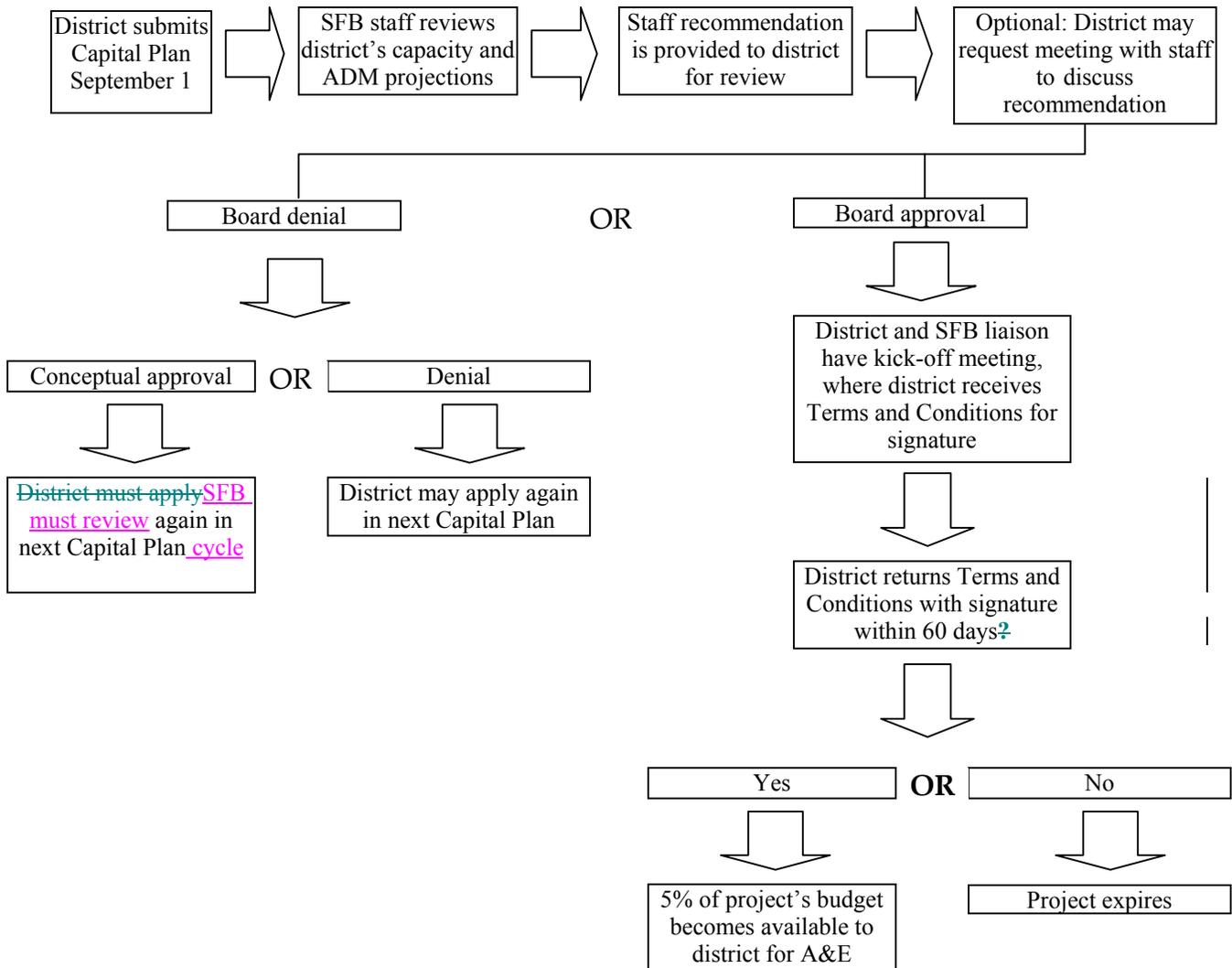


III. SFB Capital Plans

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 Arizona Revised Statutes section 41-1033 for a review of the statement.

Per A.R.S. §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, ~~for~~ and within four to eight years for a middle or high school.

New Construction Process (Modified September 6, 2007)



A. Process and Procedures for Reviewing New Construction Requests Received Through Capital Plans (Adopted February 2000)

A.R.S. §15-2041, ~~Arizona Revised Statutes~~, 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 *Exhibit Item III.A.* for Capital Plan forms).

