

SCHOOL FACILITIES BOARD
May 1, 2008
Tucson, Arizona

The School Facilities Board held a Board meeting at the Tucson Unified District Office – Board Room in Tucson, Arizona. The meeting began at approximately 10:07 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Davidson, Frank, Chair	Dan Riggs – Progressive Services/TCPN
Keenan, Brooks, Vice Chair	Alice Hunt – Progressive Services/TCPN
Ortega, David	Michael R. Lopez – Bisbee USD
Rushin, Tom	John Ford – Tucson USD
Allee Taylor, Penny	Alfredo Gutierrez - Tucson USD
Marks, Gary (via telephone)	Rick Haddock - Tucson USD
	Richard Gradillas - Tucson USD
<u>Members Absent</u>	James Crouch - Tucson USD
Gober, Patricia	John Butler - Tucson USD
Salazar, Vicki (non-voting member)	Gerald McPherson - Tucson USD
Private Business Owner Representative, position vacant	Herbert Ramirez - Tucson USD
Teacher Representative, position vacant	Ray Borquez - Tucson USD
	Manuel R. Contreras - Tucson USD
<u>Staff Present</u>	Chester Merrill – Benson USD
John Arnold, Executive Director	Raul Orantz – Altar Valley USD
Kerry Campbell, Public Information Officer	Daniel Shaw – Sierra Vista USD
Dean Gray, Deputy Director - Facilities	Ricardo de la Riva – Nogales USD
Monica Petersen, Deputy Director - Finance	David Ramsower – Pinnacle One
Debra Sterling, Attorney General’s Office	Ernesto L. Valenzuela – Altar Valley USD
Amber Peterson, School Finance Specialist	Bill Markley - Tucson USD
Mike Barfield, Liaison	Gary Mangum – Thatcher USD
David Kennon, Liaison	David Hogan – Mammoth-San Manuel USD
	Oscar R. Renteria – Mammoth-San Manuel USD
	Lexann McReynolds – School Facilities Group
	Raul Ochoa – Sunnyside USD
	Richard Oros – Sunnyside USD
	Michael Medeiros – Marana USD
	Ruben Ballesteros – Marana USD
	Leo Lizarraga – Nogales USD
	Dan Fratus – Bisbee USD
	Stephen Kemery – Bisbee USD
	Denise Evans – Douglas USD
	Mike Rawlings – Bisbee USD
	Richard Moots – Bisbee USD

I. Call to Order

Frank Davidson called the meeting to order at approximately 10:07 A.M.

II. Roll Call

There were six Board Members present at this meeting with Gary Marks participating via telephone. Rudy Flores, Executive Director of Engineering, Facilities and Planning welcomed the Board to the Tucson Unified School District Board Room.

III. Approval of Minutes of April 3, 2008

Tom Rushin moved that the Board approve the minutes of April 3, 2008. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

IV. Consent Agenda

a. Consideration of Preventive Maintenance Plans

b. Consideration of FY 2008 3-Year Building Renewal Plans

Brooks Keenan moved that the Board ratify the plans listed in agenda items IVa. and IVb. David Ortega seconded. The motion passed with a 6-0 voice vote.

V. Director's Report

a. Energy Grant Awards-Implementation Grants

John Arnold gave a brief overview of the Energy Grant Program and the events leading up to this point. Out of 164 implementation grant applications received, 30 projects for 16 districts are being recommended for award. In total, these projects will save approximately \$500,000 per year in energy costs, which means the average payback is just over four years. If all 164 projects were funded, the projected annual savings would be \$1.2 million with a payback of just over nine years.

Penny Allee Taylor moved that the Board award the energy and water savings project implementation grants as recommended by the Energy Office and SFB staff. David Ortega seconded and asked if any utility companies would be matching or providing rebates for these types of energy conservation projects.

Mr. Arnold confirmed that some utilities such as APS have fund matching programs and pointed out that some of the awarded projects included utility matches as district funds. These types of programs often work through reimbursement, wherein the district fronts the funds to implement the project and is later reimbursed by the utility.

The motion passed with a 6-0 voice vote.

b. Budget and Legislative Update

Monica Petersen, SFB Deputy Director of Finance, explained that the FY 2008 budget has been finalized by the Legislature resulting in an \$8 million sweep of funds from the New School Construction Fund. This leaves about \$67.5 million to last through the end of the fiscal year. The SFB is paying out an average of \$29.4 million per month and staff is confident the remaining funds will be sufficient until the new fiscal year. The Building Renewal allocation was reduced by half to \$43.1 million, which means the districts will not receive their May distribution. In addition, \$2.5 million was taken from the

Building Renewal Fund, which represents unclaimed distributions from prior year plans for districts that did not meet reporting requirements.

Frank Davidson asked how many districts were affected by the \$2.5 million sweep. Ms. Petersen responded that she would research this and get back to the Board with detailed information.

Finally, \$1 million was swept from the School Improvement Revenue Bond Debt Service Fund, which does not pose a problem as it represents the interest earnings in this fund.

Ms. Petersen continued with an update on the legislative bills the Board has been tracking, noting that the number of bills continues to dwindle as the session progresses.

HB2232 – SFB continuation (2 years); this bill has failed, but will be up for reconsideration. Initially, this bill was a simple continuation bill. It has since been layered with some controversial amendments. The first would have given the Legislature the authority to appoint four of the nine SFB Board members. The second would have provided districts with the ability to levy a tax without voter approval if they were denied emergency deficiency corrections funding by the Board.

HB2234 – JTED bonding; this bill is still moving, but has not been heard in Rules Committee since the early part of April.

