

**SCHOOL FACILITIES BOARD
November 4, 2004
Queen Creek, Arizona**

The School Facilities Board held a board meeting at the Walker Butte Elementary School. The meeting began at approximately 10:00 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Conley, Patrice	Dr. Richard Sagar, Florence USD
Davidson, Frank	Marcie Celaya, Avondale ESD
Keenan, Brooks	Michael Hunter, ATRA
McGee, Kate	Patrick Jeske, Stanfield ESD
Triphahn, Carl	Ron Hennings, Tombstone USD
Vaughan, G. Keith	Robert Reems, City of Tombstone
	J. Rodriguez, Tombstone Board Member
<u>Members Absent</u>	Cathy Rex, Vail Consultant
Granillo, Peter	
Van Sittert, Logan, Chair	
Wright, John, Vice-Chair	
Vicki Salazar, Superintendent's Representative (non-voting)	
<u>Staff Present</u>	
Tim Brand, Facilities Deputy Director	
John Arnold, Deputy Director of Finance	
Charlotte Hosseini, Special Projects	
Terrie Zenoff, Assistant Attorney General	
Deborah Dominguez, Executive Assistant	
Kristen Landry, Public Information Officer	

Welcome

Dr. Richard Sagar, Florence Superintendent, welcomed the School Facilities Board.

- I. Call to Order
Acting Board Chair, Keith Vaughan, called the meeting to order at approximately 10:00 A.M.
- II. Roll Call
There were six Board Members present at this meeting.
- III. Approval of Minutes of October 7, 2004 Meeting
Frank Davidson moved that the Board approve the Minutes for October 7, 2004. Pat Conley seconded.

Kate McGee clarified that in section IXb.: Washington ESD's change order, she was aware of the change order, however was not involved in the work and did not see a reason to recuse herself from the vote.

Motion passed on a 6-0 voice vote.

The following items are listed in the order in which they appear on the agenda, not necessarily in the order in which they were discussed. Several items were reviewed out of order as they related to other items on the agenda.

IV. Director's Report

a. Deficiency Correction and Audit Update

Tim Brand explained the current status of the Deficiencies Correction projects. Pat Conley asked if the projects in Tucson USD would be completed by June 30, 2004. Tim Brand stated that there may be one project in TUSD and one in Glendale Union High School District that may not be completed in time. John Arnold stated that the SFB will ask for an extension from the legislature and the Governor's Office is aware of the delay.

Charlotte Hosseini gave a brief update on the audit. She stated that one final report has been issued since the last board meeting and everything else is in negotiations.

b. Lease-to-Own Resolution

John Arnold explained the Lease-to-Own resolution. The sale of the certificates will occur on November 17. The term is for 15 years and the debt service is an estimated \$4.9 million per year.

Pat Conley asked is this was the last issue that the SFB has been authorized for. John Arnold stated that the statute offers continual authorization up to \$200 million in any fiscal year (15-2006).

Frank Davidson moved that the Board approve the 2004 C Lease-to-Own resolution authorizing the sale of \$50 million in certificates of participation. Pat Conley seconded. Motion passed on a 6-0 voice vote.

c. Consideration of Full Day Kindergarten Funding

Brooks Keenan moved that the Board approve the following:

1. Funding in the amount of \$296,839 for the Alhambra Elementary School District to add four classrooms and restrooms to the Granada Primary School.
2. Funding in the amount of \$31,393 for the Indian Oasis Unified School District for technology items, furniture, testing materials, and educational resources.
3. Funding in the amount of \$34,009 for the Fowler Elementary School District for technology, furniture, textbooks and instructional materials.
4. Funding in the amount of \$27,905 for the Stanfield Elementary School District for software, furniture, and portable classrooms.

Kate McGee seconded. Motion passed on a 6-0 voice vote.

d. Recognition of Board Member

The board recognized for Board Member, Mike Wicks, who served on the board from 1998-2004.

V. New School Construction

a. Consideration of 2005 Capital Plan New Construction Requests

Frank Davidson recused himself from the Casa Grande Elementary section of this agenda item.

Brooks Keenan moved that the Board approve the staff recommendation to approve a K-5 school for 750 students to open in FY07 with a total project cost of \$6,990,300 (project number 110404000-9999-001N) and to approve a 6-8 school for 1,000 students to open in FY08 with a total project cost of \$10,382,358 (project number 110404000-9999-002N) for the Casa Grande Elementary School District. Kate McGee seconded. Motion passed on a 5-0-1 voice vote with Frank Davidson recusing himself from the vote.

