

**SCHOOL FACILITIES BOARD
August 7, 2003
Surprise, Arizona**

The School Facilities Board held a board meeting at the Willow Canyon High School, 17901 W. Lundberg Street, Surprise, Arizona. The meeting began at approximately 10:07 A.M. items are presented in the order in which they appeared on the agenda, the may have occurred out of order at the meeting.

<u>Members Present</u>	<u>Guests Present-Public Comment</u>
Conley, Patrice	Dr. Margo Seck
Keenan, Brooks	Spencer Smith
McGee, Kate	Kris Vedt
Metz, Forrest	Janet Vedt
Van Sittert, Logan, Chair	Julie Butler
Vaughan, Keith	Lisa South
Wicks, Michael	David Moser
Wright, John	Dr. John Schroeder
Vicki Salazar, Superintendent's Representative (non-voting)	Doug Hughes
	Charles Moffett
<u>Board Members Absent</u>	Jeanette Polvani
Peter Granillo	
<u>Staff Present</u>	
Bill Bell, Executive Director	
Tim Brand, Facilities Deputy Director	
Candy Cooley, Deputy Director of MIS	
John Arnold, Deputy Director Finance	
Judith Darknall, Asst. Attorney General	
Dave Young, Land Specialist	
Kristen Landry, Public Information Officer	
Amber Peterson, School Finance Specialist	
Debby Dominguez, Executive Assistant	

Welcome

Logan Van Sittert welcomed the School Facilities Board. Dr. Margo Seck, Superintendent of Dysart Unified School District welcomed the board and audience.

I. Call to Order

The Board Chair, Logan Van Sittert, called the meeting to order at approximately 10:07 A.M.

II. Roll Call

There were eight Board Members present at this meeting, including Vicki Salazar of ADE, a non-voting member. Peter Granillo did not attend. Kate McGee arrived late at 10:18 a.m.

III. Approval of Minutes of June 5, 2003 Meeting

Brooks Keenan moved that the Board approve the Minutes for June 5, 2003. Pat Conley seconded. Motion passed on a 5-0-1 voice vote with Keith Vaughan abstaining.

Approval of Minutes of Executive Session of June 5, 2003 Meeting

Brooks Keenan moved that the Board approve the Minutes for the Executive Session of the June 5, 2003 meeting. Mike Wicks seconded. Motion passed on a 5-0-1 voice vote with Keith Vaughan abstaining.

Approval of Minutes of June 25, 2003 Meeting

John Wright moved that the Board approve the Minutes for June 25, 2003. Keith Vaughan seconded. Motion passed on a 4-0-2 voice vote with Brooks Keenan and Mike Wicks abstaining.

Approval of Minutes of June 30, 2003 Meeting

John Wright moved that the Board approve the Minutes for June 30, 2003. Keith Vaughan seconded. Motion passed on a 6-0 voice vote.

Approval of Minutes of July 14, 2003 Meeting

John Wright moved that the Board approve the Minutes for July 14, 2003. Brooks Keenan seconded. Motion passed on a 5-0-1 voice vote with Keith Vaughan abstaining.

Approval of Minutes of Executive Session of July 14, 2003 Meeting

John Wright moved that the Board approve the Minutes for the Executive Session of the July 14, 2003 meeting. Brooks Keenan seconded. Motion passed on a 5-0-1 voice vote with Mike Wicks abstaining.

IV. Director's Report

a. Introduction of New Executive Director

This was an informational item only. Logan Van Sittert introduced the new Executive Director of the School Facilities Board, William Bell.

b. Introduction of New Board Member

This was an informational item only. Bill Bell introduced a new Board Member of the School Facilities Board, Peter Granillo. Mr. Granillo was unavailable for this meeting.

c. Awards for Past Board Members

This was an informational item only. Logan Van Sittert recognized two former members of the Board, Kevin McCarthy and Forrest Metz.

d. Introduction of New SFB Staff

This was an informational item only. Bill Bell introduced two new SFB staff members, Dave Young and Debby Dominguez.

e. Deficiency Correction Update

This was an informational item only. The following issues were discussed.

- July 1, 2003 Status of Work and Performance
- Status by Letter Package
- PM Performance
- Cost Analysis

Tim Brand updated the Board on the status of the Deficiency Corrections projects. Staff is now focusing on completing the projects. Currently, we have 60.5% of the projects complete and 39% are under construction. There are 2,200 projects still in progress. Tim Brand explained that the letter packages that were significantly over budget were mostly in the northern part of the state and on the Indian reservations. He explained that geographic location and difficulty in finding subcontractors for that area caused the increase. He also explained that staff has come across many unforeseen conditions that added to the amount.

