

SCHOOL FACILITIES BOARD  
April 3, 2008  
Phoenix, Arizona

The School Facilities Board held a Board meeting at the Prescott Unified District Office – Board Room in Prescott, Arizona. The meeting began at approximately 10:20 A.M.

| <u>Members Present</u>                                 | <u>Guests Present</u>              |
|--------------------------------------------------------|------------------------------------|
| Keenan, Brooks, Vice Chair                             | Doris Simmonds-Parent Tempe UHSD   |
| Ortega, David (via telephone)                          | Vern Wolfley-Dysart USD            |
| Rushin, Tom                                            | Bob Young-Dysart USD               |
| Allee Taylor, Penny                                    | Jay C. St. John-Sahuarita USD      |
| Marks, Gary                                            | Deane Meulemans-Tempe UHSD         |
|                                                        | Steve Adolph-Tempe UHSD            |
| <u>Members Absent</u>                                  | Bob Anderson-Tempe UHSD            |
| Davidson, Frank, Chair                                 | Candy Cooley-Queen Creek USD       |
| Gober, Patricia                                        | Lisa Ann Smith-Tempe UHSD          |
| Salazar, Vicki (non-voting member)                     | Anne Marquez-Sunnyside USD         |
| Private Business Owner Representative, position vacant | Richard Oros-Sunnyside USD         |
| Teacher Representative, position vacant                | Milan Eaton-STC                    |
|                                                        | Cathy Rex-School Facilities Group  |
| <u>Staff Present</u>                                   | H. Birch-Gilbane Bldg.             |
| John Arnold, Executive Director                        | Duane Noggle-Chino Valley USD      |
| Kerry Campbell, Public Information Officer             | Ben McCawley-Parent Tempe UHSD     |
| Monica Petersen, Deputy Director - Finance             | Marsha Crockett-DLR Group          |
| Debra Sterling, Attorney General's Office              | Jennifer Doering-Parent Tempe UHSD |
| Jim Chang, Demographer                                 | Kathi Sawyer-Parent Tempe UHSD     |
|                                                        | Tom Parsons                        |
|                                                        | Ray Del Zotto-Pinnacle One         |
|                                                        | Carolyn Bonamo-Parent Tempe UHSD   |
|                                                        | Sandy Lowe- KPN Tempe UHSD         |

- I. Call to Order  
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 with David Ortega participating via telephone.
  
- III. Approval of Minutes of March 6, 2008 and March 13, 2008  
Tom Rushin moved that the Board approve the minutes of March 6, 2008 and March 13, 2008. Gary Marks seconded. The motion passed with a 5-0 voice vote.

Due to the present public and media interest, agenda items XII. and IX. were addressed at this point of the Board meeting. Mr. Keenan reminded the Board they are not permitted to respond to any public comment made with regard to the Tempe UHSD issue and that no new evidence or information may be taken into consideration when

addressing the Tempe UHSD issue. John Arnold introduced Tanja Shipman, Assistant Attorney General, as the Board's advisor on the Tempe UHSD issue for today.

David Ortega asked about public comment with regards to items not on the agenda.

Tanja Shipman responded that public comment may be taken on items on and off the agenda.

Mr. Arnold clarified that for item IX. due to the unique nature of this item where the Board is only reviewing the testimony and action before the Administrative Law Judge (ALJ), the Board is not allowed to take testimony on this particular item. Therefore, the only mechanism the audience members have to address this item is during the general call to the public. The rules that apply to a general call to the public also apply in this case; even though the Tempe UHSD item is agendaized, it is unique in that no new testimony may be taken during that agenda item.

XII. Public Comment

Ben McCawley, parent of a student at Tempe UHSD, spoke about the different rules and statutes that govern the level of allowable particulates as well as those that, if approved by the Board, would allow the district to revisit this issue.

Sandy Lowe, parent of two students at Tempe UHSD, spoke of resolving the Tempe UHSD air quality issue in order to protect our children from a harmful environment.

IX. Consideration of Action on Administrative Law Judge Recommended Decision regarding Tempe Union No. 07-0002-SFB

Tom Rushin recused himself due to his involvement as a witness in the hearing before the ALJ.

Oral Argument from Tempe Union – Lisa Ann Smith, Attorney for Tempe Union, referenced the Pre-Hearing Memorandum presented to the Administrative Law Judge and presented before the Board, that outlines the district's argument and summarized the background and facts from the district's perspective. Steve Adolph, Tempe Union Superintendent, implored the Board to make use of its authority to declare the air quality issues at Corona del Sol an emergency, thus allowing the district to pursue funding through ARS 15-907.

