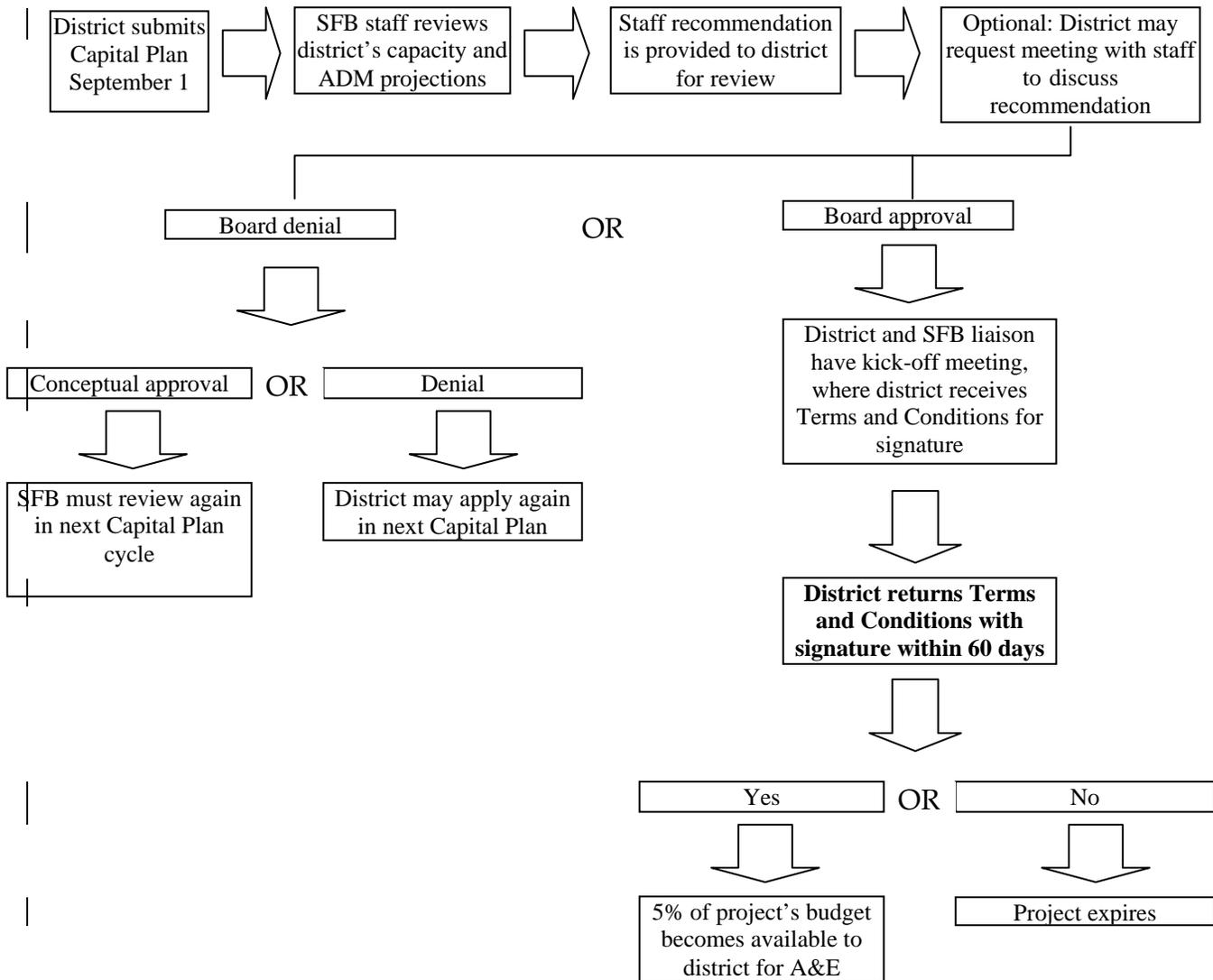


### **III. SFB Capital Plans**

Per ARS§41-1091.B: This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under ARS§41-1033 for a review of the statement.

*Per ARS§15-2041, a district is eligible for new construction if ADM projections indicate that the district will fall below minimum square footage guidelines within two years for an elementary school, or three years for a middle or high school. The SFB may award square footage needed within one to five years for an elementary school, and within four to eight years for a middle or high school.*

#### **New Construction Process** (Modified September 6, 2007 and August 14, 2008)



## **A. Process and Procedures for Reviewing New Construction Requests Received Through Capital Plans** (Adopted February 2000, Modified August 14, 2008)

ARS§15-2041 provides for school district governing boards to develop and annually update a capital plan. If the capital plan indicates a need for a new school or an addition to an existing school within the next four years, the school district is to submit the plan to the School Facilities Board (See *SFB website*, [www.azsfb.gov](http://www.azsfb.gov), *District Information*).

