

SCHOOL FACILITIES BOARD
August 4, 2005
Scottsdale, Arizona

The School Facilities Board held a board meeting at the Liberty Elementary School in Scottsdale. The meeting began at approximately 10:00 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chovich, Cynthia	John Wright, Former Board Member
Conley, Patrice	Keith Vaughan, Former Board Member
Davidson, Frank	Joel Wirth, Chandler Unified
Gober, Patricia	Jim Migliorino, Deer Valley USD
Granillo, Peter	Mike Gross, Queen Creek USD
Keenan, Brooks	Ron Hennings, Tombstone USD
McGee, Kate, Chair	
Ortega, David	
Phil Williams, Superintendent's Representative (non-voting)	
<u>Members Absent</u>	
Taxpayer Representative-Position Open	
<u>Staff Present</u>	
William Bell, Executive Director	
John Arnold, Deputy Director of Finance	
Charlotte Hosseini, Special Projects	
Nancy Oyen, Assistant Attorney General	
Debra Sterling, Attorney General's Office	
Deborah Dominguez, Executive Assistant	
Kristen Landry, Public Information Officer	
Amber Peterson, School Finance Specialist	
Dean Gray, SFB Liaison	

- I. Call to Order
Board Chair, Kate McGee, called the meeting to order at approximately 10:02 A.M.

- II. Roll Call
There were nine Board Members present at this meeting including Phil Williams, the Superintendent's Representative, a non-voting representative.

Kate McGee recognized former Board Members, John Wright, Keith Vaughan and Logan Van Sittert for their service to the SFB. Each member was presented with a plaque.

Ms. McGee announced that Brooks Keenan was named Vice-Chair.

III. Approval of Minutes of June 2, 2005 Meeting

Frank Davidson moved that the Board approve the June 2, 2005 minutes. Patricia Gober seconded. Motion passed on a 6-0-2 voice vote with Peter Granillo and David Ortega abstaining.

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. Audit Update

Charlotte Hosseini updated the board on the progress of the audit. She announced that a settlement for site visits had been reached with Kitchell and \$185,000 was returned to the SFB. Kitchell has filed a counter claim in the amount of \$1.14 million which will be heard at the Office of Administrative Hearings on August 22. An agreement with Abacus has also been reached, but not finalized. An audit report to Heery will be issued soon.

Additionally, an audit report has been sent to Qwest and the Attorney General's Office will be facilitating a meeting in the next few weeks. The SFB is seeking \$1.2 million from Qwest. An audit report will also be going out to Heery.

The results of the audit have brought in \$2.8 million to date.

Pat Conley asked if the architectural firms would be audited. Director Bell stated that that has not yet been decided.

Ms. Conley added that the purpose of the audit was to look back on the successes and failures of the Deficiencies Corrections Program.

David Ortega asked what the overall gross budget of the Deficiencies Corrections Program was. Ms. Hosseini said it was \$1.3 billion.

b. Deficiencies Corrections Update

Director Bell discussed the status of the Deficiency Corrections Projects.

Pat Conley asked what the completion date on the Tucson USD projects would be. John Arnold explained that the statute requires it to be done by June 30, 2006. He added that on that date, the Deficiencies Correction fund is repealed and after that date money cannot be expended.

c. Emergency Projects Status Update

John Arnold provided an update on the Emergency Projects.

Patricia Gober asked why Tuba City's replacement project was considered an emergency when it was approved two years ago and has yet to be completed. Mr. Arnold explained that the stressed concrete roof is being held

by cables which are failing. An engineer assessed the problem and stated that the roof would fail in five years, but was safe to occupy for the time being. Mr. Arnold added that the district brought in additional funding to save the swimming pool. This has been a project that is being done in phases and is therefore taking longer to complete.

Ms. McGee asked if there were children occupying the building. Dean Gray stated that the area under construction is empty and the students are in other parts of the school.

e. Full Day K Applications

Pat Conley moved that the Board approve the revised Full Day Kindergarten Expenditure Plans for the Aguila and Wenden School Districts. Peter Granillo seconded. Motion passed on an 8-0 voice vote.

Pat Conley asked if there were any more districts that have yet to apply for these funds. Director Bell stated that there was one district, Osborn Elementary, that has not applied.

V. New School Construction

a. Consideration of New Construction Projects Change of Scope

Pat Conley moved that the Board approve the Chandler Unified district's request to revise project 009N from 750 to 700 students. David Ortega seconded. Motion passed on an 8-0 voice vote.