Oral Argument from the School Facilities Board – Debra Sterling, Attorney for the School Facilities Board, reiterated the Conclusions of Law and the argument presented before the ALJ.

Penny Allee Taylor moved that the Board accept the Findings of Fact stipulated by both parties. David Ortega seconded. The motion passed on a 4-0-1 vote, with Tom Rushin recusing himself.

Penny Allee Taylor moved that the Board accept the Conclusions of Law. Gary Marks seconded. The motion passed on a 4-0-1 vote, with Tom Rushin recusing himself.

Gary Marks moved that the Board accept the Order of the Administrative Law Judge's recommended decision. David Ortega seconded. The motion passed on a 4-0-1 voice vote, with Tom Rushin recusing himself.

Tom Rushin rejoined the Board at this time.

IV. Consent Agenda

a. Consideration of Preventive Maintenance Plans

Tom Rushin moved that the Board ratify the plans listed in agenda item IVa. Gary Marks seconded. The motion passed with a 5-0 voice vote.

b. Consideration of FY 08 3-Year Building Renewal Plans

Tom Rushin moved that the Board ratify the plans listed in agenda item IVb. Gary Marks seconded. The motion passed with a 5-0 voice vote.

V. Director's Report

a. Land Acquisition Terms and Conditions for Purchase, Lease and Donation

John Arnold explained that this item was on last month's agenda and was tabled to address David Ortega's concerns about Terms and Conditions for Donations, Item number 8, and Terms and Conditions for Purchase, Item number 12, which stated, "The title to any land for which the Applicant received monies from the Fund for the Donation Value shall remain with the Applicant." To address this issue, staff has changed the wording so future title transfer and what is allowable with regard to selling or disposing of the property and the consequential distribution of funds is more clear.

For the last several years the SFB has required districts to sign Terms and Conditions that govern the dollars awarded for projects. When initially established, there was only one version for land acquisition projects. There are actually three different types of land acquisition projects: purchase, lease, and donation. Upon review, SFB staff determined the need to have a unique set of Terms and Conditions for each type of acquisition. There are some specific and unique circumstances to each type. In addition, the original set was missing some language required for any state contract. Presented today are updated and individualized Terms and Conditions for land acquisition.

David Ortega commented that he believes these changes will help retain the interests of the State and clearly state the requirements of the SFB with regard to the reversion of funding.

Penny Allee Taylor moved that the Board adopt the modifications to the Terms and Conditions for Purchases, Leases, and Donations as presented. Gary Marks seconded. The motion passed with a 5-0 voice vote.

b. Legislative Update

Monica Petersen, SFB Deputy Director of Finance, explained that the bills listed on the 2008 Legislative Update document that have been greyed-out have died due to lack of progress or due to strike-all amendments that have completely altered the content of the bill. Ms. Petersen gave a brief update on each of the following bills:

**SFB Continuation Bills**

HB 2232 passed the Senate Education Committee yesterday and has an amendment on it to change the make-up of the Board to include legislative appointments.

**JTEDS; Bonding Bill**

HB 2234 has passed the Higher Education Committee and continues to progress.

**Lottery/Energy Bill**

HB 2588 passed the House and was assigned to Standing Committee (Education) hearings.

**Energy Omnibus Bill**

HB 2766 passed the House and is waiting to be heard by the Senate Natural Resources Committee.

**SFB Staff Bills**

SB 1031 passed the Senate and is being transferred to the House.

SB 1032 passed the Senate and is being transferred to the House.

**Impact Fee Bill**

SB 1237 passed the House and is awaiting assignment to Standing Committee.

SB 1281 passed the House.

Brooks Keenan commented that the Impact Fee bill really doesn't provide the relief that was initially intended.

c. Camp Verde Attorney General Opinion

Mr. Arnold explained that a few months ago, the Camp Verde Unified District requested an opinion from the Arizona Attorney General's Office regarding the availability of funding under the Adjacent Ways statute (ARS 15-995) to construct a two-mile water line from the school district property to the municipal water supply in order to comply with orders from the Fire Marshall and ADEQ.

Mr. Arnold explained that this opinion affirms the Board's policy with regard to Adjacent Ways.

d. Energy Grant Awards-Development Grants

John Arnold gave a brief overview of the Energy Grant and the events leading up to this point. He explained the Evaluation Process and Point System including the electric vs. water equalization that was used.

Out of 27 development applications, eleven projects are being recommended for award. The eleventh project for the Winslow Unified District is being

partially funded because the maximum amount of available grant monies had run out. At this time, we have not discussed with the district the possibility of completing the project with partial funding.