- Staff Review: The data submitted by each school district requesting additional square footage under the capital plan will be reviewed by staff to determine student capacity using the adopted working definition or the statutory definition. ~~Additionally~~ Board staff will review and verify district student population projections or may develop a separate set of student projections. ~~Staff may develop a separate set of ADM projections based on historical growth and/or anticipated residential development.~~ Staff verifies residential development via site visits, aerial photos, and/or discussions with development specialists. ~~The Board's staff~~ Staff will prepare a New Construction Analysis for each district submitting an application.
- Board Approval: Staff recommendations will be presented to the Board for approval. At the time the Board is making its decision, the New Construction Analysis will be available to the ~~School Facilities~~ Board members and the applicant school district. The applicant school district may address the Board.
- District Notification: Upon approval by the Board, ~~the Board's~~ staff will notify the applicant school district of the action. The school district will have 60 days from the date of notification to officially accept, in writing, funding for the square footage approved by the Board or the approval will expire. Acceptance of the funding is signaled by agreement with the Terms and Conditions (see *Exhibit Item III.A.2.* for Terms and Conditions)

B. Student Capacity Process and Working Definition For Space Completed Prior to July 1, 1998 (Adopted February 1999)

- The first phase of the working definition of student capacity is a mathematical formula. (See separate document for specific formula.) Staff will calculate district student capacity using the mathematical formula, to evaluate requests for new construction. ~~Board's~~ Staff may prorate the mathematical formula to account for differing grade configurations.
- The second phase of the working definition of student capacity is the option of a school district to reject the mathematical calculation and request to be placed on the agenda for consideration of student capacity based on atypical spaces 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 determined student capacity. The Board may consider remodeling of these spaces.
- If the school district rejects the mathematical calculation of student capacity, staff will work with the district to prepare a recommendation for the Board using the atypical spaces adjustment methodology or atypical school analysis. Examples of atypical spaces are excessive interior circulation or an elementary school gymnasium. ~~An example of an atypical school is multiple small high schools in a large high school district.~~

~~□ In conjunction with determining the working definition of student capacity, a school district may request consideration by the Board of additional space requirements that increase the need for new construction. Generally, additional space requirements are associated with the population of students (ADM) being served at the time but do not impact the physical capacity of the school to serve an "average" student population. Consideration of additional space requirements may be appropriate regardless of whether the mathematical or an alternative calculation is used for student capacity.~~

~~□ If a request for consideration of additional space requirements is made, staff works with the district to prepare a recommendation for the Board. Examples of these types of space requirements are additional required spaces used solely for state or federal entitlement programs, a grade configuration of pupils that does not readily allow distribution of pupils into available classrooms or additional square footage required to avoid unusual or excessive busing or unusual school attendance boundary changes. This policy does not permit allocation of additional space to compensate for spaces that are used for purposes outside the scope of the equalization base (i.e. full day kindergarten, preschool programs other than disabled).~~

- The Board may accept, reject or modify the staff recommendation.

Working Definition

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

Board staff may prorate the mathematical formula to account for differing grade configurations.

The proposed mathematical calculation of student capacity is a proxy for the concept described below.

The initial premise for the mathematical calculation of student capacity was to use the statutorily prescribed design square footage per pupil to determine the design capacity of a school. ~~The concept also incorporates the idea established in the original legislation that districts have the ability and are required to accommodate some students in excess of the design capacity of each~~

~~school before qualifying for additional square footage. During initial development of the mathematical formula this concept manifested in a calculation designed to increase calculated design capacity to account for the additional students a district can accommodate before requiring additional square footage.~~

Because the percentage difference between the statutorily prescribed MAGSFPP and DSFPP varies depending on the size of each district and grades served, increasing the design capacity by the same percentage for all schools was not workable. Consequently, the approach of increasing the design capacity by a percentage of the difference between MAGSFPP and DSFPP was developed. As can be seen from the table below, the percentage difference between MAGSFPP and DSFPP generally accounts for both types of school district efficiencies:

- The ability of larger school districts to accommodate a higher percentage of students in excess of design capacity before requiring additional square footage.
- The greater ability of districts serving higher grade levels to accommodate a higher percentage of students in excess of design capacity before requiring additional square footage.

GRADES / # PUPILS IN DISTRICT	MAGSFPP	DSFPP	PERCENT DIFFERENCE
P - 6	80	90	11.1
7 - 8 (UP TO 800)	84	100	16.0
7 - 8 (>800)	80	100	20.0
9 - 12 (UP TO 400)	125	134	6.7
9 - 12 (400 - 1000)	120	134	10.4
9 - 12 (1000 - 1800)	112	134	16.4
9 - 12 (>1800)	94	125	24.8

The mathematical formula recommended by staff is a simplified formula used as a proxy for this concept at 50 percent of the difference between MAGSFPP and DSFPP. Essentially, the calculation to increase the mathematical design capacity of a school by 50 percent of the difference between the minimum adequate gross square footage per pupil and the design square footage per pupil is approximately the same as dividing square footage by the midpoint of the per pupil square footages. Additionally, the formula recommended by staff allows an exclusion ~~for of~~ ten percent ~~of a for~~ buildings with interior corridors, to adjust for the square footage in these buildings that does not ~~exist with~~ have exterior circulation.

