

V. SFB New Construction

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.

A.R.S. §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.

A. Designing a New School Project (Adopted January 10, 2008, Modified March 7, 2012, May 6, 2015)

Once the school district has been approved for funding for additional square footage (a project), it may begin designing the project. A project may be either an entirely new school or additional square footage to an existing school. The process is as follows:

Kick-Off Meeting

The school district must attend a kick-off meeting with SFB staff. In the meeting, SFB staff will review with the district the Terms and Conditions and policies of the Board, and answer any questions the school district might have.

Funds For Architectural, Engineering, Project Management, and Pre-construction

Once the signed Terms and Conditions are received, the SFB will make five percent (5%) of the awarded funds available for architectural, engineering, project management, and pre-construction fees. Please see “Accessing Project Funds” below for the process on requesting and receiving project funds.

Design Process

During design, at least three design and budget review meetings will take place at the following points:

1. Schematic Design
2. Design Development
3. Guaranteed Maximum Price/Construction Documents

The Executive Director may require additional meetings if necessary. The Executive Director will develop and make available detailed agendas for the above meetings. For an alternative procurement project, the Design Phase is completed when the Construction Manager signs a GMP that is either within the established budget, or is supported by SFB staff. For a design-

bid-build project, Design Phase ends when the district documents that they have received final building permits from the local building authority.

Project Budget

The items required to be included in the estimated budget are all elements of new construction, excluding land acquisition. These elements include, but are not limited to (1) architectural and engineering fees; (2) survey, testing, permits, advertising and printing; (3) construction costs; (4) furniture, fixtures and equipment; (5) any necessary project management and (6) a three percent (3%) contingency amount.

Design Fees for budget purposes should be based on 80 percent (80%) of the formula award. Final fees should be based on the final construction contract amount. Amounts reserved for other budget elements including furniture, fixtures, and equipment, will be developed and applied by the Executive Director. The Executive Director may review these amounts to ensure they are appropriate.

Board Authorization to Proceed

Once the design phase is complete, SFB staff will make a recommendation to the Board regarding the appropriateness of proceeding with the project. SFB staff may consider the following in developing the recommendation.

1. Design – Does the project meet the minimum school facility adequacy guidelines as applied to new school construction? Has the district agreed to fund all design elements in excess of these standards?
2. Procurement – Has the district received a fair market price for the project?
3. Student Projections – Do updated student population projections continue to justify the awarded square footage?

The Executive Director may consider additional criteria as appropriate.

Authorization To Contract

If the school district is using an alternative procurement method, SFB staff may authorize the school district to sign the GMP once the school district has demonstrated that it has obtained local (city, county, or equivalent) building department approval.

If the school district is using the design-bid-build procurement method, SFB staff may authorize the school district to contract if the received bids are within the established estimated budget.

The Executive Director will notify the school district by letter that they are authorized to proceed with the project.

B. Accessing Project Funds (Modified January 10, 2008, May 6, 2015)

After a school district has received authorization to contract, additional monies will be distributed. Payments will be made on a timely basis based upon the school district's need supported by documentation from the district. The school district should submit a "Request

for Funds Form” with attached documentation including invoices to support the request. The school district may include more than one invoice per request.

If a school district can establish that it will receive funds from the New School Facilities Fund in excess of what it will cost to complete the project in accordance with the minimum school facility adequacy guidelines as applied to new school construction, the school district can access those surplus funds prior to the completion of the project in order to implement change orders or other expenditures exceeding the original scope of the project.

District funding is only loaded if the school district is participating in the funding of the project. This may occur at the onset of the project or when the project is underway and the district adds work to the project for which the SFB has not or cannot provide funding.

Change Orders

If during the project it becomes necessary for a change order to be issued, the change order must be submitted to the district’s SFB liaison for approval. Upon receiving approval, the funds will be moved from the appropriate line item to the base cost line item, so that invoices can be charged against it. If the change order is strictly a district cost, funding will be added to the district cost line item to account for that cost.

Cost Sharing

Due to the type of project required and the statutory limitations on the Board, the school district may have elected to participate in the cost of the project. This will result in a percentage split. The percentage assigned to the district is based on the proportionate share of the base (construction) cost. If during the project, the funding distribution changes, the percentage charged to the district will also be adjusted.

When an invoice is submitted that may be applied against the construction contract, the school district percentage is computed against the entire invoice and the costs are distributed accordingly. The split of the funding is recorded and only the Board’s portion of the costs is electronically transmitted to the district.

C. Project Management Services for New Construction

(Modified January 10, 2008, Modified March 7, 2012)

A school district that does not have the experience or resources to successfully oversee a new school construction project may request technical support from the Board in the form of project management pursuant to A.R.S. §15-2002.C. (13).

A.R.S. §15-2041(E) states that if the Board modifies the cost per square foot based on geographic conditions, or site conditions, as prescribed in A.R.S. §15-2041.D.3.c., the Board may deduct the cost of these project management services and preconstruction services from the required cost per square foot.

The cost of the project management shall be made a part of the overall cost of the new school, and those funds shall be derived from the total allocation for the project provided by the Board.

