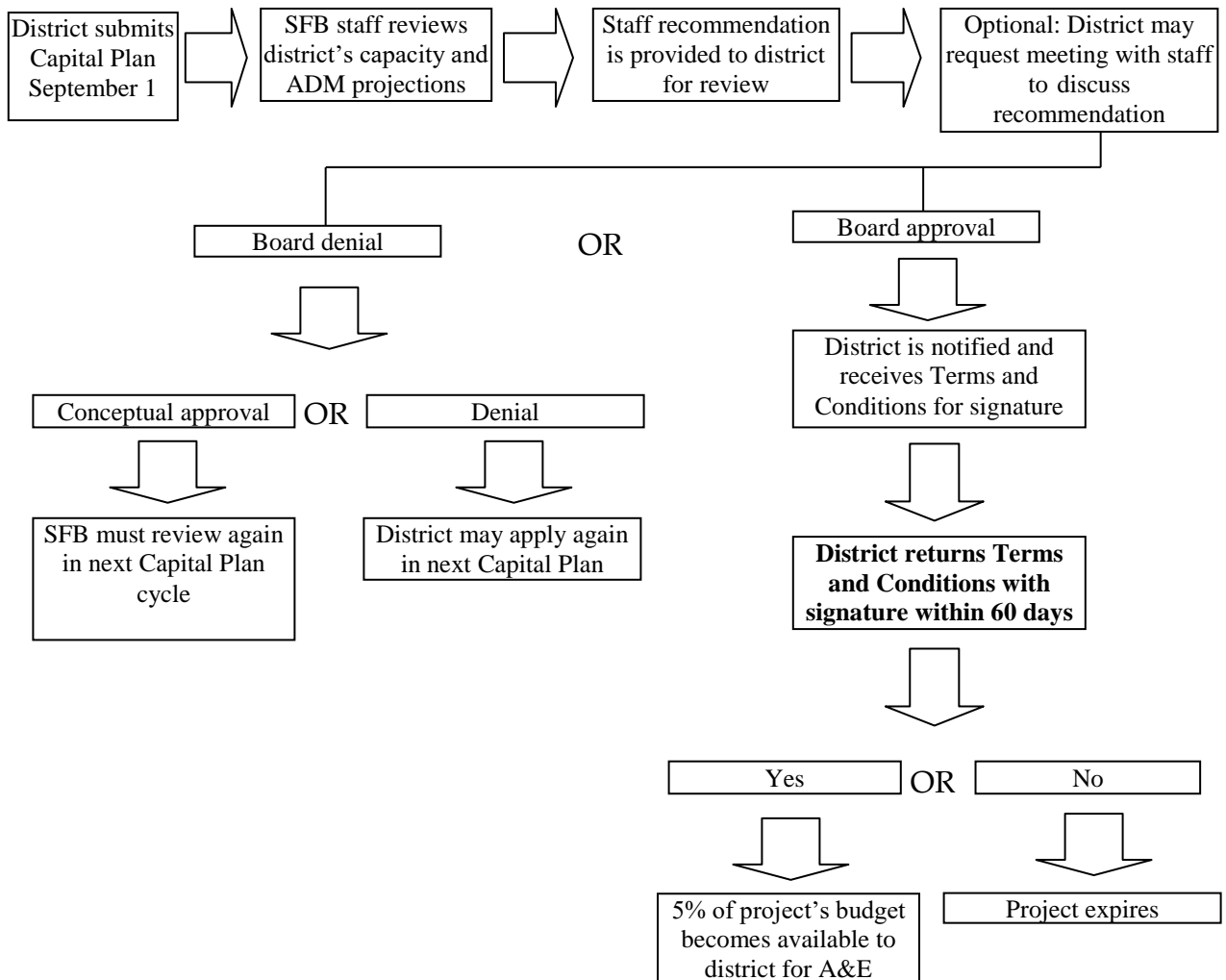


# III. SFB Capital Plans

Per A.R.S. §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 A.R.S. §41-1033 for a review of the statement.

*Per A.R.S. §15-2041, a district is eligible for a new school facility if ADM projections indicate that the district will fall below the Minimum School Facility Adequacy Guidelines **in the current year within two years**. The size of the award is based on the amount of 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, August 14, 2008 and March 4, 2015)



## **A. Process and Procedures for Reviewing New Construction Requests Received Through Capital Plans** (Adopted February 2000, Modified August 14, 2008 and March 4, 2015)

A.R.S. §15-2041 provides for 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 district is to submit the plan to the School Facilities Board (See *SFB website*, <https://sfb.az.gov>, *District Access, Annual Reporting*).

