

**SCHOOL FACILITIES BOARD
February 10, 2005
Phoenix, Arizona**

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

<u>Members Present</u>	<u>Guests Present</u>
Conley, Patrice	Dr. Cathy Stafford, Avondale ESD
Granillo, Peter	Judy Richardson
Keenan, Brooks	Cathy Rex
McGee, Kate, Chair	Karen Havird, Gilbert USD
Triphahn, Carl	Tim Hogan, AZ Center for Law in the Public Interest
	Mark Busch, Isaac ESD
<u>Members Absent</u>	Joyce Lutrey, Higley USD
Van Sittert, Logan	Henry Schmitt, Humboldt USD
Vicki Salazar, Superintendent's Representative (non-voting)	Kirk Waddle, Humboldt USD
	Pete Turner, Liberty ESD
<u>Staff Present</u>	Bobby Capps, Liberty ESD
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	
Amber Peterson, School Finance Specialist	

Welcome

Dr. Cathy Stafford, Superintendent, welcomed the School Facilities Board.

- I. Call to Order
Board Chair, Kate McGee, called the meeting to order at approximately 10:10 A.M.

- II. Roll Call
There were five Board Members present at this meeting.

- III. Approval of Minutes of January 6, 2005 Meeting
Brooks Keenan moved that the Board approve the regular and executive session minutes for January 6, 2005. Pat Conley seconded. Motion passed on a 5-0 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. Changes in Board Membership

Director Bell explained that Keith Vaughan and John Wright's terms have expired and the Governor's office is appointing new members.

b. Deficiency Correction Update

Tim Brand updated the Board on the status of the deficiencies corrections projects.

c. SFB Policy on New Construction Award Cancellations

Director Bell explained that over the past several years, the Board has seen several schools delayed due to slower than projected ADM growth or other issues beyond the control of the district. Currently, if the projected ADM does not materialize, A.R.S. 15-2041 E requires the Board to delay the project until such time as the ADM does warrant the new school.

Upon review of these cases, staff has drafted a policy that will allow districts the opportunity to cancel a project. This process will address projects that are delayed due to overstated ADM projections. Other delays including land issues will be addressed by adding inflation dollars as necessary according to the Policy on Inflation Adjustments

Brooks Keenan moved that the Board approve the policy regarding the cancellation of projects.

Pat Conley asked what is being done to remedy inaccurate ADM projections. Director Bell stated that staff has revised the methodology and found that previous approvals were more aggressive than necessary. He added that staff is working more closely with districts and the Department of Education.

Ms. Conley stated that this policy is going to put some responsibility on the districts in that they will need to evaluate their ADM. She added that she is concerned with the possibility of double architect fees.

Kate McGee asked about the 5% of new construction funds that districts receive upon approval. John Arnold stated that it would be deducted off of their next award of the same configuration. He added that the proposed policy assumes that the district will eventually grow into that award. If the district never grows into that award the state may lose that money.

Brooks Keenan stated he finds the policy to be reasonable, but asked for input by the districts.

Carl Triphahn seconded.

Judy Richardson addressed the board and stated that delays are not always due to ADM projections. She used a lengthy land acquisition process as an example and added this policy would not fit in that case.

Director Bell stated that districts are always welcome to come before the board with a request. Mr. Arnold added that cancellations are requested by the district; a district can keep a project open for however long they wish. Peter Granillo asked if it would then remain on the SFB books. Mr. Arnold stated that yes, as long as the project remains open, it will stay on the books. Director Bell added that tying up state funds could be a problem.

Cathy Rex addressed the board and requested that this item be tabled until next month so that she could bring this to districts for feedback. She said it would be helpful if this policy were clarified for ADM projection delays. She added that she would like to see how this and the next policy relate to each other.

Brooks Keenan stated that he sees this policy as a choice for districts in that if a district thinks they can get land issues settled on time and they want to hold on to the project, they would go with the current rate. If a district thinks they are delayed, it gives them the opportunity to back out and come back later at the new inflation rate.

Pat Conley asked how often JLBC adjusts the index. John Arnold stated that they are required to adjust it periodically, at least once a year, typically in the early fall.

Kate McGee added that the Board would be establishing a subcommittee to review Board policies and recommended that Ms. Rex bring any concerns from districts back to the board.

