

SCHOOL FACILITIES BOARD
April 6, 2006
Tucson, Arizona

The School Facilities Board held a board meeting at Empire High School in Higley. The meeting began at approximately 10:20 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Davidson, Frank	Calvin Baker, Vail Unified District
Gober, Patricia	Fred Stone, Higley Unified District
Keenan, Brooks, Vice Chair	
Ortega, David	
Rushin, Tom	
<u>Members Absent</u>	
McGee, Kate, Chair	
Chovich, Cynthia	
Granillo, Peter	
Taylor, Penny	
Phil Williams, Superintendent's Representative (non-voting)	
<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	

Calvin Baker, Superintendent of the Vail Unified School District, welcomed the School Facilities Board.

- I. Call to Order
Vice Chair, Brooks Keenan, called the meeting to order at approximately 10:20 A.M.
- II. Roll Call
There were five Board Members present at this meeting.
- III. Approval of Executive and Regular Session Minutes of the March 9, 2006 Board Meeting
Frank Davidson moved that the Board approve both the executive and regular session minutes of March 9, 2006. David Ortega seconded. Motion passed on a 3-0-2 voice vote with Patricia Gober and Tom Rushin abstaining.

IV. Consent Agenda

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

b. Consideration and possible vote of Preventive Maintenance Plans

Frank Davidson moved that the Board approve the Consent Agenda as presented in item IVa and b. Patricia Gober seconded. Motion passed on a 5-0 voice vote.

V. Director's Report

John Arnold announced that Carol Civiello would be retiring in May and former SFB Liaison Dean Gray would be returning as Deputy Director of Facilities.

a. Legislative Update

John Arnold provided a summary of the current bills that could impact the SFB.

b. Osborn Fire Alarm Project Update

John Arnold explained Osborn ESD's fire alarm project. The three schools affected now have a functioning system and the fire marshal has issued a green tag. However, because of the many problems surrounding the installation of the fire alarms and the ongoing accusations of inadequate work, the district and SFB staff are left with less than 100 percent confidence that the alarms will continue to work into the future.

Therefore, SFB staff has asked the district to procure an outside consultant who can review and comment on any issues that may create future problems for this system. Staff will review any issues identified and if any require SFB participation to rectify, staff will return to the Board for the appropriate funding.

c. Modification of Inflation Adjustments Policy

John Arnold gave a presentation on inflation issues. This presentation covered the following topics: National and local construction trends, Arizona inflation, and subcontractor impacts; impacts on the SFB including: reduction in formula buying power, number of projects seeking additional funding, and fewer contractors willing to participate in hard bids. He also discussed the Board's involvement in design, guidelines, and procurement. Alternative Delivery Methods were also reviewed.

Brooks Keenan said the recommended policy change would open the door to alternative delivery methods while the board simultaneously reviews the guidelines.

John Arnold added that two steps are to follow: a dialogue on what staff will require from districts and the development of additional guidance on what the SFB will provide for the new school.

David Ortega asked if districts will remain in the same agreement with the CMs. John Arnold confirmed that the districts will continue to select the contractor and the SFB will not be involved in that relationship.

Mr. Ortega asked what would happen if a GMP came in under budget. Mr. Arnold explained that in any project that is over formula, any leftover dollars would come back to the SFB.

Mr. Ortega asked how the sudden explosion in construction is impacting new school construction. Mr. Arnold explained that it is difficult to understand as the SFB awards are cyclical. He noted that there are typically two years between the time housing permits are issued and the students come.

Brooks Keenan clarified that there are two items to this recommendation. The first is to approve the policy change and the second is to continue to discuss the guidelines.

Frank Davidson moved that the Board approve the recommended changes to the Policy on Inflation Adjustments allowing the use of alternate delivery methods as approved by the Executive Director. The new policy will read as follows:

Based on an Attorney General's Opinion No I04-011, the Board has the authority to increase project awards for inflation if "good cause exists." This policy requires the following steps

1. Project construction schedule delayed for more than one year.
2. District outlines good and sufficient reasons for the delay.
3. 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.

The following steps will be used 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."

1. Staff review of construction plans and other contracts to determine if value-engineering or renegotiation opportunities exist. This would include the removal of non-minimum guideline upgrades and could include removal of funding for discretionary non-construction contracts. This step would generally take place during the design phase of the project to minimize the cost of redesign.
2. Require the district to employ a traditional design-bid-build procurement system, OR ANY ALTERNATIVE DELIVERY METHOD AS APPROVED BY THE EXECUTIVE DIRECTOR.
3. If bids OR THE GUARANTEED MAXIMUM PRICE are still over the original budget, determine if re-bidding the project is appropriate.

