

# PSCOC Oversight Task Force



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Kodi Sumpter -Superintendent Des Moines Schools

# NM Statute 22-24-5.11 (A-C)

(11) the council may adjust the amount of local share otherwise required if it determines that a school district has made a good-faith effort to use all of its local resources. Before making any adjustment to the local share, the council shall consider whether:

(a) the school district has insufficient bonding capacity over the next four years to provide the local match necessary to complete the project and, for all educational purposes, has a residential property tax rate of at least ten dollars (\$10.00) on each one thousand dollars (\$1,000) of taxable value, as measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds;

(b) the school district: 1) has fewer than an average of eight hundred full-time-equivalent students on the second and third reporting dates of the prior school year; 2) has at least seventy percent of its students eligible for free or reduced-fee lunch; 3) has a share of the total project cost, as calculated pursuant to provisions of this section, that would be greater than fifty percent; and 4) for all educational purposes, has a residential property tax rate of at least seven dollars (\$7.00) on each one thousand dollars (\$1,000) of taxable value, as measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds; or

(c) the school district: 1) has an enrollment growth rate over the previous school year of at least two and one-half percent; 2) pursuant to its five-year facilities plan, will be building a new school within the next two years; and 3) for all educational purposes, has a residential property tax rate of at least ten dollars (\$10.00) on each one thousand dollars (\$1,000) of taxable value, as measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds;

# Local Match Reductions (Waivers)

- The PSCOC council *may* adjust the amount of local share otherwise required if it determines that a school district has made a good-faith effort to use all of its local capital funding resources.

## Capital Funding Waiver Criteria - 22-24-5 (B)(11)

### Option 1: All Districts

If the school district has insufficient bonding capacity over the next 4 years and the mill levy is equal to or greater than **10.0** the district is eligible, OR

### Option 2: Small Districts

if the MEM count is equal to or less than **800** and  
 the percent of free or reduced fee lunch is **equal to or greater than ~~70%~~** and **45% F & R**  
 the state share is less than **50%** and **7.78% State**  
 the mill levy is equal to or greater than **7.00** the district is eligible, OR

### Option 3: Growth Districts

If the school district has an **enrollment growth rate over the previous school year of at least 2.5%** and **33% Growth**  
 pursuant to its 5-year FMP, will be building a new school within the next **2 years** and  
 the mill levy is equal to or greater than **10.0** the district is eligible

*\*Mill Levy - sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bond*

## DMMS had to bond to “functional capacity”

Per the statute DMMS had to bond to functional capacity or above 10 mils in order to receive the waiver. We now qualify for both option one and three. DMMS has utilized ALL local capital funding resources.

Our taxpayers' school tax more than doubled between tax year 21 and 22. We are above 10 mils for the next five years and have no capacity to bond beyond that for any additional needs. According to the last US Census the median household income is \$37,443 in Union County.

It will take the Des Moines School District taxpayers 15 years to pay the GO Bond off and in that time district needs may change drastically.

# TIMELINE TO A WAIVER

16-18

Met with PSFA Regional Rep and explained the concerns and outcome of the independent assessment by New Mexico Roof Consultants. Explored fixing roof and other issues which uncovered more issues.



19-20

Met with Senator Woods and Representative Chatfield to explain challenges with the current building and received an appropriation for BSAR. Which concluded in 2020 in a recommendation for rebuilding and gave the current building 5 years.



2021

We received a letter of support from PSCOC. (July 2021)  
DMMS stakeholders passed our GO Bond and SB-9 2 mil levy; 4-1; which brought **mil rate above 10 mils- practical bonding capacity.** (November 2021)



22-23

RFP process to select architectural firm. Collaborated with architects and PSFA on program of spaces, design and construction documents. We designed a practical and efficient Pk-12 school facility that can be maintained in rural NM.



2023

Mandatory Pre-Bid meeting was held in June 2023. ( Two general contractors attended)

Only one contractor submitted a bid.



2023

Bid was higher than estimated. This has created another 60 + days of delays and potentially an additional 6 months of delays if we have to go back out for RFP. Return to the council next week to determine if we received the waiver or not.



# Rural Schools - Construction Costs - Upkeep Cost

- Des Moines is 270 miles from Albuquerque- 210 miles from Santa Fe
- 40 miles from hotels and food;
- 150 miles from a Home Depot or Lowes
- Cost of fuel increases every bottom line
- Limited number of contractors willing to travel that far!
- Our project is a tight site and occupied campus that avoided the existing buildings and those buried to keep cost of excavation and materials testing down.

# Value Engineering

- Process where the potential contractor and owners DMMS and PSFA cut additional items from the project to lower costs.
- First items on the list were:
  - Playground
  - Track and field
  - CTE- needs
  - Change to gravel parking lot
  - Changed Sound quality of doors and counter surfaces throughout
  - AV and sound technology
  - Eliminate seats in outdoor classroom/performance area and changed surface of playground
  - Eliminated termite control and graffiti coating as well changed exterior surface of building
  - **REDUCED bottom line by \$1.7 million**

# Hurdles

- All of our 2.1 million GO Bond dollars had to go to Planning and Design Phase which tied our hands to fund anything our stakeholders on design committee valued above bare minimum adequacy standards.
  - Additional gym and cafeteria space to accommodate families and community for various events..graduation; education based athletic events; Veterans Day program; Plays; Music Programs
  - Pk-12 must share ONE gym. If separate campuses each would have a space.
  - Special Education Concerns...ancillary space; sensory room
  - Additional storage space for our remote area
  - Additional classroom space for growth or changes over the next 50 years;
  - 30% increase in enrollment over two years ago has created concerns
  - COST ESCALATION and lack of contractors willing to travel to Des Moines



# The challenges of this Process



Checked every box;

- Maxed out the bond by getting community support promising a school large enough to meet community needs for the next 50 years...but will it?
- Stuck out our neck that it will go smoothly without written waiver and guarantee building will be adequate for our students and community.
- We had to fight for and justify every square inch during every phase!
- **NO** capacity to go beyond adequacy minimums in foreseeable future!!
- Limited contractors and submitted bid much higher than expected.

# Lessons learned from the Adequacy Standards and Micro-districts

Adequacy standards might not be adequate for micro districts or combo schools.

- Special Ed Needs (ancillary, autism needs) True ADA compliance everywhere.
- Gym (one gym to meet pk-12 needs; seating; locker rooms for jr high/high school, space for weights)
- Cafeteria (pk-12 eat breakfast; adjacent to gym for concession needs;
- Admin (superintendent office; board meeting space)
- Storage (food storage; custodial storage; outside equipment storage science in elementary classroom storage)
- School security

Many of the program spaces that keep kids engaged in school are above adequacy.

- Athletics
- Weight Rooms
- Performance space for art/ music
- CTE

These are all programs that keep kids and families engaged and help graduation rates!