At its February 4, 1999 meeting, the Board accepted the formula recommended by staff except for Grades 7-8. For Grades 7-8 the Board approved using "100" square feet per pupil in the formula rather than " $((\text{MAGSFPP} + \text{DSFPP}) / 2)$ ".

In addition the Board instructed staff to allow for the proration of the mathematical formula to account for differing grade configurations.

C. Capacity of a Core Facility

Even though the district is funded to build 65% of the entire school, the 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. Policy on 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. Calculation of Student Capacity (Modified September 6, 2007)

To calculate student capacity, the building’s square footage is divided by the minimum square footage per pupil established in A.R.S. §15-2011, or the square footage divisor established in the Working Definition of Student Capacity (outlined in III.B.). 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
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

Pre-SFB schools

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

District-funded Schools

These are addressed in Sections III.F. and III.G.

SFB-funded Replacement Schools:

SFB-funded replacement schools that were built under the Deficiency Correction program or the rush program are treated the same as pre-SFB schools. SF is divided by the appropriate SF divisor.

SFB-funded Growth Schools:

Capacity of a SFB-funded growth school is determined by dividing the SF by the MAGSFPP as prescribed in A.R.S. §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 7-8th 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 7-8th graders. So the capacity of the core school is based on the MAGSFPP that applies to districts with more than 800 7-8th graders (80) vs-versus that which is used for a district with less than 800 7-8th 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).

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 = one-half). Square footage is pro-rated as follows:

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

$$7-9 = 3/12.5$$

$$10-12 = 3/12.5$$

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

F. Use of Unrestricted Capital Funds (Adopted October 1999 as part of proposal presented by Marana Unified. Modified February 3, 2000 by adding unrestricted capital outlay monies. Modified August 7, 2008)

~~When a school district adds square footage to the district through the construction of a new school using Class B bonds or unrestricted capital outlay monies, the School Facilities Board does not include the square footage of the new school in the gross square footage of the school district for purposes of determining needs for additional square footage and building renewal distributions, unless it exceeds 25% of the minimum square footage requirements per A.R.S. §15-2011 E.6. This policy does not address replacement square footage funded with Class B bonds or unrestricted capital outlay monies or authorize the elimination of square footage anywhere in the district.~~

The following items apply to the use of Class B bonds and/or unrestricted capital outlay monies to add to or replace square footage at existing schools. These items clarify whether square footage should be included or excluded for purposes of calculating building renewal and determining new construction needs, and how the capacity is calculated if included.

A. When a district adds square footage ~~to an existing school~~ with the use of Class B bonds or unrestricted capital outlay monies, the square footage will not be included ~~in the determination of minimum adequate square footage~~, unless it exceeds 25% of the minimum square footage requirements per A.R.S. §15-2011 E.6., but the Board will consider the additions for purposes of determining adequacy of the functional components of the school as specified in the Building Adequacy Guidelines.

~~B. When a district both removes and adds square footage with the use of Class B bonds or unrestricted capital outlay monies, the net additional square footage will not be included in the determination of minimum adequate square footage, but the Board will consider the net additions for purposes of determining adequacy of the functional components of the school as specified in the Building Adequacy Guidelines.~~

~~C. For the purposes of computing Building Renewal, r~~Replacement square footage constructed with Class B bonds or unrestricted capital outlay monies will be included, ~~but net additional square footage will be excluded. Replacement square footage is defined as square footage constructed with Class B bonds or unrestricted capital outlay monies that replaces existing square footage.~~

~~D. If additional total square footage is added to an existing school a district with the use of Class B bonds or unrestricted capital outlay monies exceeds 25% of the minimum square footage requirements per A.R.S. §15-2011 E.6, the student capacity of the facility square footage after completion of the project will be based on the statutorily prescribed minimum adequacy guidelines square footagete per pupil gross square footagedetermined in the same manner as it would have been determined prior to the addition.~~

If Class B bonds or unrestricted capital outlay monies are used to replace part of an existing school, the student capacity of the facility once the project is completed will be determined in the same manner as it would have been determined prior to the addition replacement. If Class B bonds or unrestricted capital outlay monies are used to construct a complete replacement school, the student capacity of the facility ~~once the project is completed~~ will be based on the statutorily prescribed minimum ~~adequate~~ adequacy per pupil gross square footage.

Move to the end of Letter A

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 1999-2000.

Therefore, square footage constructed with Unrestricted Capital Outlay will apply only to those projects begun on or after July 1, 1999.

