

SCHOOL FACILITIES BOARD  
May 4, 2011  
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Archives Building in Phoenix, Arizona. The meeting began at approximately 10:08 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Dr. Frank Davidson, Chair	Marty O'Shea, Tanque Verde USD
Tom Rushin, Vice-Chair	Rick Carr, Arcadis
Gary Marks	Jennifer Schuldt
Penny Allee Taylor	Robin Berry, Palo Verde ESD
Dr. Bill Johnson	Randie Stein, Stone & Youngberg
Shelly Wright	
Stacey Morley (non-voting member)	<u>Staff Present</u>
	Dean Gray, Executive Director
<u>Members Absent</u>	Kerry Campbell, Public Information Officer
Vern Crow	Debra Sterling, Attorney General's Office
Eric Hafner	Phil Williams, Deputy Director-Finance
	Amber Peterson, School Finance Specialist
<u>Vacant Board Positions</u>	Ron Passarelli, School Facilities Liaison
Demographer Representative	Dan Demland, Architect
	Pat Cruse, School Facilities Liaison

- I. Call to Order  
Chairman Dr. Frank Davidson called the meeting to order at approximately 10:08 A.M.
- II. Roll Call  
There were six (6) voting Board Members present and one (1) non-voting Board Member present.
- III. Consideration and possible vote to accept, reject or modify the Minutes and Executive Session Minutes of April 6, 2011  
Tom Rushin made a motion for Board approval of the Minutes and Executive Session Minutes of April 6, 2011. Penny Allee Taylor seconded. The motion passed with a voice vote of 6-0.
- IV. Consent Agenda  
Consideration of FY11 3-Year Building Renewal Plans  
Gary Marks made a motion for Board approval of the Building Renewal Plans as presented. Tom Rushin seconded. The motion passed with a voice vote of 6-0.
- V. Director's Report
  - a. Legislative Update  
Ron Passarelli gave a final review of the bills and legislative action the Board has been watching this session. Likewise, Randie Stein of Stone & Youngberg also presented a review of bills that were of interest to the education community this session.

b. Removal of Board Member

Dr. Davidson explained that Dr. Patricia Gober has verbally resigned from the Board due to her move to Canada, but has not done so officially in writing to the Governor's Office. By invoking A.R.S. § 15-2001 (E) and A.R.S. § 38-292, the Governor's Office of Boards and Commissions may fill her vacated position on the Board.

Gary Marks made a motion for Board approval of the removal of Dr. Patricia Gober as a member of the Board. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

c. Farewell to Penny Allee Taylor

Dr. Davidson offered his appreciation for the commitment to the SFB shown by Ms. Allee Taylor during her appointment to the Board. Starting in January 2006, Ms. Allee Taylor was appointed to serve through January 2010, and yet continued to serve through May of 2011 until a replacement could be appointed. Mr. Gray echoed the sentiments of the Chairman, adding that Ms. Allee Taylor's questions kept him on his toes. We will certainly miss her on the Board. Dr. Davidson presented Ms. Allee Taylor with a plaque in appreciation.

Penny Allee Taylor commented that her replacement on the Board, Jennifer Stielow, was in the audience today, and is sure to not disappoint the Board. She is already preparing questions for the Board.

d. Amendment to ARRA Energy Efficiency Grant and Solar Energy Grant Terms and Conditions

Dean Gray explained the requirement of the ARRA program for contractors to certify a Waste Management Plan and the corresponding amendments to the Solar Energy Grant and Energy Efficiency Grant Terms and Conditions.

Penny Allee Taylor made a motion for Board approval of the amendments as presented by staff. Gary Marks seconded. The motion passed with a voice vote of 6-0.

VI. New School Construction

Consideration and possible vote to accept, reject or modify a request for additional New School Facilities funding for Site Conditions

Dean Gray explained that unique circumstances require staff to bring this request to the Board in advance of the entire project review / request for funding. Existing site conditions (electrical and sewer) need to be upgraded to accommodate the addition of 20,859 square feet of space. This work needs to be completed over the Summer and in advance of the start of construction

Shelly Wright made a motion for Board approval of additional funding for site conditions for Tanque Verde Unified project 100213000-9999-001NCB in the amount of \$230,789 for electrical service and \$135,370 for sewer service and lift station. The sum is \$366,159. Dr. Bill Johnson seconded. The motion passed with a voice vote of 6-0.