If the district completes the above steps and is unable to build the project, staff would seek additional funds from the SFB. 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.

Tom Rushin seconded.

Patricia Gober asked about the long-term use of this policy. She asked if this is a permanent fix to a temporary crisis. Mr. Arnold explained that the intent is for staff to watch the construction market very carefully; if the market softens staff would recommend reverting back to the original policy.

Frank Davidson asked how this policy would apply to projects already authorized. Mr. Arnold said this policy applies to any project not yet procured. He added there are several projects using alternative delivery methods in anticipation that the board would recommend this change.

Mr. Ortega said his interpretation of the motion is that the use of alternative delivery methods is now allowed, it does not exclude using the hard bid method.

Mr. Keenan expressed hope that the market returns to some stability. He added that China is buying five times the cement the entire United States is and fewer young Americans are entering the construction field, both are factors contributing to the current market.

Motion passed on a 5-0 voice vote.

The Board then discussed the guidelines issue. Mr. Davidson clarified that the staff will be evaluating the guidelines and bringing recommendations back to the Board. Mr. Arnold confirmed that that was the plan and added it would take several months to develop.

Mr. Davidson expressed appreciation for Mr. Arnold's leadership on this issues and asked staff to consider the long-term cost of maintenance.

David Ortega requested a work study session on this. He suggested getting input from architects on items such as campus style plans and lighting requirements.

Mr. Keenan said he is strongly in support of the direction this is headed. He added that the key issue was ensuring projects fall within the market prices. While the district still holds the contract, there still needs to be a buy-off by the SFB. Mr. Arnold agreed and noted that there is not currently a tool to determine market prices.

d. Full Day Kindergarten Capital Grants

Patricia Gober moved that the Board approve the district's Full Day Kindergarten Expenditure Plans as outlined in agenda item Vd. David Ortega seconded. Motion passed on a 5-0 voice vote.

VI. Reconfiguration of Space

David Ortega moved that the Board authorize the square footage changes indicated in item VI for the Mesa Unified School District, thereby reducing the district's 7-9 square footage by 6,252 square feet. Tom Rushin seconded. Motion passed on a 5-0 voice vote.

VII. New School Construction

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

Frank Davidson moved that the Board approve the following:

1. Balsz Elementary (K-8): That the Board approve the staff recommendation to deny the district's request for the buildout of its core Brunson-Lee School to open in FY 08.
2. Bowie Elementary (K-12): That the Board approve the staff recommendation to deny the district's request for a replacement building to open in FY 08.
3. Bullhead City Elementary (K-5): That the Board approve the staff recommendation to deny the district's request for a K-5 for 500 students to open in FY 08. Staff recommends conceptual approval for 3 K-5 schools for 500 students each to open FY 10, FY 11, and FY 14.
4. Bullhead City Elementary (6-8): That the Board approve the staff recommendation to deny the district's request for a 6-8 middle school for 750 students to open in FY 09. Staff recommends conceptual approval for a 6-8 school for 500 students to open in FY 10.
5. Colorado City Unified (K-12): That the Board approve the staff recommendation to deny the district's request for several additions of multiple grade levels to open in FY 07 through FY 13.
6. Coolidge Unified (K-8): That the Board approve the staff recommendation to approve project 012N (K-8 for 800) to open in FY 08 and to deny the district's request for 3 additional K-8 schools to open by FY 09. The actual capacity of project 012N will be 924 students. Staff also recommends conceptual approval for 5 K-8 schools for 800 each to open in FY 10 through FY 14.
7. Coolidge Unified (9-12): That the Board approve the staff recommendation to approve project 006N (9-12 for 1,200) to open in FY 09. The actual capacity of project 006N will be 1,436 students.
8. Crane Elementary (K-6): District did not request current funding approval, only conceptual approval. Staff recommends conceptual approval for 2 K-6 schools for 650 students each to open one each in FY 11 and FY 14.
9. Higley Unified (K-8): That the Board approve the staff recommendation to approve project 006N (K-8 for 1,025) to open in FY 09. The actual capacity of project 006N will be 1,184 students. Staff also recommends conceptual approval for 3 K-8 schools for 1,200 each to open in FY 11, FY 12, and FY 14.

