

SCHOOL FACILITIES BOARD
January 20, 2010
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Capitol Building in Phoenix, Arizona. The meeting began at approximately 10:00 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chair, Dr. Frank Davidson	Bob Hasman, ConEd Solutions
Penny Allee Taylor	Pat Blair, Mobile ESD
Tom Rushin	Delores Brown, Mobile ESD
Dr. Patricia Gober	Jeff Van Handel, Santa Cruz Valley UHSD
Dr. Bill Johnson	Bob Young, Dysart USD
Eric Hafner	Gordon Vafaret, GVE
Lyle Friesen (on behalf of Vicki Salazar)	Scott Thompson, Dysart USD
	Jim Westberg, Dept. of Commerce-Energy
<u>Members Absent</u>	Joe Schnupp, Arcadis
Gary Marks	Bruce Orr, Pueblo Mechanical & Controls
Vern Crow	Tara Malloy, McCarthy
Vicki Salazar (non-voting member)	Eric Paul, EMC2 Architects
	B.A. Golston, Kitchell
<u>Vacant Board Positions</u>	Blaine Miller, Dept. of Commerce-Energy
Teacher Representative	Cathy Rex, So. AZ School Facilities Grp.
	Kevin Kelty, Casa Grande ESD
<u>Staff Present</u>	Will Trainers, NORESKO
Dean Gray, Interim Executive Director	Candy Cooley, Queen Creek USD
Kerry Campbell, Public Information Officer	Andrea Chalmers, APS
Debra Sterling, Attorney General's Office	Leonard Byrd, APS Energy Services
Gerry Breuer, School Facilities Liaison	Leon Ben, Ft. Thomas USD
Sameer Pandey, School Facilities Liaison	Ed Mangan, Energy Design & Consulting
Jim Chang, Demographer	
Richard Dern, Registered Architect	
Ron Passarelli, Special Projects	

- I. Call to Order
Dr. Frank Davidson called the meeting to order at approximately 10:00 A.M.
- II. Roll Call
There were six voting Board Members present at this meeting, as well as one non-voting Member.
- III. Consideration and possible vote to accept, reject or modify the Minutes of December 2, 2009 and the Executive Session Minutes of December 2, 2009
Tom Rushin made a motion for Board approval of the Minutes and Executive Session Minutes of December 2, 2009. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.
- IV. Consent Agenda
Consideration of Preventative Maintenance Plans

Dr. Patricia Gober made a motion for Board ratification of the plan listed in agenda item IV. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

V. Director's Report

a. Welcome and Introduction of New Board Members

Dr. Davidson welcomed Dr. Bill Johnson of Laveen Elementary (Registered Architect Representative) and Eric Hafner of DLR Group (Registered Engineer Representative) as the newest members of the Board. Vern Crow (Private Business Owner/Officer Representative) was unable to attend today's meeting and will be introduced at the next scheduled meeting. A brief biography of each member was provided.

b. Farewell to David Ortega

Dr. Davidson thanked departing Board Member David Ortega for his service on the Board and expressed his pleasure in having worked with David the past five years. Dr. Patricia Gober, Penny Allee Taylor and Tom Rushin also expressed their appreciation for David's active and insightful perspective and professional expertise. On behalf of the SFB staff, Dean Gray thanked David for his technical and well thought out questions that were often challenging and thought provoking.

c. Legislative/Budget Update

Dean Gray updated the Board on two issues. The first issue was the SFB proposed legislation that would require approval by the Board for a district to use land purchased with SFB funds for any other purpose than for a school site. There are a number of SFB funded properties that have remained vacant for years. Included in the bill is the authority to work with the district to sell land purchased with SFB funds if the district's new school awards remain outside the 10 year statutory window.

Dr. Gober asked how the accumulation of vacant land occurred and if the districts just didn't grow as anticipated.

Mr. Gray explained that the capital plan analysis looks out eight years and staff uses conceptual approval of a new school as the milestone on which to direct districts to begin acquiring land. As evidenced in this year's capital plan cycle, conceptual approvals and new school awards are being pushed back several years. In some cases, the district has land that has already sat vacant for many years and based on the capital plan analysis, the district is not projected to grow enough to ever need the site. There are a number of large sites in which the State has monies invested.

