

SCHOOL FACILITIES BOARD  
 March 9, 2006  
 Higley, Arizona

The School Facilities Board held a board meeting at Gateway Pointe Elementary School in Higley. The meeting began at approximately 10:10 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chovich, Cynthia	Joyce Lutrey, Higley USD
Conley, Patrice	Cathy Rex
Davidson, Frank	Bill Johnson, Laveen ESD
Keenan, Brooks, Vice Chair	Ken Smith, Stanfield ESD
Ortega, David	
Taylor, Penny (attended part of the meeting)	
Phil Williams, Superintendent's Representative (non-voting)	
<u>Members Absent</u>	
Gober, Patricia	
Granillo, Peter	
McGee, Kate, Chair	
<u>Staff Present</u>	
John Arnold, Acting Executive Director	
Carol Civiello, Interim Deputy Director of Facilities	
Kristen Landry, Public Information Officer	
Amber Peterson, School Finance Specialist	
Debra Sterling, Attorney General's Office	

- I. Call to Order  
 Board Vice-Chair, Brooks Keenan, called the meeting to order at approximately 10:10 A.M.
  
- II. Roll Call  
 There were six Board Members present at this meeting including Superintendent's Representative Phil Williams, a non-voting member.
  
- III. Approval of Minutes of February 2, 2006 Board Meeting  
 Frank Davidson moved that the Board approve the February 2, 2006 minutes. Cynthia Chovich seconded. Motion passed on a 5-0 voice vote.

Approval of Minutes of February 10, 2006 Board Meeting

Frank Davidson moved that the Board approve the February 10, 2006 minutes. Cynthia Chovich seconded. Motion passed on a 4-0-1 voice vote with Pat Conley abstaining.

Penny Taylor arrived at 10:12 A.M, bringing the number of voting members to six.

IV. Consideration and possible vote of 3 Year Building Renewal Plans

David Ortega moved that the Board approve the districts' 3 Year Plans as listed in agenda items IVa and b. Pat Conley seconded. Motion passed on a 6-0 voice vote.

V. Director's Report

a. Update on Building Renewal Litigation

Frank Davidson moved that the Board go into executive session for the purpose of discussing the status of the Building Renewal Litigation. Pat Conley seconded. Motion passed on a 6-0 voice vote.

Executive Session ran from 10:15 A.M. to 10:40 A.M.

b. Audit Update

John Arnold provided the status on the audit. He said that SFB staff reached a settlement agreement with Vanir. The terms are still being finalized, however, it is agreed that the claims from both sides are resolved. There are three more audits to be completed.

Pat Conley asked if the architects' contracts would be audited. Mr. Arnold said that because the districts hold the contracts with the architects, it would be too complex to audit those contracts.

c. Legislative Update

John Arnold provided a summary of the current bills that could impact the SFB. He also discussed the potential cost of voluntary full day kindergarten.

d. Modification of Inflation Adjustments Policy

John Arnold explained that last month a modification to the inflation policy was presented for review and comment. He explained that in October 2005, districts were advised to design the school they wanted and then staff would divide out any non-guideline items. In January 2006, it became more apparent that the traditional Design Bid Build was not functioning as well because fewer bids were being submitted. He added that contractors are taking on more risk in Design Bid Build because subcontractors are unwilling to bid, whereas with [CM@Risk](#) they are guaranteed work.

Mr. Arnold explained that the policy change has been modified to include projects that are less than 35,000 square feet. He said there have been suggestions to include all projects, not only those that are more than 2 years old, but said there was not enough staff to manage those projects.

He recommended continuing the dialogue on this issue and conducting more research. He said the SFB needs to develop a system to protect the interest

of the state. Historically, Design Bid Build has been an important tool for gaining the public trust because it provides the best competitive price. However, in the current market, we are not getting that competition.

Brooks Keenan confirmed that the staff recommendation for today was to review this for another month.

Cathy Rex, who represents districts in Southern Arizona, addressed the Board. She offered her support for the modification, but suggested it be applied to any project, not just those that are small or more than two years old. She said this is a good example of the construction industry and added that because many districts put their own money into the project, they would also chose the most cost effective method.