- District Submittal: Districts submit Capital Plans on September 1 with ADM/enrollment information, a description of the projects requested, a description of projects planned with local funds, and information regarding parcels of land owned by the district. This packet is the basis for SFB staff consideration and recommendations to the Board for new school and/or additional space funding within the current funding window (two years for elementary schools and three years for middle or high schools).
- Staff Review: SFB staff reviews and verifies district student population projections or develops a separate set of ADM projections. SFB staff verifies residential development via site visits, aerial photos, and/or discussions with development specialists. SFB staff prepares a New Construction Analysis for each district submitting an application.
- Board Approval: SFB staff recommendations are presented to the Board for approval. At the time the Board is making its decision, the New Construction Analysis is available to the Board members and the applicant school district. The applicant school district may address the Board.
- District Notification: Upon approval by the Board, SFB staff notifies the applicant school district of the action. The school district has 60 days from the date of notification to officially accept, in writing, funding for the square footage approved by the Board or the approval expires. Acceptance of the funding is signaled by agreement with the Terms and Conditions (see *Exhibit IV. A*, for Terms and Conditions).

## **B. Calculation of Student Capacity** (Modified September 6, 2007, ~~and~~ August 14, 2008, [and November 4, 2009](#))

To calculate student capacity, the building's square footage is divided by the minimum square footage per pupil established in ARS§15-2011, or the square footage divisor established in the Working Definition of Student Capacity (outlined in III.B.1. below, Pre-SFB schools). As the table below shows, these factors vary based on district size and configuration. The factor used to calculate capacity of a building remains unchanged into the future unless the building's use or configuration changes. Capacity of a building does not change based on changes in ADM.

| Configuration     | SF Divisor | MAGSFPP | DSFPP <sup>a</sup> |
|-------------------|------------|---------|--------------------|
| P-6               | 85         | 80      | 90                 |
| 7-8 <= 800        | 100        | 84      | 100                |
| 7-8 > 800         | 100        | 80      | 100                |
| 9-12 <= 400       | 129.5      | 125     | 134                |
| 9-12 (401-1000)   | 127        | 120     | 134                |
| 9-12 (1001-1800)  | 123        | 112     | 134                |
| 9-12 > 1800       | 109.5      | 94      | 125                |
| K-8 w/ 7-8<=800   | 88.5       | 80.9    | 92.4               |
| K-8 w/ 7-8>800    | 88.5       | 80      | 92.4               |
| 6-8 w/ 7-8>800    | 95         | 80      | 96.67              |
| 6-8 w/ 7-8 <= 800 | 95         | 82.7    | 96.67              |

<sup>a</sup>For K-8 schools awarded ~~prior to~~ in FY 2009, the DSFPP was 92.4-2 (the calculation treated a kindergarten student as one whole student-half for ADM purposes vs. one-half). In FY 2009-10, the law ~~began~~ reverted the methodology back to recognizing kindergarten students as ~~whole students~~ one-half, thereby changing the calculation again.

## **1. Pre-SFB schools**

Capacity of a pre-SFB school is determined by dividing the square footage by the square footage divisor established in the SFB Working Definition of Student Capacity (outlined below). The district's FY 98 ADM as provided by ADE is used to determine which divisor is appropriate.

Working Definition of Student Capacity (Adopted February 1999)

### Elementary Grades P-6

FORMULA:  $(TGSF - ES - .1ICB) / ((MAGSFPP + DSFPP) / 2)$

### Middle Grades 7-8

FORMULA:  $(TGSF - ES - .1ICB) / 100$

### High School Grades 9-12

FORMULA:  $(TGSF - ES - .1ICB) / ((MAGSFPP + DSFPP) / 2)$

- TGSF - total gross square footage
- ES - excludable spaces
- ICB - interior corridor buildings
- MAGSFPP - minimum adequate gross square footage per pupil
- DSFPP - design square footage per pupil

SFB staff may prorate the mathematical formula to account for differing grade configurations. School districts have the option to reject the mathematical calculation and request to be placed on the agenda for consideration of student capacity based on atypical space adjustment or

atypical school analysis. Generally, atypical spaces are unusual spaces for the size and type of school that have a permanent impact on the ability of the physical school to serve the mathematically derived student capacity. Examples of atypical spaces are excessive interior circulation or an elementary school gymnasium. If the school district rejects the mathematical calculation of student capacity, SFB staff will work with the district to prepare a recommendation for the Board using the atypical space adjustment methodology or atypical school analysis. The Board may consider remodeling of these spaces. The Board may accept, reject, or modify the SFB staff recommendation.