10. Laveen Elementary (K-8): That the Board approve the staff recommendation to approve project 006N (K-8 for 1,000) to open in FY 09. The actual capacity of project 006N will be 1,155 students. Staff also recommends conceptual approval for 3 K-8 schools for 1,000 each to open in FY 11, FY 13, and FY 14.
11. Mesa Unified (K-6): That the Board approve the staff recommendation to deny the district's request for a K-6 school for 750 students to open in FY 08.
12. Mesa Unified (7-8): That the Board approve the staff recommendation to deny the district's request for a 7-9 school for 1,200 students to open in FY 09.
13. Nadaburg Elementary (K-8): That the Board approve the staff recommendation to revise project 201N from a K-8 for 600 to a K-8 for 750 to open in FY 08 (thereby increasing its actual capacity to 857 students), and to approve project 001N (K-8 for 600) to open in FY 09 (the actual capacity of which will be 685 students). Staff also recommends conceptual approval for 3 K-8 schools for 750 each to open in FY 11, FY 13, and FY 14.
14. Red Rock Elementary (K-8): District did not request current funding approval, only conceptual approval. Staff recommends conceptual approval for a K-8 school for 1,050 students to open in FY 10.
15. Sonoita Elementary (K-12): That the Board approve the staff recommendation to deny the district's request for additional space for 141 students.
16. St. David Unified (K-12): That the Board approve the staff recommendation to deny the district's request for a K-8 school for 1,050 students and 9-12 school for 1,200 students.
17. Sunnyside Unified (9-12): That the Board approve the staff recommendation to deny the district's request for a 9-12 school for 1,500 students each to open in FY 09. Staff recommends conceptual approval for a 9-12 school for 1,000 to open in FY 10.
18. Tolleson Union (9-12): That the Board approve the staff recommendation to approve project 003N (9-12 for 1,800) to open in FY 08. The actual capacity of project 003N will be 2,394 students. Staff also recommends conceptual approval for a 9-12 school for 1,800 to open in FY 10.

David Ortega seconded.

Patricia Gober asked about the process for informing districts that they are on the agenda. Amber Peterson explained that the analysis is sent to the districts several weeks before the board meeting. She added that she has not received any comments from the districts going before the board today.

Motion passed on a 5-0 voice vote.

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

Tom Rushin recused himself from this item because he is the Superintendent of the Yuma Elementary district

David Ortega moved that the Board approve Yuma Elementary District's request to bid a portion of project 140401000-9999-003N, in the amount of \$1,275,063, which includes district funding in the amount of \$28,157. Patricia Gober seconded. Motion passed on a 4-0-1 voice vote with Tom Rushin recusing himself.

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

David Ortega moved that the Board approve the final bid amount of \$51,165,190 with additional SFB funding of \$5,465,250 plus district funding in the amount of \$17,415,190 for the Yuma Union High School District, project number 140570000-9999-002N. Frank Davidson seconded. Motion passed on a 5-0 voice vote.

VIII. 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 approve the following:

1. That the Board approve Coolidge Unified School District's request to accept a donation of 13 acres and purchase an additional 7 acres for an elementary school and move to Step III for necessary testing.
2. That the Board approve Humboldt Unified School District's request to accept a donation of 23.86 acres for a middle school and move to Step III for necessary testing.
3. That the Board approve Palo Verde Elementary School District's request to accept a donation of 14 acres for an elementary school and move to Step III for necessary testing.
4. That the Board approve Palo Verde Elementary School District's request to accept a donation of 15 acres for an elementary school and move to Step III for necessary testing.
5. That the Board approve Saddle Mountain Unified School District's request to accept a donation of 13.1 acres for an elementary school and move to Step III for necessary testing.

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

b. Step III

David Ortega moved that the Board approve Higley Unified School District's request to purchase 22.347 acres for an elementary site, project number 070260000-9999-013L at a cost of \$6,040,000. Tom Rushin seconded.

This recommendation is an exception to the Board's policy on the land funding timeline for the following reasons:

1. This is the only site available to serve students north of the 202 Freeway.
2. When this was originally approved to Step III in November 2005, it was planned as the next conceptual school to open in FY10 and did fall within the funding window
3. All testing has been completed revealing that this site is suitable for a school.
4. The owner of the property is deducting \$1,000,000 from the appraised value.

While this request is within the statutory limit, it is an example of how the board may occasionally need to make an exception the SFB policy.

Patricia Gober asked about the soil survey done on this property. The survey indicates that the soil beneath the site is Vecont clay which could cause some development issues. Carol Civiello explained the Vecont clay is typical in that area and it could add costs to the construction of the foundation.

Brooks Keenan noted that many areas have this type of soil and it can add some costs to the project.

Dr. Gober noted that many cities have zoning restrictions related to alluvial fans. She suggested careful consideration in using the site.

Ms. Civiello said a structural and civil engineer would evaluate it early in the project and determine if significant problems exist. She added that in projects where there is a chance of potential soil swelling there will be a need for foundation considerations.

Brooks Keenan asked the district if this could wait until the May meeting for further study. Fred Stone, of the Higley District, addressed the board and explained this is a timely issue that cannot wait a month.