VII. Land Request

a. Consideration and possible vote to accept, reject or modify the Step III Request for the Purchase of Land or Real Property

Dean Gray explained that all the due diligence requirements for this project have been met with the exception of approval by the State Historic Preservation Office (SHPO), which is pending. He also explained that the sale price for the land is \$721,325.25, while the appraisal value is \$621,325.25. Staff is recommending Board approval of funding the appraisal value contingent upon receipt of documents from Yavapai Accommodation showing their contribution of the additional \$100,000 and the availability of funds, as well as SHPO approval.

Dr. Bill Johnson asked how we arrived at the purchase price. Mr. Gray answered that two appraisals were performed on the property, of which the lowest was offered as fair market value. Negotiations between the district and landowner resulted in a purchase price of \$100,000 over the appraisal value. The district is paying this additional amount. This process follows the statutory requirements for land acquisition.

Gary Marks made a motion for Board approval of Step III of Yavapai Accommodation's land acquisition request, project number 130199000-9999-004L, and authorization to proceed with the purchase of 4.39 acres of private land at a cost of \$621,325.25 contingent upon approval by SHPO and receipt of documentation from the district verifying their contribution of \$100,000 and the availability of funds. Dr. Johnson seconded. The motion passed with a voice vote of 6-0.

b. Consideration and possible vote to accept, reject or modify an update regarding *Sahuarita Unified School District v. Arizona School Facilities Board*  
This item was tabled for a future agenda.

VIII. Emergency Deficiencies Correction Requests

Consideration and possible vote to accept, reject or modify the requests for Emergency Deficiencies Correction funds

Dean Gray reviewed the balance of the Emergency Deficiencies Correction fund. If today's recommendations are approved by the Board, the available balance is \$18,189. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray provided a brief explanation of each request as presented in the Board packet.

Penny Allee Taylor confirmed the definition of "emergency" as called out in statute and asked if the projects on today's agenda qualify under this definition. Mr. Gray affirmed that the projects presented today qualify.

Ms. Allee Taylor asked about the window replacement project for McNeal Elementary and how it meets the definition of "emergency". Mr. Gray responded that the window replacement is a product of the necessary correction. The project is to correct water penetration of the building around the windows. When the contractor removed the windows, he discovered the rough openings are the wrong size and the original construction included residential-type windows in a commercial building. When rain falls, often at an angle, water is blowing in

through the weep-holes. The correction in this case is reframing the windows, repair of the structure above the window, and replacement of the windows with a more suitable piece of fenestration.

Ms. Allee Taylor asked about the possibility of holding the original contractor responsible for the correction or if it could be covered by insurance. Mr. Gray explained that the original contractor has been out of business for at least five years. In addition, the SFB does not have the authority to pursue the contractor; only the district has that authority. The district would also need to decide if pursuing the contractor is a good financial decision. When the Trust repaired water damage in this building five to six years ago, they decided not to pursue the contractor or architect.

Dr. Frank Davidson commented that the Board had discussion last month about the definition of "emergency", adding how the Board will probably see more of this type of request and will need to weigh these types of questions. One part of the definition is a provision for costs in excess of a district's adopted budget and with the budget cuts to unrestricted capital as discussed earlier in today's meeting, we should anticipate an uptick in funding requests by districts that do not have the budget to cover the cost of an Emergency or Building Renewal project. He asked to the point Ms. Allee Taylor made about any recourse or trying to seek assistance from those that may have responsibility like contractors or the Trust, does staff have a protocol when this type of request comes in?

Dean Gray responded that the first questions asked by staff when any request is received are how old is building, who designed it, and who built it? Staff does not hesitate to go after a designer or builder that is at fault and we can make some type of recovery. We often have to make a financial business decision based on the size and scope of a project. We could spend more money trying to recover the loss, than the actual cost of the project. In the McNeal Elementary case, the Trust likely did not pursue the professionals legally because it was not financially viable.