Bill Johnson of Laveen Elementary District also spoke in favor of the modification. He agreed that this be open to all projects because the issue is not a function of when a project was awarded, but rather of the current construction market. He also suggested utilizing the Select Bidders List, which is currently considered an alternative method. He said using a Select Bidders List still follows a traditional Design Bid Build process. Mr. Johnson requested that the SFB re-define the Select Bidders List as a traditional Design Bid Build and apply the funding provisions.

Frank Davidson said he was in support of the revision and the option of adding current projects. He said it is apparent that Design Bid Build is not the most competitive method. He added that it is important to look at creative ways to add to staff and to look at way of making this work while protecting the state.

Pat Conley agreed the Select Bidders List follows the traditional Design Bid Build process and that the SFB should reconsider using it for the policy. She added that there is not a set CM fee percentage and fees are not part of the guidelines. She suggested capping the cost at formula plus inflation.

Cynthia Chovich asked how staff decided to consider projects that were more than two years old. Mr. Arnold explained that bids that came in in December and January only had one or two bidders and those projects that were two years old or older were clearly over budget. He has heard from other government agencies that using alternative delivery methods was important to control costs within this market. He said Design Bid Build is still the best way to determine the cost. He explained staff was looking for a way to let some projects go [CM@Risk](#) without letting every project go over budget. He added that there are less than ten projects that are more than two years old and the current cost is 30% higher than it was two years ago.

David Ortega said because of the current crisis, alternative methods are ideal. He added that CMs are able to see when subs are available and at what price.

Brooks Keenan said that his field, highway construction, is experiencing the same issues and has turned to using Alternative Delivery Methods. He said

he would support opening this up to all projects, but the SFB would need to clarify what it will and will not pay for.

This item was for information only and will be brought back next month with a recommendation.

- e. Calendar for Rule Changes  
John Arnold presented the proposed timeline for rule changes as part of the five-year rule review.
- f. Website Update  
John Arnold announced that the SFB website has been reorganized. There are a number of new features that staff is currently designing for inclusion to the web.

Penny Taylor left the meeting, bringing the number of voting members back to five.

- g. Full Day Kindergarten Capital Grants  
Pat Conley moved that the Board approve the district's Full Day Kindergarten Expenditure Plans as outlined in agenda item Vg. Frank Davidson seconded. Motion passed on a 5-0 voice vote.

VI. New School Construction

- a. Consideration and possible vote of FY 2006 Capital Plan New Construction Requests

Pat Conley moved that the Board approve the following:

1. Agua Fria Union (9-12): That the Board approve the staff recommendation to deny the district's request for project 003N (9-12 for 1,600) to open in FY 09. Staff recommends conceptual approval for 003N to open in FY 10 and for project 005N (9-12 for 1,600) to open in FY 12.
2. Buckeye Union (9-12): District did not request current funding approval, only conceptual approval. Staff recommends conceptual approval for a 9-12 school for 1,200 students to open in FY 13.
3. Cave Creek Unified (K-5): District did not request current funding approval, only conceptual approval. Staff does NOT recommend conceptual approval for any K-5 space at this time.
4. Cave Creek Unified (9-12): That the Board approve the staff recommendation to approve project 006N (9-12 for 640) to open in FY 09.
5. Cottonwood Oak Creek Elementary (K-8): That the Board approve the staff recommendation to deny the district's request for project 003N (buildout of core K-8 school to accommodate remaining 325 students) to open in FY 09. Staff recommends conceptual approval for 003N to open in FY 11.

