

SCHOOL FACILITIES BOARD
September 8, 2005
Phoenix, Arizona

The School Facilities Board held a board meeting at the State Capitol in Phoenix. The meeting began at approximately 10:00 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chovich, Cynthia	Cathy Rex
Conley, Patrice	William Bean, Red Mesa USD
Davidson, Frank	Pete Turner, Liberty USD
Keenan, Brooks	Jackie Meck, Town of Buckeye
McGee, Kate, Chair	Steven Earl, Earl, LaGarde, & Curley
Ortega, David	
Phil Williams, Superintendent's Representative (non-voting)	
<u>Members Absent</u>	
Gober, Patricia	
Granillo, Peter	
Taxpayer Representative Position Vacant	
<u>Staff Present</u>	
William Bell, Executive Director	
John Arnold, Deputy Director of Finance	
Charlotte Hosseini, Special Projects	
Debra Sterling, Attorney General's Office	
Deborah Dominguez, Executive Assistant	
Kristen Landry, Public Information Officer	
Amber Peterson, School Finance Specialist	

- I. Call to Order
Board Chair, Kate McGee, called the meeting to order at approximately 10:05 A.M.
- II. Roll Call
There were seven Board Members present at this meeting including Phil Williams, the Superintendent's Representative, a non-voting representative.
- III. Approval of Minutes of August 4, 2005 Meeting
Pat Conley moved that the Board approve the August 4, 2005 minutes with amendments, to list the Taxpayer Representative on future minutes as Position Vacant, and to change the Tombstone motion corrected from "table" to "postpone". David Ortega seconded. 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. Audit Update

Charlotte Hosseini updated the board on the progress of the audit. She announced that the SFB has reached an agreement with Kitchell on their counter claim against the SFB. The settlement will not be fully complete until next week. A settlement with Abacus has also been reached but not finalized.

Additionally, staff has met with representatives from Qwest and the attorney general's office in recovering \$1.2 million for 16 sites that were deleted. This estimate is based on our auditors review of documents supplied by Qwest. Action is expected next month.

Director Bell added that to date \$2.5 million has been returned to the State Treasurer.

Brooks Keenan asked what type of documents are filed when an audit is settled. Ms. Hosseini explained that it is dependent upon the status of the contract. If the contract is still open, it may be done as an amendment. If the contract is closed, a settlement agreement may be created by the attorneys.

Pat Conley asked if staff has decided whether or not to audit the architectural firms. Ms. Hosseini stated staff has requested that the auditors develop a plan for auditing them. Director Bell added that staff still intends to do this, however the audit of the project management firms has taken longer than expected. Ms. Conley added that she is concerned because the deficiencies program was open ended as opposed to the new construction program which is formula driven.

Kate McGee asked if the expenses of the audit are part of the operating budget. Director Bell explained the dollars for the audit are taken out of the Deficiencies Correction Fund. Ms. McGee asked if the SFB could then recoup the funds from the settlement and use that balance. Ms. Hosseini stated that recoveries return to the fund from which the expenditures were made, in this case, the Deficiencies Correction Fund.

b. Full Day Kindergarten Capital Grants FY06

John Arnold explained the criteria for districts to qualify for the \$4 million in Full Day Kindergarten monies. This year, 124 schools in 55 districts qualify. Pat Conley stated that there is no guarantee that schools in need of space are actually using that money for space. She asked if districts purchase portables will that space be entered into the database. Mr. Arnold stated that new space would be added to the database.

Kate McGee requested that the board provide input to staff on this item.

David Ortega stated that the process for determining qualification seems well defined. He suggested incorporating this into the policy book.

Director Bell stated that staff looked at all districts and considered all the districts that fell into those categories.

Frank Davidson asked to clarify the allocation to schools based on space. Mr. Arnold explained that staff looked at each individual school's capacity. Their FY05 ADM was first compared to their capacity. Then staff took the FY05 ADM plus the additional students counted because of Full Day K and compared that to the capacity. If the school was short, staff calculated by how much and figured what the cost would be through the New Construction Formula of bringing that school up to minimum guidelines. That total came to \$21 million and it was prorated down to \$4 million and multiplied by .25. It was calculated on a school-by-school basis, which is different than what how new construction is calculate which is on a district wide basis.

Mr. Davidson asked if this has any effect on a school's eligibility for new construction. Mr. Arnold said that if a district adds space with these funds, that space does count as physical space, but it is a very minimal amount. He added that these children still count as half an ADM even though they are in Full Day Kindergarten.

Cathy Rex addressed the board and stated that any space added does count against the districts. She suggested that this should be considered either when the districts request new construction or incorporate it into the Full Day K review so the two processes work together.

