

SCHOOL FACILITIES BOARD  
June 6, 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 10:07 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Tom Rushin, Interim Chair	Tom Duncan, CST
Dr. Jeff Smith	Casey O'Brien, Payson USD
Gary Marks – via telephone	Todd Poer, Payson USD
Jennifer Stielow	Steve Lin, AZAG
Dr. Bill Johnson	Jennifer Uharriet, OSPB
Stacey Morley	
	<u>Staff Present</u>
<u>Members Absent</u>	Dean Gray, Executive Director
Eric Hafner	Phil Williams, Deputy Director
Vern Crow	Kerry Campbell, Public Information Officer
	Debra Sterling, Attorney General's Office
<u>Vacant Board Positions</u>	Amber Peterson, School Finance Specialist
Demographer Representative	Angela Cade, Fiscal Services Manager
Teacher Representative	David Kennon, Assessment Specialist
	Dan Demland, Staff Architect
	Pat Cruse, School Facilities Liaison

- I. Call to Order  
Interim Chairman Tom Rushin called the meeting to order at approximately 10:07 A.M.
  
- II. Roll Call  
There were four (4) voting Board Members and one (1) non-voting Board Member participating in person and one (1) voting Board Member participating via telephone.  
  
Tom Rushin suggested taking the following agenda item out of order. There was no objection by the Board.
  
- V. Director's Report
  - a. Welcome and Introduction to the Board – Dr. Jeff Smith  
Tom Rushin reviewed Dr. Smith's bio and welcomed him as the latest appointee to the Board.
  
- III. Consideration and possible vote to accept, reject or modify the Minutes of April 4, 2012  
Jennifer Stielow made a motion for Board approval of the Minutes of April 4, 2012. Dr. Bill Johnson 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

Due to loss of the quorum should Dr. Jeff Smith recuse himself during Board consideration of the Balsz Elementary 3-Year Building Renewal Plan, the district's plan was tabled for consideration on a future agenda.

Dr. Bill Johnson made a motion for Board approval of the Preventative Maintenance Plan and 3-Year Building Renewal Plans as listed in the Board packet, except for Balsz Elementary. Gary Marks seconded. The motion passed with a voice vote of 5-0.

V. Director's Report

b. Legislative Update

Dean Gray gave a brief explanation of the bills that made it through this year's legislative session. HB 2578, the SFB bill, passed and was signed by the Governor. Part of this bill changed the requirement for districts to report Building Renewal expenditures on an annual basis, rather than when a project is completed. Also included in this bill is the provision that monies collected by a district for the sale of buildings constructed with SFB funds shall be returned to the SFB. SB 1529, substituted for HB 2858, passed and was signed by the Governor. Part of this bill provides for including district-owned space that is leased to another entity, including a district-sponsored charter school, in the total square footage used when calculating whether a school district has a space deficiency and if it qualifies for New School Facilities funding. Also included in this bill is the prohibition of the use of Building Renewal Grant funds on a building or part of a building that is being leased to another entity, including a district-sponsored charter school.

Jennifer Stielow asked if Emergency Deficiencies Correction funding may be awarded to districts for use on buildings leased to another entity, including district-sponsored charter schools. Mr. Gray responded that the Emergency Deficiencies Correction statute is different from the Building Renewal Grant statute and may be applied to all district-owned buildings.

Ms. Stielow asked for clarification on the amendments to HB 2830 and HB 2578 regarding the term of the performance contract. Mr. Gray explained that A.R.S. §15-213.01 limits the maximum length of a performance contract to fifteen years due to the typical life-cycle of the equipment. However, districts are using performance contracting to procure solar arrays. Today it is extremely difficult to get payback on a solar array within fifteen years, hence the original language in HB 2830 referenced 25 years. An amendment was later adopted changing the term to fifteen years. After some discussion, an amendment was adopted onto HB 2578 adjusting the term of performance contracts to the expected life, according to the manufacturer's equipment standards, of the energy cost savings measures implemented, the term of the financial agreement, or 25 years, whichever is shortest.

c. Consideration and possible vote to accept, reject or modify authority for the Executive Director to award up to \$50,000 in Building Renewal Grant funds

Dean Gray gave a brief explanation of the proposed authority.

Jennifer Stielow asked if the \$50,000 authority would be in addition to the \$30,000 in authority for investigation, for a total of \$80,000 in authority. Mr.