6. Gadsden Elementary (K-6): That the Board approve the staff recommendation to deny the district's request for project 008N (buildout of core K-6 school to accommodate remaining 325 students) to open in FY 07 and project 009N (K-6 for 650) to open in FY 08. Staff recommends conceptual approval for 008N to open in FY 09 and for 009N to open in FY 10. Staff also recommends conceptual approval for project 010N (K-6 for 650 students) to open in FY 12.
7. Isaac Elementary (K-5): That the Board approve the staff recommendation to approve the district's request to cancel project 004N (K-5 school for 600 students) to open in FY 07. Staff recommends conceptual approval for 004N to open in FY 14.
8. Isaac Elementary (6-8): That the Board approve the staff recommendation to approve the district's request for project 003N (buildout of core 6-8 school to accommodate remaining 250 students) to open in FY 08.
9. Kayenta Unified (K-5): That the Board approve the staff recommendation to deny the district's request for additional K-5 space to open in FY 08.
10. Kayenta Unified (6-8): That the Board approve the staff recommendation to deny the district's request for additional 6-8 space to open in FY 08.
11. Kayenta Unified (9-12): That the Board approve the staff recommendation to deny the district's request for additional 9-12 space to open in FY 08.
12. Queen Creek Unified (K-5): That the Board approve the staff recommendation to deny the district's request for project 005N (K-5 school for 700) to open in FY 08. Staff recommends conceptual approval for 005N to open in FY 09, for project 008N (K-5 for 700) to open in FY 11, and for a K-5 school for 700 to open in FY 13.
13. Queen Creek Unified (6-8): District did not request current funding approval, only conceptual approval. Staff recommends conceptual approval for a 6-8 school for 1,000 students to open in FY 10.
14. Queen Creek Unified (9-12): That the Board approve the staff recommendation to deny the district's request for project 009N (9-12 school for 1,800) to open in FY 09. Staff recommends conceptual approval for 009N to open in FY 12.
15. Tolleson Elementary (K-8): That the Board approve the staff recommendation to deny the district's request for a K-8 school for 800 to open in FY 08. Staff recommends conceptual approval for a K-8 school for 800 to open in FY 11.
16. Toltec Elementary (K-8): That the Board approve the staff recommendation to deny the district's request for project 001N (K-8 for

750) to open in FY 08. Staff recommends conceptual approval for 001N to open in FY 10, and for a K-8 for 750 to open in FY 14.

17. Wickenburg Unified (K-8): That the Board approve the staff recommendation to deny the district's request for project 003N (K-8 for 750) to open in FY 08. Staff recommends conceptual approval for 003N to open in FY 10, and for a K-8 for 700 to open in FY 11.
18. Wickenburg Unified (9-12): District did not request current funding approval, only conceptual approval. Staff recommends conceptual approval for 002N (additional space for 860 students) to open in FY 11.

David Ortega seconded. Motion passed on a 5-0 voice vote.

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

Frank Davidson moved that the Board approve the following:

1. Maricopa Unified District's request to proceed with [CM@Risk](#) Project 110220000-9999-009N, upon staff receipt of necessary documents, in the amount of \$10,353,171, which includes district funding in the amount of \$1,412,616.
2. Maricopa Unified District's request to proceed with [CM@Risk](#) Project 110220000-9999-007N, upon staff receipt of necessary documents, in the amount of \$11,438,203, which includes district funding in the amount of \$1,832,735.

Cynthia Chovich seconded. Motion passed on a 5-0 voice vote.

c. Consideration of Other New Construction Issues including Expansion of Scope and increased Project Cost

Casa Grande Elementary:

Frank Davidson recused himself from this item because he is the Superintendent of the district

Cynthia Chovich moved that the Board approve additional funding in the amount of \$1,999,137 for additional construction costs for Casa Grande Elementary School District, project number 110404000-9999-002N. David Ortega seconded. Motion passed on a 4-0-1 voice vote with Frank Davidson recusing himself.

Laveen Elementary:

John Arnold explained that staff is still negotiating with the district over what staff believes to be excess sidewalks and this could be back for additional funding. He added that because this is a modular project there are costs associated with that type of construction that are not normally considered on-

site construction. These include the use of a crane and a delivery cost of the modular. Bill Johnson of the district spoke to this issue.

Mr. Johnson explained that while this is a modular project, the design is very traditional and is not more expensive than a traditional building. He said the district has worked very hard to keep costs low and is putting in their own money for some items. He asked that the board reconsider decreasing the district's contribution of \$276,568. Mr. Johnson added that any construction project would have a crane, though it may typically be a smaller crane. He also said that Laveen would have the crane for a shorter duration than a traditional project. He said that because the duration of construction is shorter than in a traditional project, the overall costs are less.