Pat Conley asked if the three districts that were deferred could complete the projects on their own and be reimbursed. Tim Brand said that yes, the three districts were sent a letter allowing them to complete any projects they have the financial resources to do so and be reimbursed in FY 2005. He suggested in April of next year these will go out to bid, but they cannot be awarded until after July 1. Pat Conley asked if we could have an updated report on the deficiencies corrections projects. Tim Brand said staff is actively working on that. Keith Vaughan commended staff for the amount of work they have done in the short timeline.

Candy Cooley stated that Qwest has finished the networking project on time. Kate McGee asked the amount it was \$140 million. Candy Cooley confirmed that \$140 million was the cost of the fixed price contract.

f. Preventive Maintenance Update

Tim Brand updated the Board on the status of the Districts' Preventive Maintenance Plans and explained the four-step process to complete this. The SFB Staff received six district's plans and presented them to the Board. He stressed that these are guidelines not mandates and we are working with the districts on their plans.

Kate McGee commented that this is a key part of what we do, we must maintain. She said her district, Washington Elementary, was favorable to Deficiencies Corrections and Preventive Maintenance.

Pat asked if we were approving that the district has checked off the systems and they are agreeing to comply with the recommendation. Tim Brand said yes, this is their plan now the districts need to figure out how they are going

to implement it with their present resources. They will submit their first report in October 2004.

Pat Conley commented that the plan is required by law, the report is not. The check sheet is their attempt to comply with our report. Kate suggested developing cost data. Tim Brand agreed that this will cost money and said districts can go to their board and superintendent for additional maintenance funding. This allows them to record what they are doing and how much it will cost. Kate McGee said this can be a communications tool and will be crucial at budget time.

John Wright asked if we are approving a review process, the district plan to meet components or a prioritization? Tim Brand said the board was approving what the district recognizes is their preventive maintenance plan. They will then go back and prioritize what they are able to do. John Wright said that we are approving their knowledge of this plan and simply approving which Xs are checked doesn't seem as valuable as moving through this review of what we are trying to do.

Keith Vaughan stated that districts understand they have the right to chose what they will focus on and today we are approving they have chosen this as their plan.

Tim Brand said that we are trying to ease the districts into this. Brooks Keenan said this first year is an assessment of what the districts can accomplish. Logan Van Sittert stated this is a work in progress and the board and staff need to take baby steps. He is amazed how staff has been able to construct this and the board should give staff a chance, to work the kinks out.

Mike Wicks believed the plan identified which items required attention, whether or not the district fulfills it will be in another report.

Kate McGee moved that the Board approved Cave Creek Unified, Dysart Unified, Glendale Elementary, Phoenix Elementary, Morristown Elementary and Washington Elementary School Districts' Preventive Maintenance Plans as presented. John Wright seconded. Motion passed on a 7-0 voice vote.

g. Transfer from New School Facilities Fund to Deficiency Corrections Fund

Keith Vaughan moved that the Board approve staff recommendation to transfer an additional \$11,000,000 from the New School Facilities fund to the Deficiency Correction Fund. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

John Arnold discussed the transfer of funds is necessary to carry the Deficiencies Correction program until FY 2005. This will build a bridge from when we run out of Deficiency Correction monies.

Pat Conley asked if money generated from lease-to-own fund is being transferred to the Deficiencies Correction fund. John Arnold said that was correct. The federal government allows states to issue debt to reimburse expenditures from their cash funds to a certain amount, and that is what is

happening in this case. From the lease-to-own we are going to reimburse expenditures from the New School Facilities fund so that that money becomes New Construction and now those dollars are available to the Deficiency Corrections fund.

h. Lease to Own Resolution

John Wright moved that the Board adopt the Lease-to-Own Resolution authorizing the final interest rates and other terms such as terms of prepayment and to execute and deliver the necessary agreements including the master lease between the Board and the trustee. Mike Wicks seconded. Motion passed on a 6-0-1 with Keith Vaughan abstaining.

Brooks Keenan asked what the interest rate would be. John Arnold said that it is difficult to project, but probably in the low 4% area.

V. Assessment Deficiencies

a. Consideration of Funding Supplemental Assessment Deficiency Projects from the Deficiencies Correction Fund

There were no districts listed under this agenda item.

b. Consideration of Assessment Deficiency Projects review, bids, bid packages, and expansion of change orders

Expansion of Scope-Increase to Job Order Contracting (JOC) Electrical Work

Brooks Keenan moved that the Board approve additional funding of \$5.5 million for the statewide electrical deficiency project. Pat Conley seconded. Motion passed on a 7-0 voice vote.

