

SCHOOL FACILITIES BOARD  
March 1, 2007  
Gilbert, Arizona

The School Facilities Board held a board meeting at the Higley Unified School District Office in Gilbert. The meeting began at approximately 10:05 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Keenan, Brooks, Vice Chair	Sandy Kube, Deer Valley Unified
Chovich, Cynthia	Jay St. John, Sahuarita Unified
Friesen, Lyle Superintendent's Representative (non-voting)	Spencer Smith
Marks, Gary	
Ortega, David (by telephone)	
Rushin, Tom	
Taylor, Penny	
<u>Members Absent</u>	
Davidson, Frank, Chair	
Gober, Patricia	
Torrez, Gregory	
<u>Staff Present</u>	
John Arnold, Executive Director	
Dean Gray, Deputy Director of Facilities	
Monica Petersen, Deputy Director of Finance	
Jim Chang, Demographer	
Kristen Landry, Public Information Officer	
Debra Sterling, Attorney General's Office	

Fred Stone of the Higley Unified School District welcomed the School Facilities Board.

- I. Call to Order  
Brooks Keenan called the meeting to order at approximately 10:20 A.M.
- II. Roll Call  
There were seven Board Members present at this meeting including Lyle Friesen of the Department of Education, a non-voting member.
- III. Approval of February 1, 2007 Minutes  
Tom Rushin moved that the Board approve the minutes of February 1, 2007. Penny Taylor seconded. Motion passed on an 6-0 voice vote.

IV. Consent Agenda

a. Consideration and possible vote of FY07 3 Year Building Renewal Plans

Cynthia Chovich moved that the Board ratify the districts listed in agenda items IVa. Gary Marks seconded. Motion passed on a 6-0 voice vote.

V. Director's Report

a. Revision to Inflation Funding Policy

John Arnold explained that when the Board adopted the Policy on Inflation Adjustments in February 2005, the policy required three steps which included a construction schedule delay of more than one year. Because numerous projects have received inflationary funding that did not experience a delay, staff recommended that those steps be deleted from the policy. This item will have a public comment period of one month and the Board will vote on it in April.

b. Inflation Adjustment Update

John Arnold explained that staff has requested that the Joint Legislative Budget Committee approve an inflation increase for new construction. Staff provided JLBC with the latest published inflation amounts, which average 3.09% from July to December 2006. He added that staff is recommending that the inflation factor be applied to all the FY07 new school awards.

Gary Marks asked when JLBC would make a decision. Mr. Arnold said they would be having a meeting in the last week of March, but did not know if this item would be on the agenda.

c. Local Zoning Issues

John Arnold explained that at the February meeting the Board asked staff to research whether local zoning issues apply to school sites. The Attorney General's Office originally analyzed this item in 2001 and believes that schools districts are exempt from local zoning ordinances.

Brooks Keenan said many local governments are in agreement with this memo, but some districts may need assistance in working with their local officials. Mr. Arnold said staff is willing to meet with districts and cities on this issue.

Cynthia Chovich requested that this memo be posted to the SFB web site.

d. Legislative and Budget Update

Monica Petersen updated the Board on the budget and bills that may impact the SFB. She explained that Joint Appropriations approved the JLBC baseline amount on February 5 with some changes. These changes include:

- Reducing \$3,934,500 from the General Fund for Building Renewal in FY 2008 to reflect updated formula cost information.
- Amending the statute to require school districts to use Building Renewal monies on primary projects, which shall include projects associated with instructional space and projects that fall below the minimum facility guidelines, unless only secondary projects exist.

- Amending the statute to require school districts to include information, in their annual report to SFB, on whether the prior year Building Renewal project expenditures were on primary or secondary projects.
- Removing the statutory provision allowing school districts to use Building Renewal funding for preventative maintenance.
- Amending the statute to require the SFB to incorporate into its annual New School Facilities report to the JCCR detailed demographic information for individual projects the board approved within the last year, and expects to approve within the upcoming year. In addition, change the deadline of the report from October 15 to May 15."

Below is a summary of the Budget Requests.

Issues	SFB Request	Governor's Proposal	JLBC Baseline Proposal	Joint Approps Subcommittee Adoption
School Facilities Liaisons Positions	\$178,100	\$121,500	\$0	\$0
Full Day Kindergarten	\$7,869,500	\$7,869,500 LTO	\$0	\$0
Energy Upgrades	\$930,400	\$930,400 LTO	\$0	\$0
New School Construction	\$399,000,000	\$399,000,000 LTO	\$370,000,000	\$370,000,000
Building Renewal	\$190,219,962	\$86,283,500	\$105,576,500	\$101,642,000

Ms. Petersen noted that while committees adopt these budgets, the budget is not over until the entire budget is finalized, but this is where it is in committee.

Gary Marks asked if there was any discussion on the percentage of Building Renewal being used for preventive maintenance. Ms. Petersen said there was not any discussion on that issue in the hearing.