Gray explained that with simple math, this would seem to be the case. But in all likelihood only one of the authorities would be invoked at one time.

Ms. Stielow asked if any school has been closed due the Board's inability to award a project. Mr. Gray responded that had the Board been unable to grant a couple of districts' requests, schools would have been closed.

Ms. Stielow asked if the Board has ever before given this authority to the Executive Director. Mr. Gray answered that this authority has never before been given. Only \$30,000 in authority to award Building Renewal Grant or Emergency Deficiencies Correction funding for investigation has been delegated.

Ms. Stielow questioned if the Executive Director awarded \$80,000 to a district and then the Board denied the district's request for Building Renewal Grant funding, that no additional funding would be granted, but the district would be eligible for the \$80,000. Mr. Gray affirmed the scenario Ms. Stielow suggested, adding that should such a scenario develop, the project would likely be well under way. He further explained that the Building Renewal Grant statute is clear as to what the funds may be used for. If a school is going to fall below the minimum guidelines, these funds may be used to correct the deficiency.

Ms. Stielow expressed her concern with taking the decision to award grant projects away from the Board, without first trying to get a quorum.

Mr. Gray commented that he understands Ms. Stielow's concern, adding that he does not particularly want the authority, but that there is a need for it. As of July 1, 2012, the districts will have gone five years with no Building Renewal funding. Today's Building Renewal formula amount is \$249,000,000. If approved by the Board, this authority would become part of the Building Renewal Grant policy and the Board could develop the language to address any concerns members may have. Staff plans to bring the Building Renewal Grant, Emergency Deficiencies Correction and Preventative Maintenance policies to the Board for revision / review in August. Changes may be made at that time or anytime the Board desires.

Dr. Bill Johnson asked if the Executive Director has \$30,000 in authority to award funding for investigation using Building Renewal Grant funding and Emergency Deficiencies Correction funding. Mr. Gray explained that the authority is delegated in two different policies and is for two separate amounts.

Dr. Johnson asked if the additional \$50,000 authority would be for Building Renewal Grant funding only, not Emergency Deficiencies Correction funding. Mr. Gray answered in the affirmative.

Dr. Johnson asked if there was a reason for the difference. Mr. Gray responded that currently, there is approximately \$10,433 available in Emergency Deficiencies Correction funding. The statute creating the fund authorized staff to transfer any available monies from the Deficiencies Correction fund to the Emergency Deficiencies Correction fund. In 2004, the

Deficiencies Correction statute was repealed, thus the fund and the monies have expired. At this time the only source for additional Emergency Deficiencies Correction funding is from excess New School Facilities funding, specifically funds provided through General Fund appropriation. Bond monies in the New School Facilities fund are not eligible for transfer to the Emergency Deficiencies Correction fund.

Dr. Johnson asked how often the policy would be up for review by the Board. Debra Sterling responded that the frequency of review is up to the Board.

Stacey Morley asked if “unable to obtain a quorum” language could be added to the policy to alleviate the concerns of some Board members. Ms. Sterling explained that the Board could include that provision in the policy language.

Ms. Stielow commented that she would feel more comfortable with such a provision in the policy, adding that she believes more discussion on the issue is warranted.

Dr. Johnson asked if the authority would be on a per project basis. Mr. Gray responded that it would be on a per project basis.

Dr. Johnson questioned if there is a per district or annual cap. Mr. Gray answered that there are none.

Ms. Stielow made a motion to table this agenda item for consideration on a future agenda. She explained her concerns and desire to put provisions in the policy language to alleviate those concerns and requested further discussion by the Board.

Ms. Morley commented that she understands Ms. Stielow’s concerns, adding that she also understands the situation many districts are in and the urgency with which a district’s request may need to be addressed, not only by the Board, but by staff.

Mr. Rushin commented that under the Building Renewal Program (if it were being funded) these items the Executive Director is requesting the authority on which to grant funding, are items that would normally be made at the district level. The current circumstances now require the approval of the Board. Adding “unable to obtain a quorum” language to the policy may be a valuable tool. From a district’s perspective, especially the smaller districts, this authority would be helpful.