D. Architectural Fee Guidelines (Adopted January 1999, Modified January 10, 2008, May 6, 2015)

These guidelines are to be used to determine the Lump Sum Architectural & Engineering (A&E) fees for "Basic Services" for all SFB funded projects including new school construction.

** These are guidelines, not a schedule **

For new school construction projects, the fee should be determined by the square footage times the formula cost of the planned facility or project (construction cost) multiplied by a factor determined by the size and complexity of the scope of the project. See below both "Project Types" (to determine the difficulty of the project) and "Fee Guidelines Multiplier" (for the percentage multiplier) to determine the architect's fee. The final fee should be based on the actual construction cost.

Basic Services

The architectural contract should identify and include all of the services necessary to design and construct the project under "Basic Services" without any hidden or unknown cost. The services to be included as part of the contract as "Basic Services" shall consist of architectural, structural, mechanical, electrical, civil, and landscape design. The descriptions of these services are described in the American Institute of Architect (A.I.A). Document B141, "Standard Form of Agreement Between Owner and Architect (1987 Edition)", Article 2, and Add, Modified and/or Delete paragraphs 2.6.5, 2.6.5.1, 2.6.15.1, 3.2, 3.2.1, 3.2.2, 3.2.3, 3.3.1.2, 3.3.1.3, 3.3.3, 3.3.4, 3.3.6, 3.3.9, 3.4.1, 3.4.4, 3.4.9, 4.6.1, 4.6.1.1, 5.2.2, 5.2.3, 8.6, 8.7.1, 8.7.2, 8.7.3, 10.2.1.1, 10.2.1.2, 10.2.1.4, 10.2.1.6

Construction Cost

The cost of construction includes the cost of the construction of the building, site improvements, and all fixed and installed equipment. It does not include Furniture, Fixtures & Equipment (FF&E), testing, surveys, permits, land costs, studies, contingencies, or A&E fees.

Project Types

Group A - MORE THAN AVERAGE COMPLEXITY: New complex stand-alone facilities such as special purpose classrooms, laboratory classrooms, libraries, auditoriums, and food service facilities.

Group B - AVERAGE COMPLEXITY: Total facilities such as new elementary schools, middle schools, high schools, or large additions to existing facilities.

Group C - LESS THAN AVERAGE COMPLEXITY: New less complex stand-alone facilities such as warehouses, maintenance facilities, bus barns, offices, and storage facilities or any repetitive design use of a facility.

Group D - REPAIRS AND RENOVATIONS: Miscellaneous repairs and renovations, alterations to facilities, code corrective work or upgrades, system replacements, etc.

Fee Guideline Multiplier

Construction Cost:	Group A	Group B	Group C	Group D
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\$ 0 to \$ 100,000	8.8%	7.9%	7.2%	8.9%
\$ 100,000 to \$ 400,000	7.8% - 8.8%	7.2% - 7.9%	6.6% - 7.2%	8.3% - 8.9%
\$ 400,000 to \$ 1,000,000	7.2% - 7.8%	6.7% - 7.2%	6.2% - 6.6%	7.8% - 8.3%
\$ 1,000,000 to \$ 4,000,000	6.3% - 7.2%	6.0% - 6.7%	5.7% - 6.2%	7.2% - 7.8%
\$ 4,000,000 to \$10,000,000	6.0% - 6.3%	5.5% - 6.0%	5.3% - 5.7%	6.8% - 7.2%
\$10,000,000 to \$20,000,000	5.5% - 6.0%	5.5% - 6.0%	5.0% - 5.3%	5.7% - 6.8%
\$20,000,000 and above	5.5% - 6.0%	5.5% - 6.0%	4.3% to 5.0%	Up to 6.0%

Fee Formula

SFB Estimated Construction Cost _____ x Multiplier _____ % = Fee

Notes:

The higher the Construction Cost in each range, the multiplier percentage should be proportionally lower.

Districts in remote areas and/or with a high cost per square foot should not use a higher multiplier percentage than normal. The increased cost per square foot difference automatically increases the fee to cover the additional cost of travel. Since most of the architects' offices and their consultants are in urban areas, the cost to design and produce the contract documents would be the same as if the project were in the same city.

E. Closeout Procedures (Modified January 10, 2008, May 6, 2015)

School districts shall be considered to have reached the substantial and/or final completion stage upon submitting to their SFB Liaison the required documentation by providing the following:

- a. Certificate of Occupancy from the local building department.
- b. Architect’s Certificate of Substantial Completion.
- c. Final request for payment (must contain all pages and complete Schedule of Values) from the contractor, certified by the architect showing the project has zero dollars remaining to be paid to the General Contractor for construction.
- d. Superintendent’s letter of assurance that the facility was built according to the minimum school facility adequacy guidelines as applied to new school construction, including the installation of all required FF&E.

Note: Letter requires superintendent’s signature.