## **2. Square Footage Funded with Class B Bonds or Unrestricted Capital Outlay Funds**

(Adopted October 1999. Modified February 3, 2000 by adding unrestricted capital outlay monies. Modified August 14, 2008)

a. When a district adds square footage with the use of Class B bonds or unrestricted capital outlay monies, the square footage is not included in the capacity calculation, **unless it exceeds 25% of the minimum square footage requirements per ARS§15-2011.E.6.**, but the Board does consider additions to existing schools for purposes of determining adequacy of the functional components of the school as specified in the Building Adequacy Guidelines. If total square footage added to a district with the use of Class B bonds or unrestricted capital outlay monies exceeds 25% of the minimum square footage requirements per ARS§15-2011.E.6., the student capacity of the square footage is based on the statutorily prescribed minimum adequacy guidelines square footage per pupil.

b. Replacement square footage constructed with Class B bonds or unrestricted capital outlay monies is included in the capacity calculation. If Class B bonds or unrestricted capital outlay monies are used to replace part of an existing school, the student capacity of the facility is determined in the same manner as it would have been determined prior to the replacement. If Class B bonds or unrestricted capital outlay monies are used to construct a complete replacement school, the student capacity of the facility is based on the statutorily prescribed minimum adequacy guidelines square footage per pupil.

SFB staff note (3/17/00) regarding Unrestricted Capital Outlay: Unrestricted Capital Outlay became a part of the capital outlay section of a school district's budget beginning with FY 2000. Therefore, square footage constructed with Unrestricted Capital Outlay will apply only to those projects begun on or after July 1, 1999.

## **3. Square Footage Funded with Class A Bonds** (Adopted September 1999)

When a school district replaces or adds square footage using Class A bonds, the School Facilities Board does include the new square footage in the capacity calculation for the school district. Capacity of the square footage is calculated based on the SFB Working Definition of Student Capacity (outlined in Policy III.B.1. above)

## **4. SFB-funded Replacement Schools:**

SFB-funded replacement schools that were built under the Deficiency Corrections Program or the rush program are treated the same as pre-SFB schools. The square footage is divided by the appropriate square footage divisor.

## **5. SFB-funded Growth Schools:**

Capacity of a SFB-funded growth school is determined by dividing the square footage by the MAGSFPP as prescribed in ARS§15-2011. MAGSFPP is based on the capacity of the district at the time the school opens.

For example:

The Balsz Elementary District had four K-8 schools prior to Students FIRST, and received an SFB award for a core K-8 school in FY 02. At the time of the award, the district already had capacity for more than 800 7-8<sup>th</sup> graders ( $347,768 \text{ SF} * 2 / 8.5^* / 100 = 818$ ). Even though the district's 7-8 population still had not crossed the 800-student threshold at the time the core school opened, the district had capacity for more than 800 7-8<sup>th</sup> graders. So the capacity of the core school is based on the MAGSFPP that applies to districts with more than 800 7-8<sup>th</sup> graders (80) versus that which is used for a district with less than 800 7-8<sup>th</sup> graders (80.9).

The Maricopa Unified School District has been approved for a new high school to open in FY 09. When the school opens, the district will have a high school capacity in excess of 1,800. Therefore, the capacity of this school is based on the MAGSFPP that applies to districts with more than 1,800 students (94).

<sup>a</sup>Prior to FY 2009 kindergarten students were treated as one half for ADM purposes.

## **Schools that Span Multiple Grade Configurations**

To determine capacity of a school that spans grade levels, an even distribution among grade levels is assumed (unless otherwise noted).

For example:

The Mesa Unified School District is generally configured K-6, 7-9, and 10-12. Some of their facilities span two or more of these grade levels. SHARP School serves grades K-12. This is a total of 12.5 grades (~~K was treated as one half prior to FY 2009~~). Square footage is pro-rated as follows:

$$\text{K-6} = 6.5/12.5$$

$$7-9 = 3/12.5$$

$$10-12 = 3/12.5$$

~~If this school were built or awarded in FY 2009 or later, then the breakdown of square footage would be as follows:~~

~~$$\text{K-6} = 7/13$$~~

~~$$7-9 = 3/13$$~~

~~$$10-12 = 3/13$$~~

The resulting square footages are then divided by the appropriate divisors for the different grade levels.