Dr. Bill Johnson asked if the resulting balance of the Emergency Deficiencies Correction fund would be \$18,189 after today's approvals. Mr. Gray affirmed Dr. Johnson's deduction.

Dr. Johnson continued by asking if there were other requests for Emergency Deficiencies Correction funding for which adequate funding may not be available. Mr. Gray answered that there are numerous projects in the queue in various stages of review. These will be presented to the Board as the reviews are completed.

Dr. Johnson asked if the Building Renewal Grant funds were depleted. Mr. Gray responded that the balance of Building Renewal Grant funds is \$4,591.

Dr. Davidson clarified that as requests for Emergency Deficiencies Correction funding are presented to the Board, the Board will need to determine if the request qualifies based on the definition of "emergency" as stated in statute. If a request is deemed a qualifying emergency and the available balance of Emergency Deficiencies Correction funding is inadequate to cover the cost of the

project, the district could then decide to pursue A.R.S. § 15-907. Mr. Gray affirmed Dr. Davidson's explanation.

Robin Berry of Palo Verde Elementary was present to answer any questions the Board may have with regard to the district's funding request.

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

1. Board approval that **Ajo Unified** be awarded Emergency Deficiencies Correction funding in the amount of Not to Exceed \$300,000 for the replacement of the fire alarm system.
2. Board approval that **McNeal Elementary** be awarded \$42,000 in Emergency Deficiencies Correction funds for the added scope to replace and repair windows. This will bring the project total to \$77,000.
3. Board approval that **Palo Verde Elementary** be awarded Emergency Deficiencies Correction funding in the amount of \$40,000 for the replacement of an existing domestic water tank. This includes a \$5,000 contingency that will only be used with SFB staff approval.

Gary Marks seconded. The motion passed with a voice vote of 6-0.

IX. Preventative Maintenance Inspection Reports

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

Dr. Bill Johnson made a motion for Board approval of the Preventative Maintenance Inspections Reports for Continental Elementary, Paloma Elementary and Tempe Union as presented by staff. Penny Allee Taylor seconded. The motion passed with a voice vote of 6-0.

b. Consideration and possible vote to accept, reject or modify the random selection of districts for a Preventative Maintenance Inspection

Gary Marks made a motion for Board approval of the random selection of Bagdad Unified, Valentine Elementary and Washington Elementary for a Preventative Maintenance Inspection. Penny Allee Taylor 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 final award of Energy Efficiency Grants

Dean Gray provided the Board with a brief review of the Energy Efficiency Grant final award of funding for the Sunnyside Unified project.

Tom Rushin made a motion for Board approval of the final award of funding for the Sunnyside Unified project. Shelly Wright seconded. The motion passed with a voice vote of 6-0.

b. Consideration and possible vote to accept, reject or modify adjustment to the final award of Energy Efficiency Grants

Mr. Gray provided the Board with a brief review of the adjustment as recommended by staff to the Winslow Unified project.

Gary Marks made a motion for Board approval of the adjustment to the final award of funding for Winslow Unified as recommended by staff. Dr. Bill Johnson seconded. The motion passed with a voice vote of 6-0.

c. Solar Energy Grant Presentation

Dean Gray gave a presentation to the Board regarding the progress of numerous Solar Energy Grant projects and the impact the installation of a solar photovoltaic system will have on the district's annual electric bills. He demonstrated the online monitoring system the districts and the SFB will use to make sure the photovoltaic system is generating the most electricity it could.

XI. Future Agenda Items

Dean Gray asked the Board to anticipate two Board meetings in June. With the end of the fiscal year and the July break, we may need two meetings in June.

XII. Public Comment

No requests for public comment were received.

XIII. Adjournment

There being no further business, Dr. Davidson adjourned the meeting at 11:30 A.M.

Approved by the School Facilities Board on June 29, 2011

Frank Davidson

Chair