Candy Cooley explained this final amount will accomplish the JOC task statewide. Logan Van Sittert asked why staff did not have a better handle on the amount. Candy Cooley explained there was not an initial assessment and the networking project created electrical deficiencies.

Kate McGee requested a range of JOC costs and asked if JOC was cheaper. Candy Cooley said this affected all schools in the state even the new ones and we could provide a range. She added that because it is a set cost, it is cheaper.

c. Consideration of Ratification of CM @ Risk Contracts, GMP applied and Purchase Orders Issued

Keith Vaughan moved that the Board ratify the CM @ Risk contracts for the School Facilities Board and the districts and vendors listed under agenda item V.c. John Wright seconded. Motion passed on a 7-0 voice vote.

John Arnold explained that the reports were pulled in June and this came up as a change order so it was missed on the June reports. This GMP was issued June 15th.

Logan Van Sittert asked why this went from an original budget of \$54,802 to a contract amount of \$550,000. Candy Cooley later explained that this was originally to repair the foundation. It was later found that the building needed to be replaced because it was structurally unsound.

- d. Consideration of Ratification of Contracts for Deficiency Corrections Projects
Mike Wicks moved that the Board ratify the contract awards for the School Facilities Board and the districts and vendors listed under agenda item V.d. Brooks Keenan seconded. Motion passed on a 7-0 voice vote.

John Arnold explained all of the contracts are partials, except for Sierra Vista USD. This was signed on June 30th, but was missed on the June reports.

- e. Consideration of Ratification of Change Orders for Deficiency Corrections Projects
Brooks Keenan moved that the Board ratify the change orders for the districts and vendors listed under agenda item V.e. Pat Conley seconded. Motion passed on a 7-0 voice vote.

Tim Brand updated the board on change orders. Keith Vaughan suggested staff include more information under "unforeseen conditions. Kate McGee asked if unforeseen conditions referred to asbestos? Tim Brand stated that unforeseen conditions could be anything, typically asbestos. Kate McGee asked for criteria between evaluations and what constitutes a change order. Tim Brand said there could be a million different reasons, and staff can provide that.

- f. Consideration of Other Deficiency Correction Issues – Emergency Deficiency Project – Payson Unified and Saddle Mountain

Tim Brand explained that Payson had a leaky roof that was not corrected. This leak caused mold, which the districts is asking to be abated. Staff is not recommending air conditioning, and the district has agreed to that. Keith Vaughan asked if the lack of an air conditioner would add to the problem. Tim Brand said the district believes they can accomplish air conditioning with their building renewal monies. Kate McGee asked if the SFB will be seeing more emergency deficiency requests. Tim Brand said that because building renewal has been cut, districts are strapped and might be coming to the board.

John Wright moved that the board approve Payson Unified School District's Emergency Deficiency Project in the amount of \$127,426. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Candy Cooley explained that Saddle Mountain USD could submit their request for a replacement building in their capital plan, which the district has agreed to do. John Wright asked if this would be the first replacement building in the capital plans. Candy Cooley said that no, the first were the 13 replacement schools approved in July 1999.

Brooks Keenan moved that the board deny Saddle Mountain Unified School District's Emergency Deficiency Project in the amount of \$820,108. John Wright seconded. Motion passed on a 7-0 voice vote.

The board recessed for lunch from 12:30pm to 1:10pm.

VI. New School Construction

a. Consideration of 2003 Capital Plan New Construction Requests

There were no districts listed under this agenda item.

b. Consideration of New Construction Projects Review, Bids, Bid Packages and Change Orders, and Expansion/Change of Scope and Increased Project Cost

1. Brooks Keenan moved that the Board Approve Cottonwood-Oak Creek Elementary District's request to go to bid on a School Facilities Board project in the amount of \$4,068,407 for a Core K-8 elementary school with additional funding of \$731,321 for specific site conditions, project number 130406000-9999-002N. Mike Wicks seconded. Motion passed by a 6-0-1 voice vote with Pat Conley abstaining.
2. Brooks Keenan moved that the Board approve Crane Elementary District's request to go to bid on a School Facilities Board project in the amount of \$5,733,585 for a K-6 elementary school, project number 140413000-9999-001N. Keith Vaughan seconded. Motion passed by a 6-0-1 voice vote with Mike Wicks abstaining.

