

SCHOOL FACILITIES BOARD
January 11, 2012
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Archives Building in Phoenix, Arizona. The meeting began at approximately 10:05 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Tom Rushin, Vice-Chair	Patricia Ewanski, APS Solutions for Business
Gary Marks	Cathy Rex, So. AZ School Facilities Group
Jennifer Stielow	Alice Asunsolo, So. AZ School Facilities Grp
Dr. Bill Johnson	Bob Young, Dysart USD
Eric Hafner – via telephone	
	<u>Staff Present</u>
<u>Members Absent</u>	Dean Gray, Executive Director
Dr. Frank Davidson, Chair	Phil Williams, Deputy Director
Vern Crow	Kerry Campbell, Public Information Officer
Stacey Morley (non-voting member)	Debra Sterling, Attorney General’s Office
	Amber Peterson, School Finance Specialist
<u>Vacant Board Positions</u>	Angela Cade, Fiscal Services Manager
Demographer Representative	Ron Passarelli, School Facilities Liaison
Teacher Representative	Dan Demland, Architect
	David Kennon, Assessment Specialist

- I. Call to Order
Vice-Chairman Tom Rushin called the meeting to order at approximately 10:05 A.M.

- II. Roll Call
There were four (4) voting Board Members participating in person and one (1) Board Member participating via telephone.

- III. Consideration and possible vote to accept, reject or modify the Minutes of December 7, 2011
Dr. Bill Johnson made a motion for Board approval of the Minutes of December 7, 2011. Gary Marks seconded. The motion passed with a voice vote of 5-0.

- IV. Consent Agenda
 - a. Consideration of Preventative Maintenance Plans
 - b. Consideration of 3-Year Building Renewal Plans
Dr. Bill Johnson made a motion for Board approval of the Preventative Maintenance Plans and 3-Year Building Renewal Plans as listed in the Board packet. Gary Marks seconded. The motion passed with a voice vote of 5-0.
 - c. Consideration of 3-Year Building Renewal Plans
This agenda item was pulled due to the lack of a quorum if Gary Marks were to recuse himself.

- V. Director’s Report
 - a. Thank You Letter

Dean Gray shared the appreciation expressed in a letter from Holbrook Unified for the award of Emergency Deficiencies Correction funding to replace heating units in classrooms.

b. Adoption of Policy Changes

Dean Gray gave a brief explanation of the changes made to the Land Acquisition policy as a result of the comments received from Dr. Frank Davidson and Jennifer Stielow during last month's Board meeting.

Ms. Stielow asked for clarification regarding conceptual approval and whether this includes funding for land. Mr. Gray explained that staff looks at ADM projections going out eight years. For elementary grade configurations, the construction funding window is two years; for high school grades the window is three years. If projections show a school is needed beyond the construction funding window, conceptual approval is given. This allows school districts the opportunity to start looking for land. In some cases, it may take several years to acquire a school site.

Ms. Stielow asked if that means there is money being allocated for conceptual approvals. Mr. Gray affirmed Ms. Stielow's question, adding that money for land is contingent upon the availability of funds. Currently under the moratorium, no funding is available. However, conceptual approvals, as well as new school awards, are still being made due to statutory requirement.

Ms. Stielow asked if the staff recommended changes would cause a shift in policy thus allowing funding for land prematurely or based on projections that may not be accurate. Mr. Gray acknowledged Ms. Stielow's concern citing agenda item V.h. regarding vacant land and explained that at the time the districts acquired that land, no one could have predicted the economic downturn that has ensued the last few years. We do know, however, that districts that were growing then will continue to grow and, other than the parcels listed in agenda item V.h. that remain vacant, all other land acquired has been built on. Dean asked Amber Peterson to speak to this issue.

Ms. Peterson said she is unfamiliar with the amount of land districts have acquired that has remained vacant. In an effort to address Ms. Stielow's concern, she referred the Board to section D of the policy and explained that the intent of adding the conceptual approval language was to clarify statute. Statute allows for the start of the land acquisition process if a district is projected to need a school within a ten year timeframe. This has been in practice all along and the recommended changes will bring the policy into alignment with current practices.

Ms. Stielow asked why there is a need to add the conceptual approval language if this isn't a major policy change and expressed her concern for providing funding for land acquisition that may or may not be needed ten years from now. Ms. Peterson responded that statute already allows for an analysis of projections going out ten years and that adding the conceptual approval language to the policy does not add years or lengthen the timeframe for districts to acquire land. Adding the conceptual approval language simply clarifies the statute and aligns the policy with current practices.