Gary Marks asked if there will be further tracking/studies of these projects and the resulting energy/water conservation.

Mr. Arnold responded that we will continue to work with the districts to implement and monitor the conservation measures once studies are completed.

Penny Allee Taylor moved that the Board award the energy or water savings project development grants as recommended by the Energy Office and SFB staff. David Ortega seconded. The motion passed with a 5-0 vote.

VI. New School Construction

a. Consideration and possible vote of FY 2008 Capital Plan New Construction Requests

John Arnold explained that the Agua Fria Union High School District was awarded a 9-12 school last year and, at this point, has progressed through design to GMP. However, with updated ADM numbers and with the approval of these projections, that project will be put on hold for at least a year.

Penny Allee Taylor moved that the Board address the Humboldt Unified District's projections separately from the rest, so Gary Marks could recuse himself. Tom Rushin seconded. The motion passed 5-0 with a voice vote.

Gary Marks recused himself for the first portion of this agenda item since he serves on the Governing Board of the Humboldt Unified District.

Penny Allee Taylor moved that the Board approve the staff recommendation as listed below:

1. **Humboldt Unified (K-5):** District did not request current funding approval, only conceptual approval. Conceptually approve a new school (004N) to open in FY 12.
2. **Humboldt Unified (6-8):** District did not request approval for any additional schools. Change status of previously-approved 005N to ON HOLD.
3. **Humboldt Unified (9-12):** Deny approval for a buildout to open in FY 10.

Tom Rushin seconded. The motion passed with a 4-0-1 vote, with Gary Marks recusing himself.

Mr. Marks returned to the Board at this time.

Gary Marks moved that the Board approve the balance of the staff recommendations as listed below:

1. **Agua Fria Union (9-12):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for a new school. **Change status** of previously-approved 003N to ON HOLD.
2. **Camp Verde Unified (K-5):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for a new school.
3. **Camp Verde Unified (6-8):** **Deny** approval for a new school to open in FY 11.
4. **Camp Verde Unified (9-12):** **Deny** approval for a new school to open in FY 11. **Conceptually approve** a new school to open in FY 16.
5. **Chino Valley Unified (K-8):** **Deny** approval for a new school to open in FY 11. **Conceptually approve** a new school (001N) to open in FY 15.
6. **Concho Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** additional space (001N) to open in FY 14.
7. **Cottonwood Oak Creek Elementary (K-8):** **Deny** approval for a buildout to open in FY 11.
8. **Deer Valley Unified (K-8):** **Deny** approval for a new school to open in FY 11. **Conceptually approve** a new school (015N) to open in FY 15.
9. **Deer Valley Unified (9-12):** **Deny** approval for a new school to open in FY 11.
10. **Dysart Unified (K-8):** **Deny** approval for a new school to open in FY 11. **Conceptually approve** three new schools (029N, 030N, and 031N) to open by FY 16.
11. **Dysart Unified (9-12):** District did not request current funding approval, only conceptual approval. **Conceptually approve** a new school (034N) to open in FY 12.
12. **Grand Canyon Unified (9-12):** **Deny** approval for remodeling and additional space.
13. **Mingus Union (9-12):** **Deny** approval for additional space to open in FY 10.
14. **Morristown Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** additional space (001N) to open in FY 14 and a new school (002N) to open in FY 15.

15. **Nadaburg Unified (K-8):** District did not request current funding approval, only conceptual approval. **Change status** of previously-approved 003N to ON HOLD. **Conceptually approve** two new schools (004N and 006N) to open by FY 16.
16. **Nadaburg Unified (9-12):** District did not request current funding approval, only conceptual approval. **Conceptually approve** a geographic exception school to open in FY 13.
17. **Prescott Unified (K-5):** District did not request current funding approval, only conceptual approval. **Conceptually approve** a new school (002N) to open in FY 16.
18. **Queen Creek Unified (K-5):** **Deny** approval for a new school to open in FY 10. **Conceptually approve** 005N to open in FY 11 and 008N to open in FY 13.
19. **Queen Creek Unified (9-12):** **Approve** a new school (009N) for 867 students to open in FY 11.
20. **Wickenburg Unified (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** a new school (004N) to open in FY 16.
21. **Wickenburg Unified (9-12):** **Deny** approval for a new school to open in FY 10, and **deny** conceptual approval for additional space and a new school.