## **Abbreviations:**

ADM = Average Daily Membership

SF = Square Footage

MAGSFPP = Minimum Adequacy Guidelines Square Footage per Pupil

DSFPP = Design Square Footage per Pupil

SFB = School Facilities Board

ADE = Arizona Department of Education

## C. Capacity of a Core Facility

Even though the district is funded to build 65% of the entire school, SFB staff only uses 50% of the square footage against the district in the capacity analysis. Another way to explain this method is to multiply one-half of the number of students by the design square footage for that grade level.

## D. Build-out of Core Schools (Adopted April 2003)

A district must be approved to build out a core school prior to the SFB approval of a new school for the same grade configuration.

Note: In August 2003, the board voted to discontinue approval of core schools.

## E. Excludable Spaces (Adopted December 1998, Modified August 14, 2008)

For purposes of determining student capacity, the square footage at a school site used solely for district administrative purposes may be excluded from the gross square footage.

## F. Reduction of Square Footage (Adopted November 2009)

Statute provides two ways to remove square footage from the database:

### 1. School Building that has ~~Outlived~~ its useful life (15-2041 G)

The district requests SFB staff to review the space to see if it is no longer functional because it has outlived its useful life. If the SFB agrees with the district that the space is no longer functional, it is removed from the database. The district's capital plan is then analyzed without the removed space. Additional square footage is only approved if the district falls below minimum square footage guidelines within the current funding window. This is not considered replacement space.

### 2. District reduction of square footage (15-341 G)

The statute requires the school district governing board to obtain SFB approval prior to taking any action that would reduce pupil square footage. A reduction of pupil square footage includes demolishing or selling a school building or school site, or changing a building's grade configuration. Pupil square footage is defined as space that generates student capacity for a district. Excluded space does not generate capacity, and therefore SFB approval is not required for the reduction of excluded space. Temporary reconfigurations of less than three years may be done without SFB approval.

To request a reduction of square footage, the school district submits a letter to its School Facilities Board liaison. The letter must identify the building(s) using the four-digit building number(s) as assigned in the building preview report, and explain why the district wishes to remove or reconfigure the space. This letter must be accompanied by a district Governing Board resolution approving the change.

If a Capital Plan analysis has been done for the district within the past year, staff may use the Board-approved ADM projections to determine if the reduction of square footage would cause the district to fall below minimum guidelines within the analysis timeframe. If the district would not fall below, then the executive director shall approve the reduction with no additional SFB Board action. If the analysis shows that the district would fall below minimum guidelines, then staff will present the analysis and a recommendation to the Board. If staff has reason to believe that ADM projections have changed dramatically since the last review, or if a recent ADM review is not available, then an analysis and recommendation will be presented to the Board. Some criteria that the Board will consider when making its decision include:

- Long-term cost benefit to the state
- Shifting demographics within the district
- Age of the building(s)
- Timeframe within which new square footage will be needed
- Any other circumstances specific to the district

If the reduction is approved, s Staff will notify the district of the Executive Director's or the Board's decision in writing.

## **FG. Definition of Administrative Purposes** (Adopted August 1999, Modified August 14, 2008)

This section applies to the publicity pamphlet for Class B Bond, Impact Aid Revenue Bond, and Capital Override elections. ARS§15-481 and §15-491 require the publicity pamphlet to be mailed to each qualified elector in the school district no later than thirty-five days before the election, and to contain:

- An executive summary of the school district's most recent capital plan submitted to the School Facilities Board. (See *Exhibit II. G.* for the Capital Plan Executive Summary format).
- A complete list of each proposed capital improvement that will be funded with the budget increase or bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the School Facilities Board.

For the purposes of ARS§15-481.B.12.(b), §15-491.H.6.(b), and §15-491.I.4.(d) "administrative purposes" means solely district administrative purposes.

## **GH. School Districts included in Rural Area** (Adopted March 1999, Modified August 14, 2008)

The Students FIRST legislation provides a square footage per pupil and a base cost per square

foot for new construction. The base cost per square foot was originally established in ARS§15-2041.D.3.c at the following levels:

| Grade Level                        | Cost per Square Foot |
|------------------------------------|----------------------|
| Pre-school w/ disabilities;<br>K-6 | \$90                 |
| 7-8                                | \$95                 |
| 9-12                               | \$110                |

These costs are to be adjusted for inflation by the JLBC at least once per year.