Ms. Stielow asked what happens in the situation where a district has a conceptual approval and the SFB has purchased land for the new school, but then the new construction project does not proceed and what happens to the money the SFB has spent on that land. Mr. Gray answered that the land would remain in the district's inventory. However, statute authorizes the SFB to require a district to dispose of vacant land purchased or partially purchased with SFB funding. While statute allows for projections to go out ten years, our practice has been to go out only eight years. To put the land acquisition numbers into perspective, the SFB has built over 300 schools and helped districts acquire land for a majority of these, while we currently account for only eight vacant sites. At times it is difficult to purchase land or have land donated and when the statute language was being written the timeframe for projections was established to provide allowance for the land acquisition process.

Ms. Stielow asked about the comments provided by Judy Richardson and her suggestion to change "gross" to "net" in section I. Ms. Peterson explained that the SFB building inventory tracks gross, excluded, and net square footage. Net square footage generates building renewal and capacity, while excluded square footage does not.

Ms. Stielow asked what is considered excludable space. Ms. Peterson responded that district administrative space, bus barns and some space that was built with local funds. However, there are some restrictions. For example, a district can build up to a certain amount of space with B Bonds before it starts to generate capacity for the district.

Ms Stielow clarified that when considering whether a district qualified for new space, we ignore certain space that was built with local funds and only consider a portion of their gross square footage. Mr. Gray asked Ms. Peterson to explain the 25% threshold. Ms. Peterson affirmed Ms. Stielow's comment and explained that in the distant past districts could build space with local funds and the SFB did not consider that space when calculating district capacity. However, a few years ago, the legislature added to statute a limit on district funded excludable space and now if a district's locally funded space exceeds 25% of its minimum square footage requirement, the SFB recognizes the space in excess of the 25% threshold as net square footage and includes it in the building renewal and capacity calculations.

Ms. Stielow confirmed that the gross square footage includes the locally funded space. Ms. Peterson concurred. Mr. Gray added that the information in the building inventory was initially reported by the districts and that SFB staff verify the building measurements and audit the building inventory when performing assessments.

Debra Sterling brought one final change to the Board's attention. On page 5 of the Land Acquisition policy, under Establishing Fair Market Value of a Donated Property, starting with the second sentence, the recommended change should read as follows: (Gary Marks read the policy language into the record)

Final approval of Step III of the land acquisition process shall occur within the appraiser's given lifetime of the appraisal, or if not specified, within 6 months from the date of the appraisal.

Gary Marks made a motion for approval of the recommended policy changes as presented by staff. Dr. Bill Johnson seconded. The motion passed with a voice vote of 5-0.

c. Policy Review

Dean Gray gave a brief overview of the changes to policy VI. Emergency Projects that are being recommended by staff. These change recommendations will be posted on the SFB website for public comment and will be brought back to the Board, along with the comments received from the public, at the next regularly scheduled meeting.

d. FY 2011 Annual Report

Dean Gray gave a brief overview of the FY 2011 Annual Report.

e. Status of Funds Report

Dean Gray gave a brief overview of the Status of Funds Report.

Gary Marks asked what happens to the unspent ARRA funds once the program has ended. Mr. Gray answered that any unspent ARRA funds will be returned to the Federal Government. The program ends April 30, 2012.

f. Litigation Account Report

Dean Gray gave a brief overview of the Litigation Account Report.

g. FY 2013 – FY 2017 Strategic Plan

Dean Gray gave a brief overview of the FY 2013 – FY 2017 Strategic Plan.

h. Vacant Land Inventory

Dean Gray gave a brief overview of the vacant land inventory.

Jennifer Stielow asked to return the discussion to agenda item V.e. Status of Funds Report. She requested an explanation about the information provided in the report under the New Construction Projects section. Mr. Gray explained that to estimate a budget for new construction staff uses the conceptual approvals as the construction window is moved out year by year. When using bonding authority, 100% of the cost to build the school is included in that authority. If General Fund monies are appropriated, the cost to build the school is broken out over 3 years. The first year would include from 5% to 30% of the project cost to advance the project through the design phase and into a construction contract. The second year would include the majority of the construction cost. The third year would include the remainder of the funding. As stated in the report, the FY 2013 budget request for \$53.7 million is for a General Fund appropriation and includes the first year estimated budget for the conceptual approvals that fall within the FY 2013 construction window. In lieu of a General Fund appropriation, \$174.3 million in bonding authority would be required to fund in their entirety the conceptual approvals in the FY 2013 construction window.