Brooks Keenan moved that the Board approve the following recommendations:

3. Approve Dysart Unified District's request to go to bid on a School Facilities Board project in the amount of \$9,175,320 for a K-8 elementary school, project number 070289000-9999-007N.
4. Approve Gilbert Unified District's request to go to bid on a School Facilities Board project in the amount of \$9,805,852 for a Core 7-8 middle school, project number 070241000-9999-010N.
5. Approve Littlefield Unified District's request to go to bid on a School Facilities Board project in the amount of \$2,831,656 for a Core 9-12 high school with additional funding of \$1,389,193 for specific site conditions, project number 080409000-9999-001N.
6. Approve Littleton Elementary District's request to go to bid on a School Facilities Board project in the amount of \$7,567,956 for a K-8 elementary school, project number 070465000-9999-211N.

Pat Conley seconded. Motion passed on a 7-0 voice vote.

c. Expansion/Change of Scope and Increased Project Cost

Vernon Elementary was withdrawn from the agenda.

Brooks Keenan moved that the Board approve Tanque Verde Unified School District to receive an advance of construction funding in the amount of \$54,576.30 for project #100213000-9999-201N. Keith Vaughan seconded, Motion passed on a 7-0 voice vote.

Pat Conley asked if this was just an advance on the district's A&E funds or if this was an increase to their funding. Candy Cooley confirmed it was an advance.

Kate McGee asked if this is funds that have already been expended and if this commits us to build the high school. Candy Cooley said the funds have already been expended and this does not commit the board to build a high school.

d. Consideration of Other New Construction Issues
Capacity of a Core Facility

This was an informational item only. Candy Cooley discussed the issues surrounding core facilities. Some districts with core schools found the calculation to be unfair and detrimental. Staff assembled a group, which consisted of district representatives and a school finance consultant to examine possible changes. Any input regarding core facilities should be directed to Candy Cooley. Keith Vaughan, a member of the group, said to some districts core schools are beneficial, but others may be hurt by them.

Pat Conley asked if cores consist full size gyms, cafeterias, etc and why couldn't we use shared space. Candy Cooley stated we require them to size that space for the future build out. Districts must build out the core before they get another school.

Brook Keenan brought up two issues: how you credit square feet back against them and consider not approving the core concept for large fast growing districts. Candy Cooley said staff looks beyond the window on a case by case basis.

Kate McGee asked if some districts do not have enough M&O to build a full school right away. Candy Cooley said that is what some districts have said, but we have no analysis of that. Kate McGee also asked what the difference between the two questions outlined by the group were. Candy Cooley said the second proposed calculation creates a smaller number of capacity inside the same square footage so the sooner the district will qualify for additional space. Kate McGee asked if this is a policy change. Candy Cooley said it is a policy continuation; it is an alteration to the working definition of student capacity.

Tanque Verde Unified-District Litigation Update

John Arnold provided an update on the Tanque Verde litigation. John Wright moved that the board approve a letter from the Executive Director to the district stating the SFB will take no further action on this project until the courts have finalized their determination, and the district has fully complied with any court-ordered requirements. The SFB is requiring, at a minimum, that the courts clarify the status of the title to the property and that the matter of severance damages be resolved. Keith Vaughan seconded. Motion passed on a 6-1 voice vote with Pat Conley against.

Several members of the audience spoke including:

Spencer Smith-District's attorney Believes the severance damages would be between \$600,000 and \$1.2 million. Said the district has surplus properties and there is no reason the district could not pay severance damages. Wants Steps II and III approved in case they fail in their appeal to re-select their site. Pat Conley asked if the courts acknowledged the original site selection process, because this site was the first choice. Spencer Smith could not explain the court's rational

Kris Vedt- parent, for the high school

Janice Vedt-parent, for the high school

Julie Butler-parent, for the high school

Lisa South-for the high school

Dave Moser-TV Coalition, against the high school

John Schroeder-TV Coalition, wait until November after election

Doug Hughes-TVUSD Board Member, for the high school

Charles Moffatt-TV Coalition, against high school. Read letter from Bob Rudolph also against high school.

John Wright said this is a very frustrating set of circumstances. He would like to resolve it, but doesn't see how the board can, given the uncertainty of everything. He hopes the Tanque Verde community can resolve it on their own.

Brooks Keenan said he is prepared to support the motion and letter and is ready to move forward once resolved.

Pat Conley said every time we delay this issue gets more complex. We promised the district in June that this would be brought back to the board in August. Why are we delaying this again? The board should not be involved in the politics.

Kate McGee supported the letter because she believes we need clear title. It's a procedure that needs to be in place and the board should not want to go into an unknown situation.

Judith Darknall said sending the letter does not preclude the district from providing us with evidence.