G. Additional Square Footage ~~through~~ funded by Class A Bonds

(Adopted September 1999)

When a school district replaces or adds square footage ~~to the district through the construction of a new school~~ using Class A bonds, the School Facilities Board does include the square footage of the new school or addition in the gross square footage of the school district for purposes of determining needs for additional square footage and building renewal distributions. Capacity of the square footage is calculated based on the SFB Working Definition of Student Capacity (outlined in III.B.) ~~This policy does not address replacement square footage funded with Class A bonds or authorize the elimination of square footage anywhere in the district.~~

When a school district adds square footage to the district through the construction of a new school using Class A bonds, the School Facilities Board may not provide funding to supplement the school construction. When the School Facilities Board provides monies so that a school district may add square footage to the district through the construction of a new school, the district may use Class A bonds to supplement the project.

H. Excludable Spaces ~~Policy~~ (Adopted December 1998)

For purposes of determining the current district square footage per pupil to be compared to the minimum ~~adequate~~ adequacy gross square footage requirements, the square footage at a school site used solely for district administrative purposes may be excluded from the gross square footage. This policy is applicable regardless of whether methodology a (gross square footage) or methodology b (student capacity) is used for determining square footage.

I. Definition of Administrative Purposes (Adopted August 1999)

For the purposes of ~~Sections A.R.S. §15-481, B, 12, (b) and 15-491 H, 5, (b), and 15-491 I, 4, (b) Arizona Revised Statutes~~ "administrative purposes" means solely district administrative purposes.

These sections apply to the publicity pamphlet for Class B Bond, Impact Aid Revenue Bond, and Capital Override elections. ~~Section A.R.S. §15-481, B, 12,~~ requires:

No later than thirty days before an election conducted pursuant to this section, a school district shall mail to each qualified elector in the school district a publicity pamphlet. The publicity pamphlet shall contain at a minimum, the following information:

- An executive summary of the school district's most recent capital plan submitted to the school facilities board. (See *Exhibit Item III.I* for the Capital Plan Executive Summary format).
- A complete list of each proposed capital improvement that will be funded with the budget increase 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.

- The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars. "

J. School Districts included in Rural Area (Adopted March 1999)

As the School Facilities Board begins the process of funding new school construction, one of the areas it must address is the determination of "rural," as defined in statute, in order to compute a base cost per square foot.

The Students FIRST legislation provides a square footage per pupil and a base cost per square feet for new construction. The base cost per square foot was originally established in [A.R.S. §15-2041, D, 3, c](#) at the following levels:

Grade Level	Cost per Square Foot
Pre-school w/ disabilities; 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. "

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 Item III J*.

K. Geographic Exception Policy (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 school district that is not in a high school district unifies after June 30, 2005, the resulting unified school district may qualify for high school space under A.R.S. §15-2041 if it meets the following criteria:

- The elementary school district unifies after June 30, 2005 and
- The resulting unified school 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.

L. ~~Policy on~~ New Construction Award Cancellations (Adopted February 2005)

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. 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.
- The Board will act on the cancellation recommendation at the same time the Board reviews the district's capital plan.
- If the cancellation of the project will leave the district below the minimum square footage guidelines within ~~one year~~ **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 same configuration.

M. ~~Conceptual and Advance~~ Approval of New Construction Projects

Under the current new school construction process, districts submit a Capital Plan ~~and with New~~ ADM/enrollment ~~forecast~~ 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 staff consideration and recommendations to the Board for new school and/or additional space funding within a three-year window. —Under the current process, districts reapply for new school funding for schools to be opened beyond the three-year window by submitting a new packet in September.

Conceptual Approval Process Description

Staff develops a seven-year New Construction Plan based on the capital plan packets submitted by the districts. The New Construction Plan identifies the projects requested by the districts and recommended by staff, as well as the year each project is recommended for construction. The Board would then be asked to approve funding for those schools recommended for the first two (funded) years of the New Construction Plan, and to *conceptually* approve the remainder of the Plan. This conceptual approval is constructed so that there is no commitment of funding beyond the first three years of the New Construction Plan, but is simply an acknowledgement by the Board of anticipated new construction needs based on current assumptions regarding future enrollment in each district.

Each year the approved New Construction Plan would become the basis for updating new construction requests from the district as part of the following fiscal year's capital plan. The Board-approved New Construction Plan would be distributed to districts in late summer, with instructions to update new construction requests based on the latest enrollment information, and other pertinent data. This updated Plan would then become the basis to begin the cycle over again the following fiscal year.

N. ~~Policy on Accommodation Districts~~ (Adopted November 9, 2005)

In approving new construction projects for Accommodation Districts, the Board requires the following items prior to award:

- A detailed needs assessment based on available data
- An agreement from the school districts within the County that they cannot provide this type of program as a result of lack of space
- The Accommodation District must show a steady history of ADM over the past five years
- A commitment from the County Board of Supervisors to funding and personnel for this program