- **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 staff consideration and recommendations to the Board for new school and/or additional space funding.
- **Staff Review:** Staff reviews the district's student population projections and develops a separate set of ADM projections. Staff verifies residential development via discussions with development specialists and analysis of demographic data to prepare a New Construction Analysis for each district submitting a request.
- **Board Approval:** Staff recommendations are presented to the Board for consideration. At the time the Board is making its decision, the New Construction Analysis is available to the Board members and the applicant district. The applicant district may address the Board.
- **District Notification:** Upon approval by the Board, staff notifies the applicant district of the action and provides Terms and Conditions to the district. The 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.

## **B. Calculation of Student Capacity** (Modified September 6, 2007, August 14, 2008, November 4, 2009, November 2, 2011 and March 4, 2015)

### **Abbreviations:**

ADM = Average Daily Membership

SF = Square Footage

MAGSFPP = Minimum School Facility Adequacy Guidelines Square Footage per Pupil

DSFPP = Design Square Footage per Pupil

SFB = School Facilities Board

ADE = Arizona Department of Education

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 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 in FY 2009, the DSFPP was 92.2 (the calculation treated a kindergarten student as one whole student for ADM purposes vs. one-half). In FY 2010, the law reverted the methodology back to recognizing kindergarten students as 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

Staff may prorate the mathematical formula to account for differing grade configurations. 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, 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 staff recommendation.

## **2. Square Footage Funded with any Local Funds except Class A Bonds**

(Adopted October 1999. Modified February 3, 2000 by adding unrestricted capital outlay monies. Modified August 14, 2008 and March 4, 2015)

- a. When a district adds square footage with the use of local funds, the square footage is not included in the capacity calculation, **unless it exceeds 25% of the minimum square footage requirements per A.R.S. §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 Minimum School Facility Adequacy Guidelines. If total square footage added to a district with the use of local funds exceeds 25% of the minimum square footage requirements per A.R.S. §15-2011.E.6., the student capacity of the square footage is based on the statutorily prescribed minimum square footage per pupil.
- b. Replacement square footage constructed with local funds is included in the capacity calculation. If local funds 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 local funds are used to construct a complete replacement school, the student capacity of the facility is based on the statutorily prescribed minimum square footage per pupil.

~~Staff note (3/17/00) regarding Unrestricted Capital Outlay: Unrestricted Capital Outlay became a part of the capital outlay section of a 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)

Square footage built using Class A bonds is included in the capacity calculation for the district. Capacity of the square footage is calculated based on the SFB Working Definition of Student Capacity (outlined in 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 A.R.S. §15-2011. MAGSFPP is based on the capacity of the district at the time the school opens.

For example:

An 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).

### **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). Kindergarten students count as one-half.

For example, Square footage of a K-12 facility in a district that is generally configured K-6, 7-8 and 9-12 is pro-rated as follows:

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

$$7-8 = 2/12.5$$

$$9-12 = 4/12.5$$

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

## **C. Capacity of a Core Facility**

Even though the district is funded to build 65% of the entire school, 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.

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

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

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

## **E. Excludable Spaces** (Adopted December 1998, Modified August 14, 2008, Modified August 3, 2016)

For purposes of determining student capacity, the square footage at a school site used solely for district administrative purposes (including teacher housing) may be excluded from the gross square footage. Ticket booths, concession stands, and announcer booths are excludable. If excluded space is reconfigured to academic space, the square footage needs to be assessed by the SFB to ensure compliance with Minimum Adequacy Guidelines. If the square footage does not comply with Minimum Adequacy Guidelines, the district is responsible for the cost of bringing the square footage into compliance prior to the SFB adjusting the square footage in the database which results in generation of student capacity.

## **F. Reduction of Square Footage** (Adopted November 4, 2009, Modified November 2, 2011 and March 4, 2015)

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

### 1. School Building that has outlived its useful life (A.R.S. §15-2041.G)

The district requests staff to review the space to see if ~~it is no longer functional because~~ it has outlived its useful life. ~~If staff agrees with the district that the space is no longer functional, that recommendation will be presented to the Board for consideration.~~ If the Board approves the staff recommendation, the space 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 the Minimum School Facility Adequacy Guidelines within ~~the current year~~ two years. This is not considered replacement space.