Pat Conley stated that the SFB has no authority to force districts to use the Full Day K funds for space.

Kate McGee requested that the comments are incorporated when this is forwarded on.

Ms. Conley added that she would be uncomfortable putting this into the policy book because it is not a long-term program. Mr. Ortega suggested that it could be included as an explanation of how to handle earmarked funds.

c. Inflation Index

Director Bell explained that staff has requested that the Joint Legislative Budget Committee use the Marshall Swift index to determine the cost per square foot for new construction. He added this is expected to appear on JLBC's October agenda.

Pat Conley confirmed that the funding per square foot is 9.6% less than the Marshall Swift amount.

Frank Davidson expressed appreciation of staff's efforts in requesting additional funds for construction costs.

d. Explanation of Use of Consent Agendas

Assistant Attorney General, Debra Sterling explained the use of consent agendas.

V. New School Construction

a. 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 110404000-9999-001N in the amount of \$6,990,300 for a K-5 elementary school. Cynthia Chovich seconded. Motion passed on a 5-0-1 voice vote with Frank Davidson recusing himself from this item.

Brooks Keenan moved that the Board approve the following items:

1. Approve Chandler Unified School District's request to begin construction of CM at Risk project 070280000-9999-009N, upon receipt of necessary documents, in the amount of \$6,809,237 for a K-6 elementary school.
2. Approve Chandler Unified School District's request to begin construction of CM at Risk project 070280000-9999-013N, upon receipt of necessary documents, in the amount of \$43,189,276 for a 9-12 high school.
3. Approve Crane Elementary School District's request to go to bid on School Facilities Board project 140413000-9999-004N in the amount of \$5,258,463 (including additional SFB funding in the amount of \$197,000) for a K-6 elementary school.

Cynthia Chovich asked Tim Brand to explain the additional site conditions associated with the above project. Mr. Brand explained that the site is very close to the water table and has a condition called "expansive soils". He added that it is necessary to prepare the ground under the foundation in an unusual way. The funding will first come out of the district's contingency.

4. Approve Crane Elementary School District's request to go to bid on School Facilities Board project 140413000-9999-003N in the amount of \$2,449,648 for a 7-8 middle school.
5. Approve Dysart Unified School District's request to begin construction of CM at Risk project 070289000-9999-012N, upon receipt of necessary documents, in the amount of \$10,710,240 for a K-8 elementary school.
6. Approve Pendergast Elementary School District's request to begin construction of CM at Risk project 070492000-9999-004N, upon receipt of necessary documents, in the amount of \$6,881,490 for a K-8 elementary school.
7. Approve Red Mesa Unified School District's request to go to bid on School Facilities Board project 010227000-9999-001N in the amount of \$6,121,725 (including \$766,152 for site specific requirements, and

\$2,522,809 for Guideline requirements) for a geographic exception core 9-12 high school.

Pat Conley asked if the district's projections still indicate a need for the additional 125 students. Amber Peterson explained that the district is currently busing 281 students to Red Mesa High School and the need for space is imminent.

Frank Davidson asked if the \$766,000 site costs is in addition to the \$2.5 million in additional guideline requirements, which Tim Brand confirmed.

Ms. McGee asked what year's amount Red Mesa was being constructed at. Tim Brand stated this was being built at the 2001 cost.

Pat Conley asked if any districts are using the select bidders lists. Mr. Brand indicated that several districts are using it, but not any of the above districts.

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 moved that the Board continue postponement of Deer Valley Unified District's Request to accept a partial purchase/ partial donation until all information is obtained from the District and processed which is anticipated to be no later than the December 2005 meeting. David Ortega seconded.

David Ortega asked if we were to acquire the property and sell it at a later date would all the proceeds revert back to the SFB. Director Bell stated that some proceeds would come back to the SFB, but he did not know how much.

Kate McGee requested a better explanation of their inventory issue when this issue comes back to the board. She added that she would also like to see the impact of donated land on districts discussed at the study session.

Motion passed on a 6-0 voice vote.

Pete Turner, Superintendent of the Liberty Elementary School District; Jackie Meck, Buckeye City Councilman; and Steven Earl, of Earl, LaGarde, & Curley, spoke on behalf of the Liberty Elementary School District

Kate McGee asked if there is any disclosure to parents regarding the proximity of Luke Air Force Base. Mr. Turner stated that this is the first school that would be located near Luke AFB, but the district does keep parents informed. At this time, he is unsure how he would inform parents of the proximity. Stephen Earl of the Blue Horizons Development explained that the Town of Buckeye requires the developers to notify buyers at the time of purchase as well as providing photos and signs indicating the area.