Dr. Johnson agreed that this authority would be a valuable tool in principle and that there have been a couple of close calls. Some district requests are time sensitive. He asked to what extent the \$30,000 investigation authority has been exercised. Mr. Gray responded that to this day the \$30,000 investigation authority has not been invoked, but that could soon change. Staff foresees a large need in the next few weeks simply due to the increased number of requests being received.

Dr. Johnson commented that with the start of the new school year, we may see more equipment failures.

Ms. Stielow commented that the statements Mr. Gray just made about foreseeing a large need in the next few weeks contradicts what is written in the Board packet about a request requiring immediate action and asked for clarification. Mr. Gray explained the unpredictability of when requests are received and how long it takes to evaluate each one, including scheduling site visits with architects, assessing the extent of the damage and the repair required, and developing the cost estimates, to then bring the district's request to the Board. Staff is currently aware of approximately fifteen district requests that will require design. The districts will have to procure professional services; to do so will incur costs. Staff has gathered information on the available purchasing cooperatives to assist districts with procurement and to keep costs down. Staff could call a Board meeting every day, but would not be able to obtain a quorum in order to hold a Board meeting every day.

Ms. Stielow asked for further clarification on the difference between the projects Mr. Gray was just discussing, those requiring design, and those that require immediate action as described in the Board packet. Mr. Gray explained that the \$50,000 authority would be exercised in the event immediate action needs to be taken, while the \$30,000 authority for investigation would be used to acquire cost estimates and start design on a project. There are statutory requirements for structural engineering services when a project involves changes to a roof, an air conditioner, a ceiling, or roofing materials.

Dr. Johnson asked what the process is for placing this authority in policy. Ms. Sterling responded that normally policy language is drafted and brought to the Board. In this case, the Executive Director is requesting a special delegation until the policy can be amended and brought to the Board.

Dr. Johnson commented that he has never experienced staff bringing inappropriate requests to the Board. Staff has remained consistent in the type and degree of projects they present to the Board. The Board's high level of trust and confidence in staff is well deserved. The Board relies heavily, sometimes exclusively, on staff recommendations to approve or deny projects. He also recognized that it has been some time since there has been funding for Building Renewal and reliance on Building Renewal Grant funding is growing. It would be in the best interest of the State and the schools in the State to delegate this authority to the Executive Director. There may also be some recognized savings through immediate action.

Dr. Bill Johnson made a motion for Board approval to delegate to the Executive Director authority to award up to \$50,000 when it is determined that the Building Renewal Grant request requires immediate action so that the school district can immediately begin to correct the deficiency and maintain the adequacy of the school facility. Gary Marks seconded. The motion passed with a voice vote of 4-1. Jennifer Stielow voted against the motion.

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

Dean Gray provided a brief explanation of the staff recommendation as presented in the Board packet.

Jennifer Stielow made a motion for Board approval of the following recommendation:

**Vail Unified (K-5): Cancel 012N (K-5 for 531 students).** No conceptual approval.

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

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

Dean Gray provided a brief explanation of the district's requests as presented in the Board packet.

Stacey Morley asked when the building was constructed. Mr. Gray answered that it was built in 1995.

Jennifer Stielow asked how long the building has been vacant and if the district had any plans for the building. Tom Rushin produced the Request to Address the Board submitted by Casey O'Brien and Todd Poer, representatives of Payson Unified. Superintendent Casey O'Brien answered that the building was closed last year. If the district's request is approved by the SFB today, the district plans to request authority from the voters to place the buildings up for sale. Having the authority to sell the buildings would give the district some flexibility to proceed through the next few years.

Ms. Stielow asked how a building constructed in 1995 could be in such disrepair that the district would want to dispose of it. Mr. O'Brien explained that when the building was constructed the dome idea was predicted to be the next big thing in school construction. Unfortunately, this has been proven to not be the case. At the time, it was a cost effective way to build a school, but over time we have found maintenance of the dome covering material to be problematic and costly.

Ms. Stielow asked if this school was SFB or locally funded. Mr. O'Brien responded that Frontier Elementary was locally funded.

Todd Poer, Facilities Manager for Payson Unified, echoed Mr. O'Brien's comments on the problematic building maintenance, adding that the dome structure has poor acoustics and creates severe echoing which is not conducive to the education process.

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

Board **approval** of **Payson Unified**'s request to remove Frontier Elementary School from the District's inventory.

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

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

Board **approval** of **Payson Unified**'s request to remove Payson High School buildings 1025, 1026, and 1027 from the District's inventory.