The statute then states, "The school facilities board shall multiply the cost per square foot by 1.05 for any school district located in a rural area. The school facilities board may modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For purposes of this subdivision, "rural area" means an area outside a thirty-five mile radius of a boundary of a municipality with a population of more than fifty thousand persons according to the most recent United States decennial census. "

SFB staff worked with the State Land Department to determine which districts would be categorized as rural. Based on the 2000 census (the most recent United States decennial census), eleven Arizona cities had populations in excess of this threshold: Chandler, Flagstaff, Gilbert, Glendale, Mesa, Peoria, Phoenix, Scottsdale, Tempe, Tucson and Yuma. City boundaries were determined as of 2003 and radii were plotted from these boundaries. If a school district's boundary was outside the radius, it was deemed to be located in a rural area. A table of Rural vs. Urban districts is provided in *Exhibit II. H.*

#### **HI. Geographic Exception** (Adopted December 2000, Expanded January 2006)

In those public school districts where students are transported one hour or more via the most reasonable and direct route or where students reside 45 miles or more from the closest school via the most reasonable and direct route, and where 100 or more students are affected by these conditions within the same region, the School Facilities Board will provide additional school space to the district to accommodate the educational needs of the affected students. However, the educational space provided may be modified as the Board sees fit in making a conscientious effort to meet the Minimum Adequacy Guidelines without requiring extraordinary expenditures of public funds.

If an elementary district that is not in a high school district unifies after June 30, 2005, the resulting unified district may qualify for high school space under ARS§15-2041, if it meets the following criteria:

- The elementary district unifies after June 30, 2005, and
- The resulting unified district is projected to have more than 350 resident high school students being served in school districts other than the student's resident school district within the three-years following the current fiscal year, and
- One of the following is true:

At least 350 of the high school students would travel for at least 20 miles to the receiving school facility,

Or

The school district that is expected to receive the majority of the projected resident high school students is projected to need additional high school space within seven years. For purposes of this analysis, the projected ADM of the receiving district should include the high school students of both the receiving and sending districts.

## **H. New Construction Award Cancellations** (Adopted February 2005, Modified August 14, 2008)

This policy allows districts the opportunity to cancel a project. This process will address projects that are delayed due to overstated ADM projections. Other delays including land issues will be addressed by adding inflation dollars as necessary according to the Policy on Inflation Adjustments (See Policy V.H.). The recommended cancellation process is as follows:

- If a district becomes aware that an approved new construction project will not be constructed for some time, the district may request the cancellation of that project in their annual capital plan. SFB staff will review the requests and make a recommendation to the Board on cancellation.
- The square footage associated with the project that the district is requesting to be cancelled will be included in the review of the capital plan that includes the cancellation request.
- If the cancellation of the project will leave the district below the minimum square footage guidelines within the statutory 2- or 3-year window, the project will not be eligible for cancellation.
- The district can request the reestablishment of the project in any capital plan subsequent to the cancellation. Districts may not seek to cancel and reestablish the same project in the same capital plan.
- If the project is reestablished, it will be awarded at the current cost per square foot.
- Any funds distributed for a project that is ultimately cancelled will be deducted from the award of the next project of the same configuration.

## **J.K. Conceptual Approval of New Construction Projects** (Modified August 14, 2008)

SFB staff's new construction analysis covers an eight-year window. If the analysis indicates that the district will need additional square footage within the eight-year window, but beyond the current funding window, SFB staff recommends conceptual approval for additional square footage. There is no commitment of funding for a conceptually approved project. Conceptual

approval is simply an acknowledgement by the Board of anticipated new construction needs based on current assumptions regarding future enrollment in each district, and gives districts a basis for beginning the land acquisition process.

Each year the prior year's conceptual approvals become the basis for updating new construction requests from the district as part of the new capital plan cycle. The forms are made available to districts in late summer, with instructions to update new construction requests based on the latest enrollment information, and other pertinent data (See SFB website, [www.azsfb.gov](http://www.azsfb.gov), District Information, Annual Reports).

**KL. Accommodation Districts** (Adopted November 9, 2005, Modified August 14, 2008)

In approving new construction projects for Accommodation Districts, the Board requires a detailed needs assessment based on available data prior to award.

**LM. Dissolution or Consolidation of a School District with a SFB Project** (Adopted September 4, 2008)

If a district that either dissolves or consolidates with another school district has a SFB project that has not started construction, that project terminates on the date of dissolution or consolidation. SFB staff will provide a report to the Board of any expenditures made on the project prior to termination. If the succeeding school district that governs the geographical space previously governed by the dissolved or consolidated school district is awarded a project of the same grade configuration within 24 months of project cancellation, any expenditures on the cancelled project shall be deducted from the dollars awarded for the new project.