Seconded by Penny Allee Taylor. The motion passed with a 5-0 voice vote.

b. Consideration and possible vote of Other New Construction Issues-Florence Unified

John Arnold explained that in February of 2006 the Board approved the Circle Cross Ranch Elementary project for the Florence Unified District including \$686,400 for Pinal County Impact Fees. It was later discovered that the county had waived these fees for the developer, but not the district. So the district successfully negotiated with the county for a waiver of these fees. Consequently, staff recommends a reduction of the project budget in the amount of \$686,400.

Penny Allee Taylor moved that the Board approve staff recommendation to reduce the Circle Cross Ranch Elementary project budget by \$686,400. Tom Rushin seconded. The motion passed with a 5-0 voice vote.

VII. Consideration of Requests for Land or Real Property Purchase, Lease or Donation

John Arnold explained that the Sahuarita request is for the 9-12 site that the district has had difficulty acquiring. Superintendent St. John has located a county parcel currently being used as a county park that is partially developed with parking, lighting, and playfields. The county is willing to transfer title to the district provided the district sign an IGA agreeing to make the playfields

accessible by the public after hours and on weekends. The district has agreed to this requirement. The site does not have water or sewer yet, but this will be worked out at a later date.

Gary Marks moved that the Board approve staff recommendations as listed below:

1. Steps I and II of the **J O Combs Unified District's** request for a partial purchase/partial donation and authorize proceeding with Step III on 10.4 acres for a K-5 school site, project number 110344000-9999-018L.
2. Steps I and II of the **Sahuarita Unified District's** request to accept a donation and authorize proceeding with Step III on 49 acres for a 9-12 school site, project number 100230000-9999-011L.
3. Steps I and II of the **Vail Unified District's** request for a State Land Lease and authorize proceeding with Step III on 10 acres for a K-5 school site, project number 100220000-9999-013L.

Penny Allee Taylor seconded. The motion passed with a 5-0 voice vote.

VIII. Consideration and possible vote of Requests for Reduction/Reconfiguration of Square Footage

John Arnold explained that this is an information item only and that no action is required by the Board. The Deer Valley and Wickenburg Unified Districts wish to retire or reconfigure the buildings listed, which is not projected to cause the districts to fall below minimum guidelines within three years.

X. Policy Review - SFB Policy VIII. Building Renewal

John Arnold explained that we have already received numerous comments on the changes being proposed to the Building Renewal Policy, which will result in further changes.

Mr. Arnold reviewed the various changes being proposed by staff including the addition of detailed explanations of Allowable and Prohibited Expenditures. One key change was the inclusion of a list of soft capital items, which, based on comments already received, will require revision to be in line with bonding limitations, etc.

A new section on Expenditure Priorities was added to reflect the recent changes in the Building Renewal statute. The Reporting section was clarified and a new section on Expenditure Review was added due to the sunset audit and suggestions made by the Auditor General's Office. A new section with proposed examples of appropriate and inappropriate building renewal expenditures was added to the policy, which will require careful review by the Board, as staff will be asking the Board to vote to accept these examples as appropriate or inappropriate expenditures.

Penny Allee Taylor asked where the soft capital list came from and if that source could be noted on the list.



Mr. Arnold explained that the soft capital list came from the Auditor General's Office in conjunction with the Department of Education, USFR Memorandum 185, and that the source can be noted at the top of the list for future reference.

Ms. Allee Taylor asked what soft capital items at one time were on the list but currently have been taken off the list.

Mr. Arnold responded that the SFB has never put out a comprehensive list of soft capital items. Historically, districts have considered certain types of heavy kitchen equipment such as dishwashers as soft capital items; also, the issue of stage curtains has been brought up. We will need to look at several items such as these before putting out a definitive listing.

Tom Rushin commented that statute speaks to soft capital items being strictly in the classroom, which would exclude dishwashers, etc. He added that many districts utilize the E-Rate program for technology-related soft capital items and suggested considering this as well.

Gary Marks asked about the expenditure review function and how that would work.

Mr. Arnold responded that in FY 2007 there were over 4,000 individual building renewal expenditures reported and that the SFB has only three staff members to review them. We have asked the Auditor General's Office for recommendations on establishing audit protocols. Any expenditure that is in line with an approved building renewal plan will not require review, because these were pre-approved. This will drop the number of expenditures requiring review considerably. Then we will develop some statistical sampling with the assistance of the Auditor General's Office, perhaps eliminating the smaller expenditures and sampling the larger expenditures.

XI. Future Agenda Items

There were no requests for future agenda items.

XIII. Adjournment

There being no further business, Brooks Keenan adjourned the meeting at approximately 11:30 A.M.

Approved by the School Facilities Board on May 1, 2008

Frank Dauder  
Chair