Dr. Gober asked how much money has been invested.

Mr. Gray explained that he could provide the Board with an amount at a later time, adding that there are 211 acres of SFB purchased vacant land under consideration.

Penny Allee Taylor asked what fund the monies would revert to in the event of a land sale. Mr. Gray answered that the monies would return to the New School Facilities Fund from which they originated.

Ms. Allee Taylor asked for the bill number. Mr. Gray explained that one has not yet been assigned. As soon as a number is assigned, staff will share it with the Board.

Dr. Bill Johnson asked if it would be appropriate to ask districts to provide information in their capital plans on their land inventory and how it was being utilized.

Mr. Gray answered that the SFB could ask the districts for this information. However, the SFB bears responsibility for maintaining records on and an inventory of the land for which SFB funds have been expended. Asking districts to provide this information would add to the reporting requirements and burden on the districts.

Dean Gray continued with the second issue and provided an update on the Executive Budget. The Governor's Office reports that compared to 2007, retail sales are down 20 percent, home prices are down 42 percent, and construction is down more than 50 percent. Revenues have declined for three consecutive years and this year's revenues are projected to be 34 percent less than in 2007.

d. Energy Efficiency Grant Terms and Conditions

Dean Gray requested a couple of changes to the Terms and Conditions as presented. In Section 1. PURPOSE OF TERMS AND CONDITIONS, in the second paragraph, change the following portion from,

"The requirements detailed in the attached Stimulus Energy Grant Program Requirements are incorporated into these Terms and Conditions as if it is set out fully in these Terms and Conditions. The Stimulus Energy Grant Program Requirements are based upon the Stimulus Energy Grant Program Statement that can be found on the Board's website, www.azsfb.gov, under **ARRA Energy Grant Program.**"

to,

"The requirements detailed in Attachment 1 are incorporated into these Terms and Conditions as if set out fully in these Terms and Conditions. The requirements in Attachment 1 are based upon the Stimulus Energy Grant Program Statement that can be found on the Board's website, www.azsfb.gov, under **ARRA Energy Grant Program.**"

In addition, Mr. Gray requested the label "Attachment 1" be added to the Stimulus Energy Grant Program Statement as attached to the Terms and Conditions.

Dr. Bill Johnson asked what purpose is served by the four month requirement in which to begin construction as written in Section 2.1 ABANDONMENT OF PROJECT.

Mr. Gray clarified that without a timeframe requirement to begin construction, some projects would never get started. The four month requirement helps

keep projects on track and moving forward. Also, if a project doesn't meet this requirement, it is brought back to the Board for an extension or for cancellation.

Dr. Johnson asked if the four month requirement will apply to the Energy Efficiency Grant awards as presented in agenda item X.b. of today's agenda.

Mr. Gray responded that the awards in agenda item X.b. are for the Investment Grade Audit (IGA) portion of the Energy Efficiency Grants and that the four month requirement applies only to the construction contract portion of the project. Once the IGA's are completed, reviewed and approved, the final project budgets will be presented to the Board for final award. At that time, the districts will have four months to begin construction.

Dr. Bill Johnson made a motion for Board approval of the Energy Efficiency Grant Terms and Conditions with the proposed changes described above as recommended by staff. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

e. February 2010 Board Meeting

Tom Rushin made a motion for Board approval of staff recommendation to cancel the February Board Meeting. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

Dr. Frank Davidson recused himself from the Board at this time. Tom Rushin directed the Board for the following agenda item.

VI. New Construction Requests

a. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests

1. **Casa Grande Elementary (K-5): Cancel** previously-approved 007N, and **conceptually approve** to open in FY 15. **Conceptually approve** 008N for 750 students to open in FY 17.
2. **Casa Grande Elementary (6-8): Deny** conceptual approval for a new school.

Penny Allee Taylor made a motion for Board approval of the FY 2010 Capital Plan New Construction requests for Casa Grande Elementary as recommended by staff. Dr. Patricia Gober seconded. The motion passed with a 5-0 voice vote.

Dr. Davidson rejoined the Board at this time. For Agenda Item VI.b., Higley Unified was addressed separately as outlined below. Eric Hafner recused himself from the Board at this time.

b. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests

Tom Rushin made a motion for Board approval of staff recommendations as listed below:

1. **Higley Unified (K-8): Deny** the district's request for 008N (K-8 school for 1,200 students) to open in FY 13. **Conceptually approve** 008N to open in FY 16.