Joel Wirth addressed the Board on behalf of his district.

Cynthia Chovich asked if the district would have to redesign the school. Amber Peterson stated they would not as it was designed for 700.

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

David Ortega moved that the Board approve Casa Grande Elementary School District's request to go to bid on School Facilities Board project 110404000-9999-002N in the amount of \$10,246,324 for a 6-8 middle school. Pat Conley seconded. Motion passed on a 7-0-1 voice vote with Frank Davidson recusing himself from this item.

David Ortega moved that the Board approve the following items:

1. Approve Chandler Unified School District's request to begin construction of CM at Risk project 070280000-9999-008N, upon receipt of necessary documents, in the amount of \$10,126,626 for a K-6 school.
2. Approve Higley Unified School District's request to go to bid on School Facilities Board project 070260000-9999-004N in the amount of \$14,400,529 for a K-8 school.

Cynthia Chovich seconded.

Pat Conley noted that districts are still able to build within the formula amount.

Motion passed on an 8-0 voice vote.

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

a. Steps I and/or II

Pat Conley moved that the Board approve the following items:

1. That the Board approve Buckeye Elementary District's request to accept a donation of 15 acres for an elementary site and move to Step III for necessary testing.
2. That the Board approve Buckeye Union High School District's request to accept a donation of 55 acres for a high school site and move to Step III for necessary testing.
3. That the Board approve Chandler Unified District's request to accept a donation of 10 acres for an elementary school site and move to Step III for necessary testing.
4. That the Board **deny** Deer Valley Unified School District's request to purchase 10 acres and accept a donation of 10 acres for an elementary site.
5. That the Board approve Dysart Unified District's request to purchase 55 acres for a high school site and move to Step III for necessary testing.
6. That the Board approve Higley Unified District's request to purchase 11.25 acres and accept a donation of 11.25 acres for an elementary site and move to Step III for necessary testing.
7. That the Board approve Maricopa Unified District's request to accept a donation of 23 acres for an elementary site and move to Step III for necessary testing.
8. That the Board approve Saddle Mountain Unified District's request to accept a donation of 13 acres for an elementary site and move to Step III for necessary testing.

Peter Granillo seconded.

Jim Migliorino spoke on behalf of the Deer Valley Unified School District and added that the district is still in discussions with the developer.

Frank Davidson asked staff if the district's current land inventory was adequate for the next 10 years. Director Bell stated that it was.

David Ortega asked if it was possible to not take action on this item. Director Bell stated that this item could be tabled to continue discussions.

Pat Conley stated that she is concerned with donations as part of a purchase because they force the SFB to buy additional acreage. She added that the SFB cannot purchase land beyond 10 years and cautioned districts not to accept just any donation, as it could preclude them from acquiring future sites.

Patricia Gober asked why a developer would donate land when they could sell half the land to a district. She added that this is a competitive land market and developers are competing against each other. She stated she is concerned that some land is acquired by purchase, some by donation, and some are half and half.

Director Bell stated that the majority of districts are able to have land donated. However, there are some developers who are unwilling to donate. He agreed that the Board should examine this issue because there are times when acquisition is inconsistent. He said that the process is difficult as it is based on projections.

Kate McGee stated that the statute says 10 years, but the board's policy does not go as far out. Kristen Landry stated that the Board's policy allows us to acquire land 2 years outside the current funding window for elementary and middle schools and 3 years for high schools.

Kat McGee added that the SFB looks at the District as a whole and not individual areas.

Pat Conley withdrew her original motion and moved that the board approve the above recommendations with the exception of Deer Valley and Higley's requests which she also moved to table. The seconder of the original motion, Peter Granillo asked why Ms. Conley moved to table Higley. Ms. Conley stated that Higley is a partial purchase/ partial donation and she believes the board needs to evaluate these before a precedent is set. Mr. Granillo agreed to the withdrawal.

David Ortega clarified that parliamentary procedure does not allow multiple main motions on the floor. He added that the motion to table takes precedence over the motion to approve the staff recommendations.

Pat Conley withdrew her second motion. Ms. Conley then moved that the Board approve all the above items with the exception of items #4 and #6, Deer Valley and Higley. David Ortega seconded.

Patricia Gober stated that when she raised the issue of purchases she was referring to Dysart's request to purchase a high school site. Frank Davidson

clarified that while there is a need for greater clarity with land purchases, Dysart is requesting a high school site which is difficult to have donated.