- e. (IF APPLICABLE) Fire Marshal’s certification that installed water tank is adequate to provide fire protection at the new school facility.
- f. Full/complete Specifications in .pdf format and Plan Drawings in .pdf format, construction document copy on electronic compact disc. Label each ‘disc’ with School District Name, School Name, and SFB Project Number.
- g. Architectural, Structural, Civil, Electrical, Mechanical and Plumbing, Landscape, Kitchen Design, drawing documents and written specifications that were reviewed and approved for building permit.

All documents sent to the SFB, must contain for each project the following at or near the top of each sheet:

- a. The SFB Project Number
- b. The full School District Name and full address

c. New School Facility Name, Grade Configuration and Full Address with Zip Code
On-site walk-through by SFB staff, shall verify one computer per 8 students, based on the approved SFB occupancy of the facility, and that all other FF&E has been installed.
On-site walk-through by SFB staff, shall verify and ask the librarian for assurance that 10 new library books per student, based on the approved SFB occupancy of the facility, have been installed in the library. If the project fails inspection, the SFB staff may withhold sufficient funds to correct the deficiency.

If the project has not processed a payment transaction for more than six months, SFB staff may take steps to initiate the closeout procedure.

F. Project Balance Funds for New Construction

(Adopted November 6, 2003, Modified January 10, 2008, May 6, 2015)

Note: This policy applies to projects originally established after August 22, 2002.

A.R.S. §15-2041 (I) states that if a school district has surplus monies received from the new school facilities fund, the school district may use the surplus monies only for capital purposes for the project for up to one year after completion of the project. If the school district possesses surplus monies from the new school construction project that have not been expended within one year of the completion of the project, the school district shall return the surplus monies to the School Facilities Board for deposit in the new school facilities fund.

Current budgeting procedures including the three percent project contingency set aside will continue under existing rules.

The “one-year” period will be counted from the date of Substantial Completion as certified by the architect of record. Monies that are legally obligated by either a contract or a purchase order will be deemed spent.

Districts must obtain approval from the Executive Director prior to expending any funds under this section. The district may appeal to the School Facilities Board Chairman for a review by the full Board if there is a dispute between the Executive Director and the district regarding the appropriateness of these expenditures.

The Executive Director may approve appropriate design fees for a proposed project.

If square footage is constructed (either academic or administrative), that space will be included in the school’s capacity calculation.

Districts may access project balance funds for on-site capital purposes after the construction contract has been awarded. Districts may access contingency funds for capital purposes once Substantial Completion is reached.

G. SFB Oversight of Construction Manager-at-Risk Process Owner

Training (Modified January 10, 2008, May 6, 2015)

If a district uses the construction manager-at-risk procurement method, they must complete the following steps.

Request for Qualifications

SFB Liaison will review RFQ for the following items:

1. Applicable Procurement Rules
2. Approve project scope
3. Screening criteria
4. Form of agreement for CMAR services
5. Dispute criteria from A.A.C. R7-2-1155 through R7-2-1159

SFB staff may elect to observe interviews and selection discussions.

Preliminary Budget Meeting

SFB staff architect, SFB Liaison and District construction team (Team is district's designated construction coordinator, architect and CMAR)

1. Review base construction budget and Schedule of Values
2. Discuss CMAR contingency set-aside
3. Review all SFB requirements for new construction and provide guideline information
4. Discuss SFB recommendations for economical construction, energy efficiency, and indoor air quality standards during construction
5. Discuss any identified land issues
6. Discuss solar review requirements under A.R.S. §34-452
7. Discuss minority and women-owned business inclusion recommendation

Schematic Design and Budget Review Meeting

SFB staff architect, SFB Liaison, and district team will review schematic design and estimate for:

1. Minimum school facility adequacy guidelines as applied to new school construction adherence
2. Review the design limitations for over-budget projects
3. Discuss strategies for keeping project within budget
4. Discuss minority and women-owned business inclusion recommendation

GMP/CD Review Meeting

SFB staff architect, SFB liaison, SFB staff construction cost specialist and district team will review construction documents and estimate prior to GMP bid phase. The SFB liaison may elect to attend district-architect-CMAR GMP discussions prior to setting of GMP.

1. Verify minimum school facility adequacy guidelines as applied to new school construction compliance
2. Verify final scope of work
3. Review value-engineering recommendations
4. Conduct estimate discussion as necessary
5. Review process for number of bidders in each trade (3 sub bids in all trades recommended)
6. Review GMP contingency
7. Review Schedule of Values

This review will be based on a comparison of similar projects.

Construction of Project

SFB staff will review all change orders and monitor project contingency funding.

SFB staff will conduct site visits as determined by the SFB liaison.

SFB staff will attend final completion walk-through as determined by the SFB liaison.

The school district will submit a monthly report to the SFB liaison that includes schedule information, the RFI log, the COR log, the Change Order log and other information as requested.

Post-Construction

SFB staff will review the final project audit conducted by the school district. SFB staff may decide to audit selected projects.

H. Reporting Requirements

By October 15, each district shall report:

1. The projects funded at each school in the previous fiscal year with monies from the district's new school facilities fund
2. An accounting of the monies remaining in the new school facilities fund at the end of the previous fiscal year