Penny Allee Taylor seconded. The motion passed with a 5-0 voice vote.

Eric Hafner rejoined the Board at this time.

b. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests - CONTINUED

Penny Allee Taylor made a motion for Board approval of staff recommendations as listed below:

1. **Agua Fria Union (9-12): Deny** the district's request for 003N (additional space at Millennium High School for 500 students) to open in FY 13. **Conceptually approve** 003N to open in FY 17.
2. **Avondale Elementary (K-8): Deny** the district's request for 006N (K-8 school for 850 students) to open in FY 13. **Change status** of previously-approved 001N to **ON HOLD**, projected to open in FY 14. **Conceptually approve** 006N to open in FY 17.
3. **Chandler Unified (K-6): Cancel** previously-approved 023N, and **conceptually approve** to open in FY 17.
4. **Litchfield Elementary (K-5): Deny** the district's request for 012N (K-5 school for 850 students) to open in FY 12. **Change status** of previously-approved 009N to **ON HOLD**, projected to open in FY 14. **Conceptually approve** 012N to open in FY 17.
5. **Pendergast Elementary (K-8): Deny** the district's request for 005N (K-8 school for 950 students) to open in FY 13. No conceptual approval.
6. **Prescott Unified (K-5): Cancel** previously-approved 002N, and **conceptually approve** to open in FY 18.
7. **Vail Unified (K-5): Cancel** previously-approved 012N, and **conceptually approve** to open in FY 14.

Dr. Patricia Gober asked if there was a reason these particular districts' capital plan requests are being presented to the Board today and if there were additional requests to come.

Mr. Gray explained that in previous years, capital requests were presented to the Board by region, i.e. Maricopa County or southern Arizona. Due to the current fiscal situation, staff began the capital plan cycle analyzing those districts believed to have the greatest fiscal impact. This is the third month that capital requests have been presented to the Board for FY 2010. At this time, they are not being presented in any particular order; rather, only as the analysis is completed. There are several additional requests that will be presented in the coming months.

Dr. Patricia Gober seconded. The motion passed with a 6-0 voice vote.

c. Consideration and possible vote to accept, reject or modify the revised budget

Dean Gray explained that the new construction moratorium prevented the SFB funding of construction for Vail Unified's middle school project 010N. Previous Board action established a project budget of \$8,628,151, which included monies for inflation and site conditions. Today's Board action would restore the original formula funding for this project.

Dr. Davidson asked if the project budget could be revised again in the future to include monies for site conditions.

Mr. Gray clarified that if the future site for project 010N has site conditions that require additional funding, the project budget could be revised again.

Dr. Bill Johnson asked if there are any provisions to adjust formula funding for those new construction projects that have been placed on hold due to the new construction moratorium.

Mr. Gray responded that one provision is available during the capital plan analysis. If it appears that a Board approved project will revert to a conceptual approval, staff will usually recommend cancellation of the project. Another provision is JLBC adjustment of the new construction index which establishes the formula amount. We expect the committee to vote on our recommendations for adjustment in the next couple of weeks.

Dr. Johnson made a motion for Board approval of the following staff recommendation:

1. Reduction of the budget for **Vail Unified** project 100220000-9999-010N by \$661,539 (\$309,392 for inflation and \$352,147 for site conditions), yielding a new budget of \$7,966,612.

Eric Hafner seconded. The motion passed with a voice vote of 6-0.

Dr. Frank Davidson recused himself from the Board at this time. Tom Rushin directed the Board for the following agenda item.

VII. Consideration and possible vote to accept, reject or modify the Requests for Reduction of Square Footage

Penny Allee Taylor made a motion for Board approval of the following staff recommendation:

1. Reconfiguration of the remainder of Building 1002 at Ocotillo Elementary School from 6-8 middle school space to district administration space for **Casa Grande Elementary**.

Eric Hafner seconded. The motion passed with a 5-0 voice vote.

Dr. Davidson rejoined the Board at this time.

VIII. Consideration and possible vote to accept, reject or modify Emergency Deficiencies Correction Requests

Dr. Davidson addressed the district requests in separate motions.