David Ortega said that he supports the district's request because of what they have saved in other areas. He also said you cannot have a modular project without incurring these costs.

Brooks Keenan agreed and said that if the SFB approves of the modular system those costs associated with the system should be permissible.

Frank Davidson said he understands the concerns of the District and suggested this go back for further staff review.

Pat Conley moved that the Board approve the additional funding of \$1,953,025 for additional site and construction costs for Laveen Elementary project number 070459000-9999-004N and have staff review the crane issue for another month with the possibility of bringing it back for additional funding. Frank Davidson seconded. Motion passed on a 5-0 voice vote.

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

a. Steps I and/or II

David Ortega moved that the Board approve the following:

1. That the Board approve Marana Unified School District's request to purchase 10 acres for an elementary school site and move to Step III for necessary testing.
2. That the Board approve Saddle Mountain Unified School District's request to accept a donation of 10 acres for an elementary school site and move to Step III for necessary testing.

Frank Davidson seconded.

Pat Conley asked why staff was recommending to purchase land for the Marana District when they already have land for their next five schools. John Arnold explained that the district has been proactive in obtaining land for future sites, most of which have been donations. He added that purchasing land for any of the district's schools would be within the funding window.

Motion passed on a 4-1-0 voice vote with Pat Conley against.

b. Step III

David Ortega moved that the Board approve Laveen Elementary School District's request to accept a donation of 10 acres and purchase an additional 2.06 acres for an elementary site (project number 070459000-9999-007L). Cynthia Chovich seconded. Motion passed on a 5-0 voice vote.

c. Other Land Issues

Pat Conley moved that the Board approve the Maricopa County Regional School District to sell 394 feet to the City of Tempe for \$26,042 with all proceeds to be returned the SFB. David Ortega seconded.

Pat Conley asked why the SFB needed to approve this sale of land. John Arnold explained that the districts actually own title to any land the SFB acquires, but board policy states that if the SFB purchased the land the board needs to approve its sale.

Motion passed on a 5-0 voice vote.

VIII. Consideration of Reduction of Square Footage

Cynthia Chovich moved that the Board approve the Kayenta Unified District's request to exclude buildings 1007 at Kayenta Middle School, 1012 at Monument Valley High School, and 1013 at Monument Valley High School, and deny the district's request to exclude buildings 1006 at Kayenta Primary School, 1005 at Monument Valley High School, and 1006 at Monument Valley High School. Pat Conley seconded. Motion passed on a 5-0 voice vote.

IX. Cancellation of Emergency Deficiency Request

Carol Civiello explained that Stanfield Elementary School District was previously approved for emergency funding to replace the septic system. There have been a number of issues that have caused this project to be delayed. The district now believes that Global Water Company will construct a sewer across the street from the campus within five to seven years, and has asked to cancel the emergency funding, with the exception of monies to: Reimburse the engineer for its associated costs in the amount of \$1,262.15 and Reimburse the District for the ADEQ permit review cost in the amount of \$400.

Pat Conley asked why this was originally considered an emergency project. Ken Smith of the Stanfield district said the system was backing up because the tank was deteriorating. Ms. Conley asked if the system was now functioning. Mr. Smith said that when the tank fills, he has it emptied. He added that this cost is only about \$2,000 a year, much less than to replace the system.

Frank Davidson moved that the Board cancel the emergency deficiency septic system replacement, with the exception of \$1,662.15 for allowable expenses incurred prior to the district's voluntary cancellation of the project. David Ortega seconded. Motion passed on a 5-0 voice vote.

X. Chairman's Report

a. Communications Initiatives



- This item was for information only.
- XI. Future Agenda Items  
Pat Conley requested information on the retirement of buildings and the definition of district space. She also requested establishing the PM fees.

David Ortega requested a study session on the cost estimation of [CM@Risk](#) and campus style vs. single building schools

- XII. Public Comment  
None.

Adjournment

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

Approved by the School Facilities Board on \_\_\_\_\_, 2006

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Kate McGee, Chair