Brooks Keenan moved that the Board approve the staff recommendation to approve a K-8 school for 1,100 students to open in FY08 with a total project cost of \$10,664,069 (project number 110201000-9999-007N) and to **deny** a 9-12 high school for 1,800 students for the Florence Unified School District. Kate McGee seconded. Motion passed on a 6-0 voice vote.

Pat Conley reminded districts that the SFB reviews the last 100th Day ADM prior to districts going out to bid for new construction.

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

Marcie Celaya of the Avondale School District thanked SFB staff for their help in working with her District.

Frank Davidson moved that the Board approve Avondale Elementary District's request to go to bid on a School Facilities Board project in the amount of \$8,126,534 for a K-8 elementary school, project number 070444000-9999-003N. Kate McGee seconded. Motion passed on a 6-0 voice vote.

Frank Davidson moved that the Board approve the following

1. Approve Deer Valley Unified District's request to go to bid on a School Facilities Board project in the amount of \$8,257,788 for a K-8 elementary school, project number 070297000-9999-013N plus additional funding in the amount of \$603,109 for site drainage.
2. Approve Florence Unified District's request to go to bid on a School Facilities Board project in the amount of \$10,516,691 for a K-8 elementary school, project number 110201000-9999-006N.

3. Approve Fowler Elementary District's request to go to bid on a School Facilities Board project in the amount of \$6,893,775 for a K-5 elementary school, project number 070445000-9999-004N.
4. Approve Humboldt Unified District's request to go to bid on a School Facilities Board project in the amount of \$5,962,658 for a K-5 elementary school, project number 130222000-9999-001N.
5. Approve Litchfield Elementary District's request to go to bid on a School Facilities Board project in the amount of \$7,353,360 for a K-5 elementary school, project number 070479000-9999-004N.

Pat Conley asked why there was a consultant fee on Litchfield ESD's write-up. She stated that as per ARS 15-2041 F, a school district shall not pay a consultant a percentage of the value to entities that have offered to provide construction services to the school district or entities that have been contracted to provide construction services to the school district. She was concerned that this fee was in violation of the statute. Tim Brand stated that this is how [CM@Risk](#) projects have always been done, but staff would look into it.

6. Approve Queen Creek Unified District's request to go to bid on a School Facilities Board project in the amount of \$5,018,568 for a 9-12 high school, project number 070295000-9999-007N.
7. Approve Queen Creek Unified District's request to go to bid on a School Facilities Board project in the amount of \$6,434,190 for a K-5 elementary school, project number 070295000-9999-004N.
8. Approve Sahuarita Unified District's request to go to bid on a School Facilities Board project in the amount of \$2,877,312 for a 9-12 high school, project number 100230000-9999-003N.
9. Approve Sunnyside Unified District's request to go to bid on a School Facilities Board project in the amount of \$7,167,500 for a 6-8 middle school, project number 100212000-9999-002N.

John Arnold stated that this agenda item represents ten schools going to construction at a cost of \$72 million.

Pat Conley asked if these schools were included in the latest Lease-to-Own funding. John Arnold stated that the above districts were already included in previous Lease-to-Own deals.

Pat Conley seconded. Motion passed on a 6-0 voice vote.

c. Consideration of Other New Construction Issues:

Pat Conley moved that the Board approve the Fowler Elementary District's request to release \$143,346 for design fees for the Western Valley Middle School build-out project number 070445000-9999-006N.

Pat Conley asked if the 5% reduces the amount available for New Construction which it does.

Frank Davidson seconded. Motion passed on a 6-0 voice vote.

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

a. Steps I and/or II

Frank Davidson recused himself from the Casa Grande Elementary section on this agenda item.

Brooks Keenan moved that the Board approve Casa Grande Elementary District's request to accept a donation of 12 acres for a K-5 site and move to Step III. Kate McGee seconded. Motion passed on a 5-0-1 voice vote with Frank Davidson abstaining.

Brooks Keenan moved that the Board approve the following items:

1. That the Board approve Chandler Unified School District's request to accept a donation of 12 acres for a K-6 site and move to Step III.
2. That the Board approve Florence Unified School District's request to accept a donation of 16 acres for a K-8 site and move to Step III.
3. That the Board approve JO Combs Elementary School District's request to accept a donation of 12 acres for a K-5 site and move to Step III.

