID-19, the cost of the project went to about \$14M-\$15M, and that was when ASLA went to the Council to consider a ratio adjustment so the school could be put in a place to borrow \$3M. When COVID-19 hit costs went up, and now inflation, and considering the geographic umbrella, the ratio flipped and made it impossible for ASLA to carry 75% of a \$30M building. Mr. Martinez said that what was possible was that ASLA had the ability to carry a \$3M loan overtime that would not compromise the program. Mr. Martinez said they were not looking for charity, ASLA wanted a working agreement with the Council and the State of New Mexico, and wanted to do what was right by following processes. Mr. Martinez said ASLA's partnership with Bernalillo County represented their good stewardship of public money.

Mr. Robbins shared his experiences working with Mr. Martinez, and his visits to the current school campus, and also share that the school had an excellent record over fifteen years. Mr. Robbins shared that if ASLA were to come up with a match, their amount would be over \$150K and if they borrowed that amount in payment, they did not even receive that amount in a year of lease assistance funding. Mr. Robbins said that ASLA said they were able to afford around \$15K a month, which still would require the school to use their SEG to cover that because the lease assistance would only cover 70%-80% of the \$3M lease. Mr. Robbins shared the issues since sitting on the PSCOC considering schools and their local match. A state charter school ends up with a match considering the local district that they were located in with a \$125K bond, would barely cover one month of the facilities lease of a term bond. Mr. Robbins said it was a unique situation just like the NMSBVI and the NMSD, which were both state schools. ASLA was not in the same area of authorization as NMSD and NMSBVI, and believed the school served a very important need. Mr. Robbins said many families that were in the situation of sending their children to NMSD in Santa Fe, and did not want to lose connection with their family member out of town when attending school. Mr. Robbins asked what percentage of students were siblings, and Mr. Martinez confirmed 20% of the students were siblings who were not deaf or hard of hearing, and Mr. Robbins continued saying that the siblings needed to learn sign language so they could talk and communicate with their siblings, as it is critical to building and maintaining family structure.

Mr. Robbins plans to reach out to APS to see if they had excess capacity, because they might have buildings that were not being used due to the decline of 21,000 students over the last twenty years. Mr. Robbins said that APS could give ASLA one of their existing facilities and it could be a fraction of what they were asking for from the PSCOC, but that was not where the school was at unfortunately. Mr. Robbins mentioned that a year ago when the PSCOC was working with Des Moines Municipal Schools, there was a similar situation and dollar amount request, but ASLA would be serving twice as many students with special needs.

Ms. Padilla shared her familiarity with the project, and said that ASLA was a very special school serving a very special population. Ms. Padilla appreciated hearing all the different avenues Mr. Martinez had attempted to search for a good home partnership of funding. Ms. Padilla shared similar interest as Mr. Robbins had in finding a way to fund the project, and shared appreciation for the willingness to look at ways of being innovative to work with the Council along with working with PSFA and trying to figure out a path forward. Ms. Padilla reiterated her support for the project. Ms. Padilla added that she understood staff had been thinking outside the box, and shared that they were worth pursuing.

Mr. Guillen thanked everyone for their comments and shared agreement with what everyone had been saying. Mr. Guillen applauded ASLA's partners that joined Mr. Martinez, and believed that they were going to find a way, though guidance from staff was needed from their attorneys.

Mr. Abbey asked about past requests and the outcomes, mentioning that ASLA had applied many times. Mr. Martinez said that ALSA did not have the local match in the past because of the ratios. Mr. Abbey asked if any PSCOC hearings were held regarding those applications, and