Motion passed on a 5-0 voice vote.

d. SFB Policy on Inflation Adjustments

At last month's meeting, the board discussed the method to determine inflation increases. The board requested staff to evaluate this policy closer. To supplement the original policy in consideration of the A.G. Opinion discussed in January, staff suggested additional steps to determine if the district has demonstrated the delay is likely to increase the cost of the project to the point the district cannot complete the approved project within the original budget.

If the district completes the steps outlined in this agenda item and is unable to build the project, staff would seek additional funds from the board. If additional dollars were provided, any dollars remaining at the end of the project, i.e. unused contingency would be returned to the SFB to offset the cost of the additional dollars.

Pat Conley asked to confirm that when architects submit their designs, they have to build a facility within the formula and meet the minimum guidelines. Director Bell confirmed this is accurate. He added if something arises that

requires additional funding, staff would review the project and see if additional funding is necessary. Ms. Conley asked if architects are submitting old estimates? Director Bell said this is not necessarily the case. Peter Granillo asked if the plans and specs are 100% complete. Tim Brand stated that typically districts come in with a full set of documents and staff reviews them to ensure they meet the minimum guidelines.

Karen Havird of Gilbert Unified addressed the board and stated that districts should not be penalized by using a previous year's cost when it is not the district's fault they were delayed.

Cathy Rex addressed the board and stated that two schools built at the same time should have the same funding resources available to them, or they are not equitable. She added that the issue of a school being delayed for reasons other than ADM is omitted from this policy and the one previous.

Tim Hogan of the Arizona Center for Law in the Public Interest, stated that the formula confers a certain benefit on the school districts and that benefit needs to be equivalent for all school districts regardless of the timing. He added that the inflation adjustment should account for that fact.

Director Bell stated that he does not believe this process should revolve around equity as the SFB has a responsibility to provide sufficient dollars within this formula to build schools. He added that if a district has difficulty in building a minimum adequacy school within the formula, the SFB will put in additional money.

Peter Granillo moved that the board adopt the policy regarding inflation adjustments. Pat Conley seconded.

Pat Conley stated that she believes the board needs to have a written policy, which this does. She added that it could be amended later.

Kate McGee stated that she agrees that the buildings need to be fair. She added that these two policies move the board away from the automatic assumption and reinstate what she considers equity.

Motion passed on a 5-0 roll call vote.

e. Full Day K Applications

Peter Granillo moved that the Board approve the following:

1. Funding in the amount of \$193,038 for the Creighton Elementary District for the Full Day Kindergarten Program.
2. Funding in the amount of \$116,736 for the Gadsden Elementary District for the Full Day Kindergarten Program.
3. Funding in the amount of \$51,740 for the Glendale Elementary District for the Full Day Kindergarten Program.

4. Funding in the amount of \$12,208 for the Littlefield Unified District for the Full Day Kindergarten Program.
5. Transfer of \$9,000 from Mesa Unified District's Soft Capital budget to their Renovations budget
6. Funding in the amount of \$27,905 for the San Carlos Unified District for the Full Day Kindergarten Program.
7. Funding in the amount of \$51,740 for the Yuma Elementary District for the Full Day Kindergarten Program.

Carl Triphahn seconded. Motion passed on a 5-0 voice vote.

V. New School Construction

a. Consideration of 2005 Capital Plan New Construction Requests

Henry Schmitt, Superintendent of Humboldt USD, addressed the board and explained his district's need for new schools. In addition, he requested streamlining of the process to expedite the 18-month timeline to build a school.

Kirk Waddell, also of the Humboldt School District, addressed the board and discussed a set of graphs that the district provided to the Board. The district requested that staff's recommendation of denial be removed from the agenda and reconsidered at a later date.

Pat Conley stated that the District's own projections do not show a need for a new school.

Kate McGee asked if the material provided by the district was new information, which Director Bell confirmed that it was.

Brooks Keenan moved that the board approve the following:

1. That the Board approve the staff recommendation to deny a 9-12 high school for 1,600 students to open in FY 07 (project number 003N) for the Agua Fria Union High School District.
2. That the Board approve the staff recommendation to deny a K-8 elementary school for 850 students to open in FY 07 (project number 001N) for the Avondale Elementary School District.
3. Casa Grande Union High School District requested that their district be withdrawn from the agenda.
4. That the Board approve the staff recommendation to deny the build-out of a core K-8 elementary school for the remaining 500 students to open in FY 08 (project number 006N) for the Glendale Elementary School District.