Penny Taylor asked where the most opposition to the SFB bills comes from. Ms. Petersen said there has been very little opposition though districts were unhappy with the SFB limiting project management services. She added that an amendment was added to say local resources could be used. In reference to the energy bills, Ms. Petersen said a lot of the support has come from private utilities and not school districts.

e. Full Day Kindergarten

Tom Rushin moved that the Board approve Red Mesa Unified and Somerton Elementary School District's Full Day K expenditure plans. Gary Marks seconded. Motion passed on a 6-0 voice vote.

VI. New School Construction

a. Consideration and possible vote of FY 2007 Capital Plan New Construction Requests

Saddle Mountain Unified was removed from this agenda item at the district's request.

Sandra Kube, of the Deer Valley Unified School District, addressed the Board and said that DVUSD does not agree with the staff recommendation, but did not want this item pulled from the agenda. She said she believes the K-8 conceptual approval should be approved for FY11 and not FY12. Ms. Kube added that DVUSD will continue to work with the SFB staff for next year's approvals.

John Arnold said staff would be meeting with the District to discuss the data. He added that conceptual approvals are only for planning purposes and in this instance there is only a 17 student difference between the two years.

Penny Taylor moved that the Board approve the following:

1. Agua Fria Union (9-12): Approve the district's request for current funding for project 003N, a 1,600 student school to open in FY 2010. Conceptually approve 005N, a 1,600 student school in FY 2014 rather than in FY 2012 per request.
2. Arlington Elementary (K-8): Deny the district's request for current funding for K-8 school for 800 students to open in FY 2010. Conceptually approve for FY 2011.
3. Altar Valley Elementary (K-8): Deny district's request for current funding for K-8 school for 750 students to open FY 2010. Conceptually approve for FY 2015.
4. Bowie Unified (K-8): Deny the district's request for current funding for additional space for 120 students in FY 2010.
5. Bullhead City Elementary (K-5): Deny the district's request for current funding for project 002N, a 500 student school, to open in FY 2009. Conceptually approve project 002N to open in FY 2015. No conceptual approval for district request of four K-5 schools for 500 students in FYs 2011, 2012, 2014 and 2015.
6. Bullhead City Elementary (6-8): Deny the district's request for current funding for project 003N, a 750 student school, to open in FY 2010. Conceptually approve project 003N to open in FY 2012. No conceptual approval for district request of 750 student school in FY 2015.
7. Colorado River Union High School (9-12): Deny the district's request for current funding for project 001N, a 800 student school, to open in FY 2010 and conceptual approval of a 800 student school in FY 2014.

8. Deer Valley Unified (K-8): Approve retirement of five buildings that have outlived their useful life. Deny the district's request for project 015N, a 850 student school, to open in FY 2010 and conceptually approve its opening in FY 2012. Deny the district's request for project 016N, a 850 student school, to open in FY 2011 and conceptually approve its opening in FY 2012. Deny the district's request for project 017N, a 850 student school, to open in FY 2012 and conceptually approve its opening in FY 2013. Deny the district's request for project 018N, a 850 student school, to open in FY 2013 and conceptually approve its opening in FY 2014. Deny the district's request for conceptual approval of two 850 student school to open in FY 2014 and FY 2015. Conceptually approve 850 student school in FY 2015.
9. Deer Valley Unified (9-12): District did not request current funding approval, only conceptual approval. Conceptually approve project 021N to open in FY 2012 rather than in FY 2011 per request.
10. Kingman Unified (7-8): Deny the district's request for current funding for project 001N, a 750 student school, to open in FY 2010. Conceptually approve project 001N to open in FY 2015.
11. Liberty Elementary (K-8): Approve the district's request for current funding for project 004N, a 800 student school, to open in FY 2010. Conceptually approve district's request for project 005N to open in FY 2011. Conceptually approve projects 007N and 008N, 800 student schools, to open in FY 2012 rather than in FY 2013 and FY 2015 respectively per the district's request.
12. Littleton Elementary (K-8): District did not request current funding approval, only conceptual approval. Conceptually approve district's request for project 009N, a 972 student school, to open in FY 2011. Conceptually approve a 972 student school to open in FY 2012 rather than in FY 2013 per the district's request.
13. Morristown Elementary (K-8): Deny the district's request for additional space for 250 students in FY 2009. Conceptually approve additional space for 250 students FY 2013. Conceptually approve a 750 student school in FY 2014 rather than in FY 2012 per district's request.
14. Toltec Elementary (K-8): Deny the district's request for current funding approval for project 001N, a 750 student school, to open in FY 2010. Conceptually approve project 001N in FY 2011 and project 002N in FY 2014.
15. Topock Elementary (K-8): Deny district's request for preschool space for 20 students.
16. Yavapai County Accommodation (9-12): Approve district's request for project 003N, space for 75 students, to open in FY 2010.