VI. New Construction Requests

a. Consideration and possible vote to accept, reject or modify the FY 2012 Capital Plan New Construction Requests

The request for Riverside Elementary was postponed for a future agenda. Dean Gray provided a brief explanation of the staff recommendation.

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

Union Elementary (K-8): Conceptually approve 007N (K-8 for 800 students) to open in FY 19.

Gary Marks seconded. The motion passed with a voice vote of 5-0.

b. Consideration and possible vote to accept, reject or modify the FY 2012 Capital Plan New Construction Requests

The request for Laveen Elementary was postponed for a future agenda due to the lack of a quorum if Dr. Bill Johnson were to recuse himself.

VII. Building Renewal Grant Requests

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

Dean Gray reviewed the balance of the Building Renewal Grant fund. If today's recommendations are approved by the Board, the available balance is \$66,092. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. This accounts for over \$15,967 in recovered funds since the last Board meeting. Mr. Gray provided a brief explanation of the request as presented in the Board packet.

Gary Marks asked if Superior Unified has submitted their Preventative Maintenance Plan. Mr. Gray responded that Superior Unified has the required Preventative Maintenance Plan on file with the SFB and that they perform preventative maintenance with the limited funds that are available. However, the issue before the Board today is not the result of a lack of preventative maintenance. There is building movement that is being monitored by the Trust causing the roof to leak when it rains. The Trust will not cover the cost to repair the leak. Mr. Gray shared photos of the buildings with the Board.

Jennifer Stielow asked when this building was built. Mr. Gray answered that the building was constructed in 2002 and gave a brief history of the site.

Dr. Bill Johnson asked if the density of the fill under the building was tested. Mr. Gray answered that it doesn't appear the compaction of the fill is in question. When test bores were drilled, they went down 15 feet to native soil and everything appears to be fine. They have run cameras in all the plumbing under the building and did not find any leaks. They believe water is getting in next to and under the building in the area between the building and the sidewalk, as well as between the sidewalk curb and the asphalt. These areas have been sealed which appears to have solved the problem temporarily. The Trust has placed monitoring equipment to detect any

movement of the building and the engineering firm has assured that the building is not dangerous.

Gary Marks made a motion for Board approval of the following staff recommendations:

1. Board approval that **Dysart Unified** be awarded \$130,000 in Building Renewal Grant funding for the replacement of the cooling tower at Dysart High School, Building 4000. This includes \$8,763 in contingency that will only be used with SFB staff approval.
2. Board approval that **Superior Unified** be awarded \$6,639 in Building Renewal Grant funding for the repair of the roof on the locker room building and the caulking of the MPR windows at Superior High School.

Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

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 \$599,874. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray provided a brief explanation of Hayden-Winkelman Unified's request as presented in the Board packet.

Jennifer Stielow asked about the district's balance of Building Renewal funds. Mr. Gray referred the Board to the last page of the Board packet which is an explanation from the district on how they already have plans to use that money to replace the communication system and repair leaking pipes.

Dr. Bill Johnson asked if the district had considered a lease-purchase or energy savings contract to replace the 20 year old units. Mr. Gray responded that the district is currently repaying a loan to the SFB and it is unlikely the district could pass a bond election. The district could certainly look at using performance contracting as authorized by A.R.S. §15-213.01, but the SFB does not have the authority to require this of the district. In speaking with the district, all available options have been explored and at this time the best option is to request Emergency Deficiencies Correction funding.

Gary Marks made a motion for Board approval of the following staff recommendation:

Board approval that **Hayden-Winkelman Unified** be awarded \$112,227 in Emergency Deficiencies Corrections funding for the replacement of twenty HVAC units at Winkelman Primary School. This includes \$10,000 in contingency funds that will only be used with SFB staff approval.

Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

VIII. Future Agenda Items

Gary Marks requested an update on the legislative session.

IX. Public Comment

No requests for public comment were received.

X. Adjournment

There being no further business, Tom Rushin adjourned the meeting at 11:05 A.M.

Approved by the School Facilities Board on Feb 9, 2012


vice Chair