Mr. Martinez said there were no hearings. Mr. Abbey asked if the PSCOC had ever funded a state charter school for a standards-based project; Ms. Casias said that it was attempted in Las Cruces, and Mr. Guillen said in Silver City there was charter planning, and Mr. Ortiz added Amy Biehl High School. Mr. Abbey said that this was PSCOOTF business, and asked Mr. Burciaga if they could get the funding for charter schools topic on the work plan, and to figure out how to pursue it in an equitable way and to be very thoughtful. Mr. Martinez clarified to Mr. Abbey that ASLA was given an initial ranking because of their student population. Mr. Martinez said that NMSD had a formula of square footage per student based on their determinations, and that was how ASLA came to have the expanded square footage because ASLA served the deaf kids that NMSD would not serve. Mr. Abbey asked where ASLA's students were coming from; Mr. Martinez said that most students came from the Albuquerque metro area. Mr. Abbey asked if it was from APS, and Mr. Martinez replied in the affirmative. Mr. Abbey was not satisfied with why ASLA couldn't work with APS before the PSCOC spent tens of millions of dollars, and requested APS to report on this and have them take a look at the situation. Mr. Martinez said ASLA had a meeting with Mr. Scott Elder, Superintendent of Albuquerque Public Schools, and associates to pitch the project. Mr. Martinez proceeded to give details about a potential negotiation when ASLA proposed to take over one APS' facilities, but the discussion did not end up going anywhere. Mr. Abbey said APS was under pressure in the last couple months due to the district being oversized, and Mr. Abbey challenged Mr. Martinez to proceed on a phase for one of the grades, because precedent matters. Mr. Martinez mentioned speaking with APS when ASLA requested to use a building, and found out their plan was to create an early childhood array of services throughout the district, and at that the APS refused to give ASLA a building again. Mr. Abbey reiterated that ASLA look for a phased approach and also requested to have APS on the next agenda to come in and let them know about the \$30M request, because APS had a lot of excess facility capacity. Mr. Martinez said the facility for ASLA was designed as a one phase building, with cradle-to-career programming with an inclusive environment with a mentorship mentality where the older kids teach the younger kids. Mr. Martinez said that having students in separate campuses was not acceptable. Mr. Abbey asked how many students ASLA had, and Mr. Martinez responded 130, but the design was based on 200 students, and working with the Public Education Commission there was a possibility to increase to 300 students.

Mr. Guillen said it was important to look at multiple funding sources (federal, state, local, county, etc.) to get the project done and considering the way the system ASLA wanted in place for their program, while also getting APS involved could help, the Council needed to make sure that the system and plan ASLA developed was not jeopardized. Mr. Guillen was surprised there had not been any capital outlay provided by the legislature to this project already. Ms. Leach suggested the Council to do everything they can to find out a way to make the project happen, and Ms. Padilla also reiterated that ASLA had many partners and leads that had not materialized throughout the process and there was a willingness to be creative with financing, and cautioned the Council not to ask ASLA to change course again. Mr. Abbey asked about APS ARPA funding, and asked how much ARPA funding they had, and guessed that it could be more than \$50M.

Mr. Vincent Ward, Legal Counsel, reminded the Council that ASLA was a state charter, and thought it was interesting how the legislature had crafted the charter school system with charter schools that were chartered by the state and charter schools that were chartered by school districts. Mr. Ward said that geographically ASLA was connected to APS, but ASLA was a state charter school, and urged Mr. Abbey to keep in mind that ASLA was never run through APS. Mr. Ward said that no other charter school in the state had gotten to that point in the process, and ASLA had the most underserved children in the state. Mr. Ward said to not think of it as exclusively an APS issue, because ASLA was a state charter school.

Mr. Guillen ended the discussion and told Council members they needed to come together to try and come up with something that was going to work.