5. That the Board approve the staff recommendation to approve a K-8 elementary school for 1,200 students to open in FY 07 with a total project cost of \$11,633,530 (project number 004N) and to deny a K-8 elementary school for 1,025 students to open in FY08 (project number 006N) for the Higley Unified School District.
6. That the Board approve the staff recommendation to approve a 9-12 high school for 1,700 students to open in FY08 with a total project cost of \$28,834,924 (project number 005N) for the Higley Unified School District.
7. That the Board approve the staff recommendation to deny a K-5 elementary school for 650 students to open in FY 07 and to deny the build-out of the core 9-12 high School for the remaining 600 students to open in FY08 for the Humboldt Unified School District.
8. That the Board approve the staff recommendation to deny the build-out of a core 6-8 middle school (project number 003N) to open in FY 08 for the Isaac Elementary School District.
9. That the Board approve the staff recommendation to deny additional K-5, 6-8, 9-12, and 6-12 space at the Kayenta Unified School District.
10. That the Board approve the staff recommendation to deny a K-6 elementary school for 722 students to open in FY 07 for the Marana Unified School District.
11. That the Board approve the staff recommendation to deny additional 7-8 middle school space for the Mohave Valley Elementary School District to open in FY 07.
12. That the Board approve the staff recommendation to deny additional P-8 elementary school space for the Pearce Elementary School District to open in FY 06.

Pat Conley seconded. Motion passed on a 5-0 voice vote.

b. Consideration of New Construction Projects Review, Bids, Bid Packages and Change Orders

Peter Granillo moved that the board approve the following:

1. Approve Fowler Elementary District's request to begin construction of a CM at Risk project, upon receipt of necessary documents, in the amount of \$2,866,937 for a 6-8 middle school build-out, project number 070445000-9999-006N.

Pat Conley seconded. Motion passed on a 5-0 voice vote.

c. Other New Construction Issues

Isaac Elementary

Pat Conley moved that the Board approve the Isaac Elementary School District's request to build a 54,000 square foot grades 3-5 elementary school on half of the site currently occupied by the Joseph Zito school. Brooks Keenan seconded.

Mark Busch, of the Isaac Elementary School District explained the district's request.

Pat Conley asked if the district has had the reconfiguration approved by the Department of Education. Mr. Busch said that the district has not discussed this with ADE. Amber Peterson explained that it is not a reconfiguration if it is between the K-5 grade levels on the same site.

Kate McGee asked how many students would be in each school, which the district has not yet determined.

Motion passed on a 5-0 voice vote.

Liberty Elementary –request for increase in cost per square foot

Pete Turner, Superintendent of the Liberty Elementary School District, explained several factors that prevented the district from building the school in question on time and requested that the board approve additional funding as an increase in the cost per square foot.

Pat Conley asked about the \$330,000 contingency. Mr. Turner explained that the contingency has not been used, but \$140,00 was above the GMP and there have been some on-site issues that the money will be used for. He added that the district will allocate \$206,000 in their own money to this project.

Bobby Capps, a Liberty ESD Board Member, addressed the board and stated that the neighboring schools are being built at the \$104.92 cost per square foot and this school is being built at \$98 per square foot. He added that the district is not requesting to build above the minimum guidelines.

Pat Conley commented that before districts build prototype schools they need to evaluate current market conditions.

Peter Granillo moved that the Board approve the staff recommendation and deny additional funding for the Liberty Elementary project #070425000-9999-221. Carl Triphahn seconded.

Brooks Keenan stated that he supports the board's new policies. He added that the SFB has to provide minimum adequacy schools and all parties must maintain discipline to control the State's cost.

Motion passed on a 5-0 voice vote.

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

a. Steps I and/or II

Brooks Keenan moved that the board approve Higley Unified School District's request to accept a donation of 8 acres and purchase 47 acres and move to Step III for a 9-12 High School Site (project number 070260000-9999-009L).

Joyce Lutrey, Superintendent of Higley USD, addressed the board regarding this item.

Peter Granillo seconded. Motion passed on a 5-0 voice vote.

Peter Granillo moved that the Board approve the following:

1. Marana Unified School District's request to accept a donation of 10 acres and move to Step III for a K-6 Elementary School Site (project number 100206000-9999-001L).

2. Saddle Mountain Unified School District's request to accept a donation of 12 acres and move to Step III for a K-8 Elementary School Site (project number 070390000-9999-007L).