Pat Conley asked why this is not being donated. Mr. Earl explained that so much time has passed since it was first offered as a donation and now it has been platted and sold off to other people. He added that the participating developers will be donating money to the district.

Brooks Keenan moved that the Board approve Liberty Elementary District's request to purchase 15 acres for a K-8 site and move to Step III for necessary testing. David Ortega seconded.

Motion passed on a 6-0 voice vote.

Frank Davidson moved that the Board approve Maricopa Unified District's Request to accept a donation of 11.6 acres and move to Step III for necessary testing. Pat Conley seconded. Motion passed on a 6-0 voice vote.

b. Step III

Pat Conley moved that the Board approve the following items:

1. That the Board approve Saddle Mountain Unified District's request to accept a donation of 11.7 acres (project number 070390000-9999-007L)
2. That the Board approve Sahuarita Unified District's request to accept a donation of 25 acres (project number 100230000-9999-001L)

David Ortega seconded. Motion passed on a 6-0 voice vote.

VII. Assessment Deficiencies

a. Consideration of Emergency Deficiencies Projects

Ash Fork Unified

David Ortega moved that the Board approve staff's recommendation for funding in the amount of \$35,883.25 for the completion of the septic system replacement, to include up to six (6) additional engineer site visits, for the Ash Fork Unified School District. No additional funding for abandoned septic tank that is not part of this emergency project. Cynthia Chovich seconded. Motion passed on a 6-0 voice vote.

Tombstone Unified

This was an informational item only.

David Ortega stated this is still a priority discussion and requested this appear on the regular October Board Meeting Agenda.

Pat Conley asked if this school was to be open for this school year. Tim Brand indicated that it will likely open after the winter break. He said the school is 99% complete, but will not open until the road issue is settled

David Ortega, referring to the policy on adjacent ways, noted that the board could make exceptions to policies as outlined in the policy book.

VIII. Preventive Maintenance

a. Consideration of Preventive Maintenance Plans

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

Motion passed on an 6-0 voice vote.

b. Reporting Statements

This was an informational item only. Tim Brand updated the Board on the forms districts complete for Preventive Maintenance

Pat Conley asked if the majority of districts are using their 8% of Building Renewal funds to complete the 45% of Preventive Maintenance tasks completed. Tim Brand stated that a lot of districts inform staff that they are using the 8%, but the 8% does not necessarily represent the full 45% of tasks completed. Ms. Conley asked if districts know they can use 8% of their Building Renewal monies for this. Mr. Brand said they did, but noted that it can only be used to supplement what was previously reported.

Brooks Keenan noted that the Preventive Maintenance program has not been easy or fun for districts or staff, but complimented the SFB for making the program was user-friendly as possible.

IX. 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 IX. David Ortega seconded.

Pat Conley asked when districts will go to a 3 Year Plan. Tim Brand stated that they will go to the 3 Year Plan for this Fiscal Year- FY06. He added that there will be a number of workshops around the state. Ms. Conley asked if this is tied into their expenditure report. Amber Peterson stated that yes, staff would be doing that. Tim Brand added that staff is trying to make this so the districts can complete it online.

Motion passed on an 6-0 voice vote.

X. 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.

b. Bond Report

John Arnold updated the Board on the refunding of bonds.

c. JCCR Report

This was an informational item only

XI. Chairman's Report

a. Approval of the Strategic Plan

The Board discussed the changes from last year's strategic plan and requested they have more time to review the Draft Plan and submit comments to staff.

Frank Davidson moved that Board members submit comments to Director Bell no later than September 14, 2005 so that this may be voted on at the September 19 Study Session. Pat Conley seconded. Motion passed on a 6-0 voice vote.

b. Progress Report on Policy and Rules Subcommittee

Pat Conley stated that she would like to form a subcommittee to review and investigate possible changes to the adopted policy book. The subcommittee would consist of two board members, two staff members and one member of the public.

Charlotte Hosseini provided a status of the Rule Review and indicated that GRRC suggested the time frame for the finalization of the rule review was too ambitious.

c. Approval of Policy Book

Pat Conley moved that the Board approve the Policy Book as presented. David Ortega seconded.

Mr. Ortega noted that this is an evolving document.

Motion passed on a 6-0 voice vote.

XIII. Future Agenda Items

There will be a study session on land items on September 19.

There will need to be a meeting to approve the Strategic Plan. This will also likely be on the 19th or an additional telephonic meeting will be held.

David Ortega requested Tombstone USD's Update to be on the October agenda.

At the October Meeting, a brief session on the open meeting laws will be presented by the Attorney General's office.

Pat Conley requested that a study session on Building Renewal and New Construction be held.

XIV. Public Comment

None

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