New Mexico School for the Blind and Visually Impaired (NMSBVI) - Albuquerque

Margie Macias – Director

Paul Kilman – Early childhood Program Coordinator

Facility	Project Type
NMSBVI - Albuquerque	Planning and Design

Ms. Ramos shared the PSFA recommendation report for NMSBVI - Early Childhood Program facility located in Albuquerque. NMSBVI was interested in addressing site issues, and expanding their facility to provide an adequate kitchen and multipurpose space, and additional classrooms. NMSBVI currently had all of their meals catered, and there were many specialty diets that needed to be accommodated. NMSBVI would like to have the multipurpose space as a gathering space for the whole school and to provide students the opportunity to experience a cafeteria type space before moving on to elementary school. NMSBVI would also like to accommodate additional preschool capacity, as the school facility had already reached the capacity it could accommodate, and potentially eventually expand further to accommodate 1st and 2nd grades as the school anticipates growth in the coming years; because of the special program the school cannot have a waiting list. In order to complete all of the work requested, NMSBVI would need a planning and design phase to figure out how much land was needed along with defining the scope and programming of spaces needed for each phase. The campus had available land adjacent to the current facility. PSFA agreed with the district request for planning and design to accomplish the potential projects. The current request was for the planning and design phase funding only, and will return later with a construction request once planning and design was complete. The estimated cost was \$300K for planning and design combined into one phase.

Ms. Margie Macias thanked the Council for having NMSBVI present and shared thanks and appreciation for the support with the work they had completed over the years. Ms. Macias shared that the NMSBVI Albuquerque Campus was experiencing difficulties with their bus loop and parking lot intermingling within each other. NMSBVI had recently taken over the transportation for the students, before APS managed and operated the transportation, so now the parking lot and the bus loop was unable to accommodate the quantity of buses. Ms. Macias

proceeded to share a brief history of the school facilities. In order to expand the bus loop, the parking lot needs to be addressed, because the school campus was landlocked. The land surrounding the campus was state land property under the beneficiaries, which NMSBVI was one of the beneficiaries, and in order to complete the expansion, NMSBVI will need to lease some of the land from the State Land office, and also define the parcel size needed to fit the expansion requests. Ms. Macias reviewed possible plans for future expansion with first and second grade, as parents have requested to have extended programs for students. Ms. Macias reiterated NMSBVI's request and shared concern that the parcel of land needed to be determined because they were worried another business may come in and take the land.

Mr. Paul Kilman, Principal of NMSBVI Albuquerque shared information about the students NMSBVI served and how the school was the least restrictive environment for the students to meet their needs. Mr. Kilman said that some students had visual impairments and the other half had multiple impairments. Mr. Kilman said that with sensory loss it takes longer for the students to learn. Mr. Kilman said that classroom sizes were essential because there were adaptive standards to support the students learning environment and to accommodate the devices and equipment used to support the students to become as mobile and independent as possible.

The current facility was designed fifteen years ago, and the enrollment numbers had been increasing over the last five years, which in turn resulted in tighter spaces. With all of the expansion plans, Mr. Kilman reiterated that the main priority was the bus loop because the current flow has parents leaving and entering as school buses are leaving and it presents a dangerous situation. Mr. Kilman said the parking lot was small and the bus loop is high traffic it presents a hazard. Mr. Kilman said the second priority was the kitchen to support student's special dietary needs, because the current process is not as efficient. Mr. Kilman said that with the planning and design award, NMSBVI would then be able to look to see what would be realistic to expand and make the facility functional in the future as the campus grows. Mr. Guillen asked about the site and the potential options for leasing and the fees. Mr. Kilman said the areas highlighted on the map were options to lease and after the planning and design phase and the recommended size is presented the appropriate parcel of space and the lease cost around \$10,000 per month. Ms. Macias said that the City of Albuquerque would lease the land from the State Land Office and NMSBVI would sub-lease from the City of Albuquerque.

Mr. Abbey asked the status on their current outstanding projects, and Ms. Macias said that NMSBVI was halfway under construction for the Garrett Dormitory and that was the only project NMSBVI had going on at that time. Ms. Macias said there were several projects that were tabled due to the high costs that came in during the pandemic. Mr. Abbey requested a status report on all the tabled projects so when the Awards Subcommittee met again they would have the background. Mr. Guillen ended the discussion and mentioned the request was clear and thanked NMSBVI for attending the meeting.

7. **Next PSCOC Meeting - Proposed for July 18, 2022.**
8. **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 unanimously approved.** The meeting adjourned at 3:58 P.M.

 Chair

7/19/22 Date