Cynthia Chovich seconded. Motion passed on a 6-0 voice vote.

b. Consideration and possible vote of New Construction Projects Review, Bids and Bid Packages

Cynthia Chovich moved that the Board approve Vail Unified's request to proceed with CM@Risk Project 100220000-9999-009N, upon staff receipt of necessary documents, and that the Board approve additional funding for design elements in the amount of \$385,760, for site specific requirements in the amount of \$230,607, and for inflation in the amount of \$1,996,242.

Tom Rushin seconded. Motion passed on an 6-0 voice vote.

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

a. Steps I and/or II

Penny Taylor moved that the Board approve the following:

1. That the Board approve Agua Fria Union District's request to purchase 50 acres for a high school site and move to Step III for necessary testing.
2. That the Board approve Dysart Unified District's request to accept a donation of 14.5 acres for an elementary site and move to Step III for necessary testing.
3. That the Board approve Dysart Unified District's request to accept a donation of 15.7 acres for an elementary site and move to Step III for necessary testing.
4. That the Board approve Laveen Elementary District's request to purchase 11.82 acres for an elementary site and move to Step III for necessary testing.
5. That the Board approve Maricopa Unified District's request to accept a donation of 13.314 acres for an elementary site and move to Step III for necessary testing.

Cynthia Chovich asked if environmental testing is being done to the new ADEQ standards. John Arnold said that soils are now being tested to the new levels.

Gary Marks seconded. Motion passed on a 6-0 voice vote.

b. Step III

David Ortega moved that the Board approve the following:

1. That the Board approve Florence Unified School District's request to accept a donation of 13.325 acres for an elementary site, project number 110201000-9999-018L.

2. That the Board approve Litchfield Elementary School District's request to accept a donation of 21.708 acres for an elementary site, project number 070479000-011L.

Cynthia Chovich asked if the railroad was an issue on the Florence Property. John Arnold explained that there is a major thoroughfare between the school site and the railroad. Access to the site will be either through the development or off Rittenhouse.

Penny Taylor seconded. Motion passed on a 6-0 voice vote.

c. Other Land Issues

Sahuarita Unified:

John Arnold explained the Sahuarita Unified School District is requesting to review the amount approved as the donation factor and increase it by \$260,400 for a site that was approved in September 2005. In reviewing the timeline, he explained that the appraisals were received in February 2004. They were ordered at the same time as the environmental reports which found archaeological issues at the site. The District was given final approval to accept the site in September 2005. Shortly before final approval was given, the district asked about reappraising the site. The District was advised that the board would be studying this item in the next few weeks and asked if they wanted to wait until after that study session. The district said they did not want to wait and requested the land be approved in September 2005. Shortly after that, the district informed us that the district wanted the appraised value to be reviewed. Staff's position is that once final approval is given, that decision is final.

Dr. Jay St. John of the Sahuarita District addressed the Board. He said the SFB has treated the students of the Sahuarita in an improper manner and said the delay is the issue.

Spencer Smith, the Sahuarita District's Attorney addressed the board. He said the district's complaint is with the way the donation factor is determined. He said the SFB does not use fair market value to determine the value of land. He said the tax credit statute requires the property to be appraised by a certified appraiser that is paid for by the school district. The SFB statute requires a district receive 20% of the fair market value. He argued that the SFB statute does not provide further guidance as to what fair market value is. The district believes they should be the one to order the appraisal and it should be done at the time of acceptance.

Tom Rushin moved that the Board go into executive session to seek legal advise on this issue. Penny Taylor seconded. Motion passed on a 6-0 voice vote.

Executive session began at 11:10am and adjourned at 11:30 am.

Gary Marks moved that the Board continue this item to seek further advise from the Attorney General's Office. Penny Taylor seconded. Motion passed on a 6-0 voice vote

Santa Cruz Valley Unified:

John Arnold explained the Santa Cruz Valley Unified received an appraisal in October 2005, but did not enter into a purchase contract until January 2007. The district requested an update appraisal, which valued the property at \$30,000 more than the original amount.

Cynthia Chovich moved that the Board approve additional funding in the amount of \$30,000 for the purchase of 11.88 acres for the Santa Cruz Valley Unified School District. Penny Taylor seconded. Motion passed on a 6-0 voice vote.

X. Future Agenda Items

David Ortega what the status of the Dysart land is that was part of the Public Hearing. Kristen Landry said the three Dysart parcels that were part of the Public Hearing, Austin Ranch I, Austin Ranch II, and Sara Ann Ranch, are currently in Step III of the land acquisition process. The two parcels that were approved to Step III today, Asante II and Asante North, will have their Public Hearing next month as well as a high school site. She added that a Public Hearing is to be held before final approval on sites near the Air Force Base.

XI. Public Comment  
None.

Adjournment

There being no further business, Frank Davidson, adjourned the meeting at approximately 11:36 A.M.

Approved by the School Facilities Board on April 5, 2007

Frank Davidson  
Chair