Keith Vaughan disagreed with Pat Conley's comments in that Tanque Verde does not have the same situation as other districts. He doesn't believe the board should go into something they don't understand. There has never been another case like this.

John Wright motioned to go into Executive Session at 1:25p.m. Pat Conley seconded. Motion passed on a 7-0 voice vote. Executive Session concluded at 1:55p.m.

VII. Consideration of Request for Land or Real Property Purchase, Lease, or Donation, including requests from:

a. Steps I and/or II

Cartwright Elementary

Logan Van Sittert moved that the Board accept Staff recommendation to approve Cartwright Elementary School District's request for a 7-8 middle school site (project number 070483000-9999-008L) and move to Step III. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Coolidge Unified

Logan Van Sittert moved that the Board accept Staff recommendation to approve Coolidge Unified School District's request for a 6-8 middle school site (project number 110221000-9999-008L) and move to Step III. Pat Conley noted the donation factor was postponed until construction. Mike Wicks seconded. Motion passed on a 6-0-1 voice vote with Keith Vaughan abstaining.

Deer Valley Unified

Logan Van Sittert moved that the Board accept Staff recommendation to approve Deer Valley School District's request for a K-8 elementary school site (project number 070297000-9999-020L) and move to Step III. Pat Conley noted the donation factor was postponed until construction. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Dysart Unified

Logan Van Sittert moved that the Board accept Staff recommendation to approve Dysart Unified School District's request for a K-8 elementary school site (project number 070289000-9999-017L) and move to Step III. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Litchfield Elementary

Logan Van Sittert moved that the Board accept Staff recommendation to approve Litchfield Elementary School District's request for a K-5 and 6-8 elementary and middle school site (project number 070479000-9999-006L) and move to Step III. Mike Wicks seconded. Motion passed on a 7-0 voice vote.

b. Step III

Casa Grande Elementary

Logan Van Sittert moved that the Board accept Staff recommendation to approve Casa Grande Elementary School District's request to lease state land for a 6-8 middle school site (project number 110404000-9999-003L). Mike Wicks seconded. Keith Vaughan asked if the beneficiary is education, Dave Young confirmed that it was. Motion passed on a 7-0 voice vote.

Casa Grande Union High School

Logan Van Sittert moved that the Board Accept Staff recommendation to approve Casa Grande Union High School District's request to lease state land for a 9-12 core high school site (project number 110502000-9999-002L). Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Kate McGee asked if the 18 acres is part of the 60 acres. Dave Young said the 18 acres is separate.

Chandler Unified

Logan Van Sittert moved that the Board accept Staff recommendation to approve Chandler Unified School District's request to purchase land for a 9-12 high school site (project number 070280000-9999-010L) Mike Wicks seconded. Motion passed on a 6-1 voice vote with Kate McGee against.

Kate McGee asked when the decommissioning of the dairy occurs and who will pay for the decommissioning. Jeanette Polvani, of Chandler, said they would begin right away and the district will pay for it.

Peoria Unified

Logan Van Sittert moved that the Board accept Staff recommendation to approve Peoria Unified School District 's request to lease state land for a K-8 and 9-12 elementary and high school site (project number 070211000-9999-003L) Mike Wicks seconded. Motion passed on a 7-0 voice vote.

Somerton Unified-

Somerton Unified was removed from the agenda.

c. Consideration of Other Land Related Issues

There were no districts listed under this agenda item.

VIII. Replenishment of Contingency Funds for Packages including:

John Arnold discussed the replenishment of Contingency funds and explained this covered two months worth.

Brooks Keenan moved that the Board approve the supplemental contingency funds for packages A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P and Q in the amount of \$25,666,007. John Wright seconded. Motion passed on a 7-0 voice vote.

IX. Request for Reduction of Square Footage

There were no districts listed under this agenda item.

X. Request for Waiver from Guidelines

There were no districts listed under this agenda item.

XI. Finance Report and Bond Update

This was an informational item only. John Arnold updated the Board on the status of the three funds (Building Renewal, New School Facilities, and Deficiencies Correction) and QZAB.

Kate McGee requested staff use the previous format on financial reports.

XII. Future Agenda Items

John Wright suggested the Board and Staff recognize Ed Boot for his contributions to the SFB.

Kate McGee asked if a Building Renewal committee was ever established. John Arnold said changes to the formula are currently under litigation. Pat Conley suggested staff should start accumulating data on Building Renewal such as the costs and accuracy of the formula.

XIII. Public Comment

None

Adjournment

There being no further business Board Chair, Logan Van Sittert, adjourned the meeting at approximately 2:15 p.m.

Approved by the School Facilities Board on _____, 2003

Logan Van Sittert, Chair