Motion passed on an 8-0 voice vote.

David Ortega moved that the Board postpone the Deer Valley Unified School District's request to accept a partial donation/ partial purchase until September. Pat Conley seconded. Motion passed on an 8-0 voice vote.

Pat Conley moved that the Board postpone Higley Unified School District's request to accept a partial donation/ partial purchase. Patricia Gober seconded.

Peter Granillo asked for clarification on this item. Pat Conley stated that Higley's situation is similar to that of Deer Valley's, although Higley shows an immediate need.

Brooks Keenan asked about Higley's timing. Kristen Landry explained that Higley plans to place their FY09 school on this parcel and added that the District loses their option on the parcel in November. John Arnold added that an appraisal and environmental would need to be done prior to closing on the land which can take several months.

David Ortega stated that he supports the concept as to how parcels are accepted, but he cannot support the motion to table.

Frank Davidson added that several months ago Gilbert USD had a similar situation in which for many years they were able to receive donations. However, as the price of land increases, they had more difficulty in receiving donated land. He added that he supports studying this issue but does not want to see this project delayed.

Patricia Gober said she understands Mr. Ortega and Mr. Davidson's concerns, but if it becomes known that the SFB is willing to buy half of the site, less will be donated fully.

Kate McGee asked if Higley's land was outside of the funding window. Kristen Landry explained that this school is conceptually approved for FY09. However, if this date stays the same after review of the capital plans, it would be in the current funding window.

Pat Conley added that in the past, the board has deferred purchasing land and developers have come back with full donations.

David Ortega moved that the Board approve Higley Unified School District's request to accept a partial donation/ partial purchase. Cynthia Chovich seconded. Motion passed on a 6-2 voice vote with Pat Conley and Patricia Gober against.

b. Step III

Brooks Keenan moved that the Board approve Casa Grande Elementary School District's request to accept a donation of 28.29 acres for an middle school site (project number 110404000-9999-005L). Peter Granillo seconded. Motion passed on a 7-0-1 voice vote with Frank Davidson recusing himself.

Brooks Keenan moved that the Board approve the following items

1. That the Board approve Dysart Unified School District's request to accept a donation of 15 acres for an elementary site (project number 070289000-9999-026L).

2. That the Board approve Florence Unified School District's request to accept a donation of 16 acres for an elementary site (project number 110201000-9999-012L)

David Ortega seconded. Motion passed on an 8-0 voice vote

c. Other Land Issues

Queen Creek Unified: Request to buy out a farmer's lease.
Mike Gross spoke on behalf of the Queen Creek district.

David Ortega asked if the crop could be sold. Mr. Gross said that would be unlikely because the trenching would destroy the crop.

Pat Conley asked how the acquisition works when there is already a lease holder. Director Bell explained that the State Land Department would cancel the farmer's lease and that this funding would break the lease.

Ms. Conley asked if the district had any other available sites. Mr. Gross stated that they have a 12 acre elementary site, but nothing large enough to hold a 1000-student middle school.

Kate McGee confirmed that this recommendation is to buy the district 4 extra months. John Arnold stated that was correct. Ms. McGee asked how much the District had in their contingency. Mr. Arnold explained that that has not yet been established but it would be around \$300,000. Mr. Davidson clarified that half of the requested amount would be taken out of the District's contingency.

Pat Conley asked if there was an option for paying for only a portion of the crop that is damaged. Mr. Gross stated that the farmer believes the testing would cause him to lose his entire crop.

David Ortega stated acquiring this much acreage of State Land is a good opportunity for the district and that he supports the motion.

David Ortega moved that the Board approve the District's request to buy-out the farmer's lease for \$500,000 or appraised value, whichever is less. The \$250,000 for the lease buy-out will be provided as additional land funds. The \$250,000 for the cotton crop will be returned to the SFB from any remaining contingency from the two new construction projects scheduled to be built on

this property. Frank Davidson seconded. Motion passed on a 6-2 voice vote with Pat Conley and Patricia Gober against.

Sahuarita Unified: Request for additional funding for archaeological testing.
Peter Granillo moved that the board approve additional funding in the amount of \$60,000 to complete data recovery in the Sahuarita Unified School District. David Ortega seconded.

Pat Conley asked if this would be the last time this issue comes before the Board. Director Bell stated that he could not promise this would be Sahuarita's final request.

Pat Conley asked if the district will still receive the donation factor. John Arnold state that the district will receive 20% of the appraised value and that is in statute.