Pat Conley seconded. Motion passed on a 5-0 voice vote.

b. Other Land Issues

Peter Granillo moved that the board approve additional funding in the amount of \$102,160 to complete the testing plan at Apache Junction as required by the State Historic Preservation Office. Carl Triphahn seconded. Motion passed on a 5-0 voice vote.

Peter Granillo moved that the board approve the Yuma Union High School District's request to trade land with the Arizona Western College. Pat Conley seconded. Motion passed on a 5-0 voice vote.

VII. Request for Reduction in Square Footage

Marana Unified requested that their district be pulled from this agenda.

Brooks Keenan moved that the Board authorize staff to reflect the changes outlined above for the Kayenta Unified School District in the SFB building database. Peter Granillo seconded.

Pat Conley mentioned that the Attorney General determined that the three-year window starts at the beginning of the next fiscal year. Kate McGee suggested that it would be helpful if staff indicated where the three-year window is.

Motion passed on a 5-0 voice vote.

VIII. Assessment Deficiencies

a. Consideration of Ratification of Contracts for Deficiency Corrections Projects

Peter Granillo moved that the Board ratify the contract awards for the School Facilities Board and the districts and vendors listed under agenda item VIII.a. Brooks Keenan seconded.

Pat Conley stated that she is concerned in the SFB taking on the roll of a middleman between the Tombstone Unified School District and the contractor. She asked if the Board faced any liability in this issue.

Director Bell explained that staff wants to see this project completed and opened as soon as possible.

Motion passed on a 5-0 voice vote.

b. 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 VIII.b. Pat Conley seconded. Motion passed on a 5-0 voice vote.

c. Consideration of Emergency Deficiency Project

Pat Conley moved that the board approve funding in the amount of \$244,425 for a septic system replacement for the Ash Fork Unified School District. Peter Granillo seconded. Motion passed on a 5-0 voice vote.

IX. Preventive Maintenance

a. Consideration of Preventive Maintenance Plans

Peter Granillo moved that the Board approve the School Districts Preventive Maintenance Plans as presented in Item IXa. Carl Triphahn seconded. Motion passed on a 5-0 voice vote.

X. Consideration of 5 Year Building Renewal Plans

Peter Granillo moved that the Board approve the districts' Five Year Building Renewal Plans as listed in item X. Carl Triphahn seconded. Motion passed on a 5-0 voice vote.

XI. Finance/ Legislative/ Budget Report

a. Financial Update

John Arnold provided information on the Deficiency Corrections Fund, New Construction Fund, and Lease-to-Own history.

b. Legislative/ Budget Update

John Arnold updated the Board on the Governor's and Legislature's budget proposals and reviewed the current House & Senate bills.

Additionally, Mr. Arnold reviewed the proposal to replace the current building renewal formula with preventive maintenance funding and direct cost building renewal funding.

c. Bond Resolution

Peter Granillo moved that the Board approved the resolution authorizing the refunding of certain COP's from LTO 2003A, LTO 2003B, and LYO 2004B. Pat Conley seconded. Motion passed on a 5-0 voice vote.

XII. Chairman's Report

a. Deal of the Year Award

This item was for information only

b. Review of SFB Policies

Kate McGee asked Pat Conley to head the policy subcommittee to:

- Assemble all SFB statutes and policies in one place
- Develop new policies as requested by the Board
- Prepare clarifications and proposed revisions of existing policies when directed to do so by the Board

The procedure will be as follows:

- The board shall wait until the regular meeting to review, discuss, obtain input and give final approval for all proposed policy changes (generally, two meetings)
- Policies may be adopted before the next regular meeting if the Board waives said waiting period
- Ensure alignment of all policies with statute
- Review procedures for compliance with SFB policies
- Produce complete and up to date SFB Policy Manual for Board Ratification
- Rules Review as required by the staff

Peter Granillo offered to assist Ms. Conley on this committee. Carl Triphahn also offered to serve on this committee.

XIII. Future Agenda Items

Pat Conley requested the Attorney General's clarification on consultant fees. Ms. Conley also requested that staff report how many core schools are left.

XIV. Public Comment

There was no public comment.

Adjournment

There being no further business, Kate McGee, adjourned the meeting at approximately 12:30 P.M.

Approved by the School Facilities Board on _____, 2005

Kate McGee, Chair