Pat Conley asked what would happen in the case that a district purchased a site unsuitable for a school. Could the district then sell the land? John Arnold explained that once a site is approved for Steps I and II tests are done to ensure the site is suitable. In the case that a district wanted to sell a parcel purchased by the SFB, the proceeds from the sale shall be returned to the SFB. If the parcel was donated, the 20% donation factor would not be given until construction had commenced.

Pat Conley seconded. Motion passed on a 6-0 voice vote.

VII. Request for Waiver from Guidelines
There was no information for this agenda item.

VIII. Assessment Deficiencies

a. Consideration of Ratification of Contracts for Deficiency Corrections Projects

Frank Davidson moved that the Board ratify the contract awards for the School Facilities Board and the districts and vendors listed under agenda item VIII.a. .

Pat Conley asked if there was any problem having two new contracts after the June 30, 2004 deadline. John Arnold explained that all projects had commenced by the deadline as the statute required.

Carl Triphahn stated that there was no reason for items to be missed in the specifications. Tim Brand explained that the county had ruled Mayer USD was grand fathered and did not need a backflow preventer while the inspector called for it.

Brooks Keenan asked how KGM Builders was damaged by a delay at Peoria USD. Tim Brand explained that because of the delay they were limited on their bonding capacity.

Kate McGee seconded. Motion passed on a 6-0 voice vote.

b. Consideration of Ratification of Change Orders for Deficiency Corrections Projects

Tim Brand explained that in the Indian Oasis Unified item, there were problems with drainage in the community which went unnoticed until digging began. He added that this project has changed into a design build.

Frank Davidson moved that the Board ratify the change orders for the districts and vendors listed under agenda item VIII.b. Brooks Keenan seconded. Motion passed on a 6-0 voice vote.

c. Consideration of Other Deficiencies Construction Issues:

Stanfield Elementary:

Patrick Jeske of the Stanfield Elementary School District addressed the Board on this issue. He explained that sand is opening the valves and entering their well.

Michael Hunter of the Arizona Tax Research Association stated that with Emergency Deficiency requests, if the SFB finds an issue to be an emergency, but cannot fund it, districts can go to their county Board of Supervisors and obtain approval to levy a property tax to do the project. ATRA agrees that this mechanism be in place. He added that the Emergency Deficiency fund exists to "patch" the problem before it creates an emergency, but it is the responsibility of the school district to provide the funding necessary to correct the problem in a more permanent way.

Kate McGee asked if this was something that was missed during the assessment. Pat Conley explained that the districts identified the problems and some districts did not have the expertise to identify problems that could not be seen on the surface.

Keith Vaughan added that the assessment was done four years ago. Tim Brand added that at that time the SFB made sure these items would last three years and we are now coming to an end of the useful life.

Kate McGee asked Mr. Jeske what the district's capability of levying taxes was. Mr. Jeske stated that the district is very poor: there are not any businesses in the area and 95% of the students qualify for free and reduced lunch.

Pat Conley moved that the board approve funding in the amount of \$30,000 to evaluate the well condition and make repairs to its potable water system.

Frank Davidson stated that this approval is similar to other emergencies approved by the board including a well at Sahuarita and electrical work at Bowie.

Keith Vaughan asked John Arnold if there was enough funding available for Deficiencies Corrections. John Arnold stated that there was \$12 million set aside for emergency funding.

Frank Davidson seconded. Motion passed on a 6-0 voice vote.

Tombstone Unified:

Ron Hennings, Superintendent of the Tombstone Unified School District explained that the access road to the school is unsafe. He stated that it is similar to a construction road and also serves as an access road to a water treatment plant. He added that busses cannot make the climb to the highway. The District is requesting assistance from the SFB and the City of Tombstone.

Pat Conley asked who owns the solid waste and water treatment plant. Robert Reems, the Director of Public Works for the City of Tombstone, stated that the city is the owner the property on a lease from the State Land Department. He added that the City does not have the money to improve the road.

Pat Conley asked what the problem of dedicating the easement to the school district. Mr. Reems stated that the district could have the easement.

J. Rodriguez, Tombstone School District Board President addressed the board.

Pat Conley stated that she did not understand the justification for the SFB putting in a road for the City of Tombstone. It would be a liability for the Board.

Brooks Keenan said that he was happy to hear that the district was working with other entities to solve this problem. He asked who exactly those entities were. Ms. Rodriguez stated that ADOT, the Governor's Office, and City of Tombstone were all working on this. She added that the district does have about \$30,000 a year in adjacent ways that could also be used, however those dollars are typically used for other emergencies.