David Ortega said that generally, with alluvial fans there is a consideration of flood control measures.

Mr. Stone explained that while the site has not yet been developed, the surrounding area has been developed with a freeway and power station. He does not believe the Town of Gilbert would have allowed those projects to go forward if this was a serious problem.

Motion passed on a 4-1 voice vote with Patricia Gober against.

Frank Davidson moved that the board approve the following:

1. Laveen Elementary School District's request to accept a donation of 13.22 acres for an elementary site, project number 070459000-9999-008L.

2. Queen Creek Unified School District's request to purchase 34.101 acres for a middle school site, project number 070295000-9999-011L at a cost of \$5,278,440.

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

IX. Consideration of Reduction of Square Footage

Patricia Gober moved that the Board approve the Mobile Elementary District's request to retire the existing school. David Ortega seconded. Motion passed on a 5-0 voice vote.

X. Consideration of Emergency Deficiency Project

Frank Davidson moved that the Board award an emergency deficiency septic system replacement project for Heber Overgaard Unified School District to Gaylor Contracting Company in the amount of \$27,367.00; approve the expenditure of up to an additional \$5,000.00 as contingency for unforeseen conditions encountering during replacement, and approve one week's site visits by the engineer of record. Staff will continue to work with the district to identify additional building renewal dollars that can be contributed to the project and will provide an update at the May meeting. Tom Rushin seconded. Motion passed on a 5-0 voice vote.

XI. Future Agenda Items

None

XI. Public Comment

Kit Wood, of the Mobile Elementary School District, thanked the Board for their approval of retiring the district's school.

Adjournment

There being no further business, Brooks Keenan, adjourned the meeting at approximately 11:45 A.M.

Approved by the School Facilities Board on _____, 2006

Kate McGee, Chair

SCHOOL FACILITIES BOARD
 April 6, 2006
 Tucson, Arizona

Immediately following the regular board meeting, the board entered into a second public meeting to discuss rule changes. The meeting began at approximately 11:45 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Davidson, Frank	
Gober, Patricia	
Keenan, Brooks, Vice Chair	
Ortega, David	
Rushin, Tom	
<u>Members Absent</u>	
McGee, Kate, Chair	
Chovich, Cynthia	
Granillo, Peter	
Taylor, Penny	
Phil Williams, Superintendent's Representative (non-voting)	
<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
 Vice Chair, Brooks Keenan, called the meeting to order at approximately 11:45 A.M.

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

- III. Discussion of Geographic Rule Change
 John Arnold explained that as part of the rulemaking process the SFB is required to hold a public meeting to discuss the rule change. The current rule reads as follows:

R7-6-302. Modification of Square Footage for Geographic Factors
 In those school districts where students are transported one hour or more via the most reasonable and direct route or where students reside 45 miles or more from the closest school via the most reasonable and direct

route, and where 100 or more students are affected by these conditions within the same region, the School Facilities Board shall provide additional school space to the district to accommodate the educational needs of the affected students. However, the educational space provided may be modified as the Board sees fit in making a conscientious effort to meet the Minimum Adequacy Guidelines without requiring extraordinary expenditures of public funds.

In January, the board voted to amend their Geographic Exception Policy as follows:

In those public school districts where students are transported one hour or more via the most reasonable and direct route or where students reside 45 miles or more from the closest school via the most reasonable and direct route, and where 100 or more students are affected by these conditions within the same region, the School Facilities Board will provide additional school space to the district to accommodate the educational needs of the affected students. However, the educational space provided may be modified as the Board sees fit in making a conscientious effort to meet the Minimum Adequacy Guidelines without requiring extraordinary expenditures of public funds.

If an elementary school district that is not in a high school district unifies after June 30, 2005, the resulting unified school district may qualify for high school space under ARS 15-2041 if it meets the following criteria:

- The elementary school district unifies after June 30, 2005 and
- The resulting unified school district is projected to have more than 350 resident high school students being served in school districts other than the student's resident school district within the three-years following the current fiscal year and
- One of the following is true: At least 350 of the high school students would travel for at least 20 miles to the receiving school facility or

The school district that is expected to receive the majority of the projected resident high school students is projected to need additional high school space within seven years. For purposes of this analysis, the projected ADM of the receiving district should include the high school students of both the receiving and sending districts.

This rule change would amend the language of the rule to reflect the Board's policy.

IV. Public Comment
None

Board Minutes
April 6, 2006

V. Adjournment
Adjournment

There being no further business, Brooks Keenan, adjourned the meeting at approximately 11:50 A.M.

Approved by the School Facilities Board on _____, 2006

Kate McGee, Chair