~~If staff does not agree with the district that the space is no longer functional, staff shall inform the district of its determination. Staff shall inform the district that the final decision rests with the Board. Therefore, the district may request that staff present the district's request and its recommendation to deny such request to the Board for its decision.~~

### 2. District reduction of square footage (A.R.S. §15-341.G)

The statute requires the district governing board to obtain Board 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 Board approval is not required for the reduction of excluded space.

To request a reduction of square footage, the district submits a letter to the SFB identifying the building(s) using the four-digit building number(s) as assigned in the Districtwide Building Report (Building Inventory), and explains why the district wishes to remove or reconfigure the space. This letter must be accompanied by a district governing board resolution requesting the change.

An analysis and recommendation will be presented to the Board. Some criteria that staff and the Board may consider when making its decision include:

- Long-term cost benefit to the State
- Shifting demographics within the district
- Age of the building(s)
- Effect of the reduction of square footage on the district's ability to meet the Minimum School Facility Adequacy Guidelines within the analysis timeframe
- Any other circumstances specific to the district

Staff will notify the district of the Board's decision in writing.

**G. Definition of Administrative Purposes** (Adopted August 1999, Modified August 14, 2008, March 4, 2015 and August 3, 2016)

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

- An executive summary of the district's most recent capital plan submitted to the School Facilities Board.
- 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 A.R.S. §15-481.B.12(b), §15-491.H.6(b), and §15-491.I.4(d) "administrative purposes" means solely district administrative purposes.

**H. Districts included in Rural Area** (Adopted March 1999, Modified August 14, 2008, November 2, 2011 and March 4, 2015)

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 A.R.S. §15-2041.D.3.c at the following levels:

<b>Grade Level</b>	<b>Cost per Square Foot</b>
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 only modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For the 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."

Staff worked with the State Land Department to determine which districts would be categorized as rural. Based on the 2010 census (the most recent United States decennial census), sixteen Arizona cities had populations in excess of this threshold: Avondale, Buckeye, Chandler, Flagstaff, Gilbert, Glendale, Goodyear, Lake Havasu, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe, Tucson and Yuma. City boundaries were determined as of 2011 and radii were plotted from these boundaries. If a district's boundary was outside the radius, it was deemed to be located in a rural area. Districts near Arizona's borders may be affected by municipalities in bordering states. A table of Rural vs. Urban districts is provided on the SFB website.

## **I. Geographic Exception** (Adopted December 2000, Modified January 2006 and March 4, 2015)

In those 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 School Facility 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 A.R.S. §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 districts other than the student's resident 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 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.

## **J. New Construction Award Cancellations** (Adopted February 2005, Modified August 14, 2008, March 7, 2012 and March 4, 2015)

This policy allows districts the opportunity to cancel a project if a district becomes aware that an approved new construction project will not be constructed for some time. The recommended cancellation process is as follows:

- The district may request the cancellation of that project in their annual capital plan. Staff will review the request and make a recommendation to the Board.
- If the cancellation of the project will leave the district below the Minimum School Facility Adequacy Guidelines in the current year, the project will not be eligible for cancellation.
- The district can request the re-establishment of the project in any capital plan subsequent to the cancellation. Districts may not seek to cancel and re-establish the same project in the same capital plan.
- If the project is re-established, it will be awarded at the current cost per square foot.

## **K. Conceptual Approval of New Construction Projects** (Modified August 14, 2008 and March 4, 2015)

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 [analysis](#) window, but beyond the [current fiscal year, two-year funding window](#), 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, <https://sfb.az.gov>, District Access, Annual Reporting).

## **L. Accommodation Districts** (Adopted November 9, 2005, Modified August 14, 2008 and March 4, 2015, Modified August 3, 2016)

Effective September 12, 2013 (Laws 2013, 1<sup>st</sup> Spec. Sess., Ch. 3, § 42, House Engrossed HB 2003), Accommodation Districts are not eligible for monies from the New School Facilities fund.

## **M. Dissolution or Consolidation of a District with a SFB Project**

(Adopted September 4, 2008, Modified March 4, 2015)

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