Kate McGee asked why the SFB built a school that you could not get to. John Arnold stated that every school typically has egress issues, but generally the city corrects the problem.

Michael Hunter also spoke to this issue. He stated that it would be a mistake for the SFB to approve this issue. He agreed that there is a problem, however, he said this is a tax issue. Mr. Hunter stated that taxes in Tombstone are a little higher than the average which is \$11.81. He stated that this project is an appropriate use of the adjacent ways mechanism. He added that to reach the \$33,250 requested in this agenda item, taxes would be increased by \$.10. If \$600,000 was needed, \$1.88 increase would be needed of which \$.74 would be what the homeowners would experience. Mr. Hunter expressed concern that approval of this item would set a bad precedent.

Ms. Rodriguez responded that the district is very poor and the majority of residents are renters.

Kate McGee asked if there had been an increase in property taxes. Mr. Hunter stated that the tax levy went up \$157,000, a rate increase of \$.07. The Governing Board increased their primary rate.

Mr. Hennings stated that the area is plagued by absentee ownership; most of the property is owned by people who do not live in the town.

Brooks Keenan asked if this has been an issue before John Arnold stated that there was a building replacement project in Globe where the SFB leased a corridor to the highway and improved the connection to the highway.

Pat Conley stated she would like to see the statewide tax rate.

Roy Noggle, an architect for the district, stated that the intergovernmental agreements are being worked out.

Frank Davidson asked for additional data on the criteria for an emergency deficiency project and for the district's spending reports to see where they are spending money.

John Arnold stated that he participated in the forming of this statute and there is no provision stating the SFB could not approve this. He stated that this request is very specific and the district has shown a real need. He added that this is an example of why the deficiencies corrections fund was adopted and this would be an excellent use of that money.

Pat Conley stated that this is a perfect example of using adjacent ways. She added that the SFB has improved roads before, but we owned those roads. She is concerned about the liability for the others using that road such as for the water treatment plant. She said that she would prefer tabling this issue and coming up with other ideas. She is opposed to improving a city leased road.

Frank Davidson stated that he would be comfortable approving the money for the design and evaluating this issue later.

Kate McGee said she favors tabling this issue until the Board can see the purpose in classifying this as an emergency deficiency.

Keith Vaughan stated that there is a school that no one can get to right now and suggested that staff look at issues like this in the future. He agreed with Mr. Davidson to approve the money for the design and revisit this later.

Pat Conley moved that the Board table this issue until provided additional information by staff.

Brooks Keenan stated that several parties will be served by this road including the town, county, families, and the SFB and they all need to work on finding a solution.

Kate McGee seconded. Motion passed on a 5-1 voice vote with Keith Vaughan against.

IX. Preventive Maintenance

a. Consideration of Preventive Maintenance Plans

Brooks Keenan moved that the Board approve the School Districts Preventive Maintenance Plans as presented in Item IXa. Frank Davidson seconded. Motion passed on a 6-0 voice vote.

b. Consideration of 5 Year Building Renewal Plans

Frank Davidson recused himself from this agenda item.

Kate McGee moved that the board approve the School Districts 5 Year Building Renewal Plans as presented in item IXb.

Cathy Rex, a consultant for the Vail Unified School District, asked the board to consider approving all the 5 Year Plans received contingent upon staff review so that districts that did not make it on this agenda do not have to wait another month to receive their money.

Pat Conley stated that she did not believe Building Renewal Plans were required to be reviewed per ARS 15-2031F. Staff agreed to research this issue further.

Tim Brand stated that he believed staff is required to review the plans. He added that he would be uncomfortable presenting something that may not be accurate.

Pat Conley seconded. Motion passed on a 5-0-1 voice vote with Frank Davidson recusing himself from the vote.

X. Finance Report

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 Lease-to-Own History. He also announced that the sale of state trust revenue bonds last year was named as a "Deal of the Year" by the Bond Buyer publication.

Pat Conley asked if the \$100,000 listed under General Fund for 2005 had been committed by the legislature. John Arnold stated that it has been received and is being spent.

XI. Future Agenda Items

Clarification on when the Planning Session will be held-Pat Conley
5 Year Building Renewal Plans
Tombstone USD issue
Qualifying tax rates statewide
Building Renewal Subcommittee

XII. Public Comment

Adjournment

There being no further business Acting Board Chair, Keith Vaughan, adjourned the meeting at approximately 12:30 P.M.

Approved by the School Facilities Board on _____, 2004

Logan Van Sittert, Chair