Penny Allee Taylor asked if the balance of the Emergency Deficiencies Correction fund was a quarterly balance or a fiscal year balance.

Mr. Gray explained that the Emergency Deficiencies Correction fund received monies from the New School Facilities fund and the Deficiencies Correction fund. Originally, approximately \$11.4 million was transferred from the New School Facilities fund and \$400,000 has been derived from refunds made to the Deficiencies Correction fund. Current obligations total approximately \$11.7 million, leaving a balance of \$27,501. Once these funds have been obligated, alternative funding mechanisms may be activated.

Dr. Patricia Gober asked for an explanation of the alternative funding mechanisms.

Mr. Gray referred to ARS §15-907 which reads as follows:

15-907. Incurring liabilities in excess of school district budget; petition; approval; procedure for expenditures

A. In the event of excessive and unexpected legal expenses or for an emergency for which the school district did not receive funding from the school facilities board pursuant to section 15-2022 because there were insufficient monies in the emergency deficiencies correction fund, the governing board of the school district may petition the county school superintendent, or in the case of an accommodation school, the county school superintendent may petition the county board of supervisors, requesting authority to incur liabilities in excess of the school district budget, in an amount the governing board deems necessary. The governing board of the school district shall follow the procedures for the truth in taxation notice and hearing prescribed in section 15-905.01, subsection B.

B. The county school superintendent shall forward the petition together with the superintendent's recommendation and a copy of the budget of the school district to the board of supervisors.

C. The board of supervisors shall hold a hearing on the petition within twenty days after receipt and shall determine whether the petition shall be allowed, allowed after revision or denied.

D. If the petition is allowed in whole or in part, the governing board shall be authorized to incur liabilities in accordance with the petition, and a copy of the order of the board of supervisors authorizing the incurring of such liabilities shall be filed with the county school superintendent. The county school superintendent, upon presentation of proper vouchers, shall draw warrants against the additional allowance. Any liability so incurred shall be in addition to the aggregate budget estimate of the school district for the succeeding year.

E. The portion of the primary tax rate to fund these liabilities in excess of the school district budget as provided in this section shall not be included in the computation of additional state aid for education prescribed in section 15-972.

Dr. Davidson commented on the approval of an Emergency Deficiencies Correction project without adequate funding and the precedence such action would set.

Tom Rushin made a motion for Board approval of the following staff recommendations:

1. Board approval of \$45,000 of Emergency Deficiencies Correction funding for **Palo Verde Elementary** for the installation of a new pressure tank for the district's domestic water system. This includes \$4,900 in contingency that will only be used with SFB staff approval.
2. Board approval of the cancelation of the previously awarded Building Renewal Grant funding in the amount of \$45,000 for **Palo Verde Elementary** for the installation of a new pressure tank for the district's domestic water system.

Dr. Bill Johnson seconded. The motion passed with a 6-0 voice vote.

To obtain legal advice from the Board's counsel, Dr. Patricia Gober made a motion for the Board to go into Executive Session. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

The Board convened in Executive Session starting at 10:45 A.M.

The Board reconvened the Board Meeting at approximately 11:00 A.M.

Penny Allee Taylor made a motion to table 4 of the 5 requests (items 1, 3, 4, and 5) from the **Santa Cruz Valley Union** request letter dated December 7, 2009. The item still under consideration, item 2 (the covered walkway), is not part of this motion. Dr. Patricia Gober seconded. The motion passed with a voice vote of 6-0.

Dean Gray explained item 2, the covered walkway, and its effects on the corners of the buildings. Staff recommends that this item meets the criteria of a Building Renewal Grant and that it be considered under agenda item IX.

Dr. Davidson opened the floor to Dr. Jeff Van Handel's request to address the Board regarding this agenda item. Dr. Van Handel had wanted to comment on the items that have been tabled and passed at this time.

Dr. Bill Johnson made a motion for Board denial of item 2 of the **Santa Cruz Valley Union's** request as an Emergency Deficiencies Correction, that the item will be considered in the following agenda item as a Building Renewal Grant. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

IX. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests

Tom Rushin made a motion for Board approval of Building Renewal Grant funding as recommended by staff for **Santa Cruz Valley Union's** request item 2, for \$10,000 for the repair of the canopy attachments, which includes \$1,500 for contingency that will only be used with SFB staff approval. Eric Hafner seconded. The motion passed with a voice vote of 6-0.