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

VIII. Building Renewal Grant Requests  
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 \$10,295,923. Staff continues working to close projects and make recognized savings and unspent monies available for new projects.

Mr. Gray provided a brief explanation of the requests as presented in the Board packet.

Stacey Morley asked if there was any recourse for Scottsdale Unified being that the sprinkler heads were recalled. Mr. Gray responded that there appears to be no other option for the district to replace the sprinkler heads.

Jennifer Stielow made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Bicentennial Union** be awarded \$25,000 in Building Renewal Grant funding for the replacement of the existing water storage tank at Salome High School. This includes \$4,707 in contingency funds that will only be used with SFB staff approval.
2. Board approval of the staff recommendation that **Cedar Unified** be awarded \$110,000 in Building Renewal Grant funding for the replacement of the fire alarm system at Jeddito Elementary School. This includes \$7,490 in contingency funds that will only be used with SFB staff approval and the lightning protection option #1.
3. Board approval of the staff recommendation that **Colorado River Union** be awarded \$7,500 in Building Renewal Grant funding for the repair of the mixing valves in the locker rooms at River Valley High School. This includes \$1,755 in contingency funds that will only be used with SFB staff approval.
4. Board approval of the staff recommendation that **Scottsdale Unified** be awarded Not-to-Exceed funding in the amount of \$16,000 in Building Renewal Grant funding for the replacement of 570 fire sprinkler heads at Anasazi Elementary School. This includes a contingency of \$2,421 that will only be used with SFB staff approval.

5. Board approval of the staff recommendation that **Scottsdale Unified** be awarded \$95,000 in Building Renewal Grant funding for the replacement of the chiller at Apache Elementary School. This includes a contingency of \$6,697 that will only be used with SFB staff approval.
6. Board approval of the staff recommendation that **Scottsdale Unified** be awarded Not-to-Exceed funding in the amount of \$12,000 in Building Renewal Grant funding for the replacement of 475 fire sprinkler heads at the Desert Canyon Elementary School. This includes a contingency of \$2,980 that will only be used with SFB staff approval.
7. Board approval of the staff recommendation that **Sunnyside Unified** be awarded an additional \$180,000 in Building Renewal Grant funding for the reroofing of Craycroft Elementary School (project number 100212000-9999-005BRG). This includes \$12,055 in contingency funds that will be only used with SFB staff approval. This brings the total project award to \$184,250.
8. Board approval of the staff recommendation that **Toltec Elementary** be awarded additional Building Renewal Grant funding in the amount of \$18,800 for the design of the repairs and replacement of the roofs at Toltec Middle School (project number 110422000-9999-001BRG). This will increase the total design funding to \$28,800, which includes the \$9,800 in additional engineering fees which will only be used if the canopy structure needs to be rebuilt.
9. Board approval of the staff recommendation that **Vernon Elementary** be awarded additional Building Renewal Grant funding in the amount of \$330,562 for the rebuilding of the existing septic system at Vernon Elementary School (project number 010309000-9999-001BRG). This brings the project total to \$400,562 and includes \$35,000 in contingency funds that will only be used with SFB staff approval.

Dr. Bill Johnson seconded. The motion passed with a voice vote of 5-0.

IX. Preventative Maintenance Inspections

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

Dean Gray gave a brief explanation of the Preventative Maintenance Inspection Report for Osborn Elementary as presented in the Board packet.

Dr. Bill Johnson made a motion for Board approval of the Preventative Maintenance Inspection Report for **Osborn Elementary** as recommended by staff. Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

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

Dean Gray gave a brief explanation of random selection of Mohave Valley Elementary for a Preventative Maintenance Inspection as presented in the Board packet.

Gary Marks made a motion for Board approval of the random selection of **Mohave Valley Elementary** for a Preventative Maintenance Inspection as recommended by staff. Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

X. Future Agenda Items

No requests for future agenda items were received. Dean Gray commented that there may be a need for another Board meeting before the end of the fiscal year and before the summer break. June 27, 2012 at 10 A.M. is the tentative date and time.

XI. Public Comment

No requests for public comment were received.

XII. Adjournment

There being no further business, Tom Rushin adjourned the meeting at 11:35 A.M.

Approved by the School Facilities Board on July 11, 2012

  
Interim Chair