David Ortega stated that archaeology testing is a cost of doing business and he supports this motion.

Motion passed on an 8-0 voice vote.

VII. Consideration and Possible Vote of Reduction in Square Feet

Frank Davidson moved that the Board approve the following items:

1. That the Board authorize staff to exclude 15th Street Elementary School at Douglas Unified District in the SFB building database.
2. That the Board authorize staff to exclude Buildings 1011, 1012, and 1013 at Palominas Elementary School in the SFB building database. If approved, square footage at Building 1001 will no longer be excluded.

Pat Conley asked if the district was collecting building renewal money on these buildings. Amber Peterson said they were. Ms. Conley stressed the importance of the districts reviewing their databases.

Kate McGee asked how this was realized. Ms. Peterson stated that the district reported the changes

Motion passed on an 8-0 voice vote.

VIII. Assessment Deficiencies

a. 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.a. David Ortega seconded.

Motion passed on an 8-0 voice vote.

b. Exception to the Emergency Project Policy

Director Bell provided an update of the Tombstone Road Issue.

Ron Hennings spoke on behalf of the Tombstone Unified District.

Pat Conley stated that the Board has been very careful not to fund off-sites. She asked why the City of Tombstone is not contributing to the project and what it would take to raise \$150,000. Mr. Hennings stated that the community is very impoverished any they could not afford an increase in taxes.

David Ortega asked about utilities. Mr. Hennings stated that they were able to access city water and sewer.

Brooks Keenan stated that he is against paying for off-sites, but the board does need to look at situations one by one, and he would support this exception.

Pat Conley suggested having the easement dedicated to the district which would make it on-site. Director Bell said that by doing that the SFB would then have to maintain that road.

Frank Davidson asked what happens when the local tax rate exceeds 10%. John Arnold said he would have to look into it, but he believes the 10% constitutional cap only applies to homeowners.

David Ortega said he would support this issue because driving students to school should not be a concern of parents.

Kate McGee said the board needs to look at the policy first and then apply the policy to the situation. She asked how this school could be under construction for two years and the issue of the road not come up until recently. Ms. McGee added that this is a safety issue, but does not believe it qualifies as an emergency since the problem was identified two years ago.

David Ortega expressed concern as to the liability if an accident occurred on that road.

Mr. Ortega asked about the balance in the emergency fund. John Arnold explained that there is a balance of \$4 million. He added that the legislature allows the transfer of funds for the New School Facilities fund into that account.

Peter Granillo stated that he understands this is an emergency issue, but it has been going on for two years and it should have been resolved then. He added that he is in favor of going forward with this issue.

Kate McGee stated that this is an issue of state money and local control in that the SFB cannot ascertain that a district can afford to operate a school.

Director Bell stated it would be helpful if someone could speak to the city's involvement. Mr. Hennings said the road did not belong to the city until 2 years ago at the district's request. Prior to that it was part of state trust land.

Ms. McGee said she would like an opinion from the Attorney General's office in writing for the September meeting. Ms. Conley added she would like to see the change in the tax rate.

IX. Preventive Maintenance

Frank Davidson moved that the Board approve the School Districts Preventive Maintenance Plans as presented in Item IXa. Pat Conley seconded.

Pat Conley asked how the maintenance plans are being used. Director Bell stated staff is using these plans to put together procedures for inspections.

Motion passed on an 8-0 voice vote.

X. Consideration of 5 Year Building Renewal Plans

Frank Davidson moved that the Board approve the districts' Five Year Building Renewal Plans as listed in item X. Patricia Gober seconded. Motion passed on an 8-0 voice vote.

Kate McGee suggested staff send letters to those districts that have not submitted plans.

XI. Finance/ Legislative/ Budget Report

a. Financial Update

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

XII. Chairman's Report

a. Vice Chair Selection-

Brooks Keenan was named as Vice Chair.

b. Strategic Plan Review

The board was asked to review the Strategic Plan and send any comments to the Director.

c. Update/ Progress Report on Policy and Rules Subcommittee

This item was done in conjunction with item XIId.

d. Review of Policy Book

Board Members were presented with a draft policy book, which will be approved as a whole at the September meeting.

XIII. Future Agenda Items

None

XIV. Public Comment

None

Adjournment

There being no further business, Kate McGee, adjourned the meeting at approximately 12:58 P.M.

Approved by the School Facilities Board on _____, 2005

Kate McGee, Chair