X. ARRA Energy Grant Awards

a. Consideration and possible vote to accept, reject or modify the adjustment of a Solar Energy Grant Award

Dean Gray explained that when the initial Solar Energy Grant award for Patagonia Elementary was approved by the Board, staff believed the district already had a 24KWdc photovoltaic system. Since that time, staff has clarified that this system was installed at Patagonia Union High School and not at Patagonia Elementary. Based on their FY 2009 energy usage, Patagonia Elementary qualifies for up to a 30KWdc photovoltaic system.

Penny Allee Taylor made a motion for Board approval of adjustment to the Solar Energy Grant Award for **Patagonia Elementary** from a 7KWdc photovoltaic system to up to a 30KWdc photovoltaic system based on their FY 2009 energy usage. Eric Hafner seconded. The motion passed with a 6-0 voice vote.

b. Consideration and possible vote to accept, reject or modify the Energy Efficiency Grant Awards

Sameer Pandey provided the Board with a brief explanation of the Energy Efficiency Grant program background and application review process. The SFB received 105 applications which were evaluated based on four criteria, life-cycle payback/cost benefit ratio, energy savings measured by unit reduction, energy savings measured by dollar reduction, and impact on the school utility budget.

For this agenda item, Higley Unified was addressed separately, and for this reason Eric Hafner recused himself from the Board at this time.

Penny Allee Taylor made a motion for Board approval of the staff recommendation for an Energy Efficiency Grant award for **Higley Unified**, subject to approval of the environmental survey required by the National Environmental Policy Act. Dr. Bill Johnson seconded. The motion passed with a 5-0 voice vote.

Eric Hafner rejoined the Board at this time.

Dr. Patricia Gober made a motion for Board approval of the staff recommendations for Energy Efficiency Grant awards for the following school districts, subject to approval of the environmental survey required by the National Environmental Policy Act.

◆ Altar Valley Elementary
◆ Balsz Elementary
◆ Chandler Unified
◆ Chinle Unified
◆ Chino Valley Unified
◆ Crane Elementary
◆ Dysart Unified

◆ Florence Unified
◆ Fountain Hills Unified
◆ Ft Thomas Unified
◆ Ganado Unified
◆ Gilbert Unified
◆ Isaac Elementary
◆ Marana Unified
◆ Mesa Unified
◆ Pinon Unified
◆ Queen Creek Unified
◆ Roosevelt Elementary
◆ Sahuarita Unified
◆ Sierra Vista Unified
◆ Tanque Verde Unified
◆ Toltec Elementary
◆ Tucson Unified
◆ Winslow Unified

Tom Rushin seconded. The motion passed with a 6-0 voice vote.

XI. Consideration and possible vote to accept, reject or modify Preventative Maintenance Inspection Reports

Eric Hafner made a motion for Board approval of the Preventative Maintenance Inspection Report for **Santa Cruz Valley Union**, as well as the random selection of **Catalina Foothills Unified** for a Preventative Maintenance Inspection as recommended by staff. Penny Allee Taylor seconded. The motion passed with a voice vote of 6-0.

XII. Future Agenda Items

There were no requests for future agenda items.

XIII. Public Comment

Andrea Chalmers with APS Solutions for Business expressed her company's continued commitment to assisting those districts that received Energy Efficiency Grant awards, as well as those districts that did not, to develop a way to complete the projects that did not receive funding. Also, APS received approval from the Arizona Corporation Commission to pursue financing and will be partnering with National Bank of Arizona, which has pledged \$30 million for schools, government and small business energy efficiency projects

Dr. Leon Ben, Superintendent of Ft. Thomas Unified, thanked the Board for approving the Energy Efficiency Grant for his district and expressed the impact improved lighting will have on the learning environment at the school. He also

asked about SFB funding to purchase land for those districts located on federal land.

XIV. Adjournment

There being no further business, Dr. Frank Davidson adjourned the meeting at 11:20 A.M.

Approved by the School Facilities Board on March 30, 2010

Frank Davidson
Chair