HB2766 – Omnibus energy bill; this bill is still in motion. It has passed the House and the Senate Natural Resources and Rural Affairs Committee. It still needs to pass the Rules Committee.

SB1031 (SFB project management bill) and **SB1032** (SFB Omnibus bill) – these bills are still alive but are slow moving. These bills are likely being held to provide a vehicle for SFB continuation, should we need them to tack on continuation language.

SB1281 – Grade nine bill; this bill still has potential.

Brooks Keenan asked about the provisions in SB1032 related to reduction in square footage and the effect these will have on the three-year qualification in the minimum guidelines.

Ms. Petersen explained that SB1032 would change what the Board votes on. Currently, the Board adopts ADM projections that show the reduction in square footage would not cause the district to fall below the minimum guideline within three years. SB1032 requires the Board to approve or deny district requests to reduce square footage regardless of a timeframe.

Frank Davidson asked when we would know more about Building Renewal Funding for FY 2009. Ms. Petersen said we would not know anything for some time.

David Ortega asked about the SFB sunset audit and if this had any effect on the failure of the continuation bill.

Mr. Arnold responded that there is no question the Legislature wants and needs to continue the School Facilities Board. We have not received any serious questions on the performance of the Board, only a few individual comments regarding the Tempe Union claim. The continuation bill passed the House with a near unanimous vote and passed the Senate Education Committee. It is the amendments that have affected the final approval of the Senate.

c. Waterless Urinal Grand Opening

John Arnold gave a photo presentation and described the SFB's Grand Opening celebration including the ribbon cutting and cake made in the shape of a waterless urinal. We also had manufacturer representatives available to answer questions about the technology and maintenance. There is evidence that waterless urinals are cleaner than water-based systems. Waterless may not be right for every community, but for every new school or remodel of a bathroom, everyone should look at this technology, have that discussion, and determine whether it will work for them. We welcome everyone to visit the waterless facilities at the SFB, to experience the technology and become more comfortable with it. Hopefully, we will see waterless urinals implemented in a broader fashion in our schools. The payback on the waterless urinals installed at the SFB Offices is less than a year and half. We have posted all of this information on the SFB website.

Frank Davidson commented that the information provided to the Board was helpful and the water savings are very impressive. Water conservation is something we should all be concerned about.

Tom Rushin commented that the Yuma Elementary District is currently retrofitting the urinals in a middle school building that is ten years old. He added that the district office has had waterless urinals for over twelve years with no problems. The technology today is more durable than that of twelve years ago.

VI. New School Construction

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

David Ortega asked if there was any feedback from the districts whose requests for new space were denied. Mr. Arnold replied that each of the districts was contacted, but there was no feedback.

David Ortega moved that the Board approve the staff recommendations as listed below:

1. **Bowie Unified (K-8): Deny** approval for additional space to open in FY 11.
2. **Pima Unified (K-6): Deny** approval for additional space to open in FY 10. Deny conceptual approval for a new school.

3. **Show Low Unified (K-6):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for additional space.
4. **Show Low Unified (7-8):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for a new school.
5. **Thatcher Unified (K-6): Approve** additional K-6 space with capacity for 116 students to open in FY 10.

Penny Allee Taylor seconded. The motion passed with a 6-0 vote.

VII. Consideration of Emergency Deficiency Requests

John Arnold explained that the Clarkdale-Jerome Elementary phone/intercom system has been disabled by storms. Due to the age of the system, insurance was only willing to pay for part of the repairs and replacement parts are difficult to find. The district has requested \$45,127 to replace the entire system, which includes a \$5,000 contingency.

Brooks Keenan moved that the Board approve the district's request. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

Mr. Arnold explained the resurrection of the Stanfield Elementary District's request for emergency funding for their septic tank issues. Three years ago the district requested replacement of three failing septic tanks, which the Board approved. The district then cancelled the project when the city planned to develop the local sewer service. Since that time, the city has postponed the plans as a result of the slow down in the residential market. The district, however, continues to struggle with this problem and has brought their request to the SFB for reconsideration. In order to determine the scope and possible solutions for this emergency the Executive Director is authorized to allocate up to \$30,000 for a professional evaluation. The district was authorized \$6,220 for an investigation.

David Ortega moved that the Board approve the Executive Director's allocation of \$6,220 to Stanfield Elementary for investigative studies. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

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

John Arnold explained that these three districts have made some minor changes to their square footage. Gilbert Unified has moved some portables around, Mary C. O'Brien Accommodation has disposed of a building, and Pima Unified has reconfigured some space. None of these changes are projected to cause the districts to fall below the minimum square footage guideline within the next three years. The Pima Unified item is for informational purposes only and does not require Board action.

Brooks Keenan moved the Board ratify the Gilbert Unified and Mary C. O'Brien Accommodation district's requests. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

IX. Consideration of Action on Administrative Law Judge Recommended Decision regarding Sahuarita Unified No. 07-0001-SFB

Oral argument from Sahuarita Unified – Lisa Ann Smith, Attorney for Sahuarita Unified spoke of the facts presented before the Administrative Law Judge including the timing of the appraisal that established the fair market value of the parcel versus the final Board approval of the district’s request to accept the donation and the related donation factor. Dr. Jay St. John, Superintendent of Sahuarita Unified, spoke about the implications of the Board’s decision on the local community.

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

Penny Allee Taylor moved that the Board accept the Findings of Fact stipulated by both parties. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

Tom Rushin moved that the Board accept the Conclusions of Law. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

David Ortega moved that the Board accept the Order of the Administrative Law Judge’s recommended decision. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

David Ortega commented that these findings, conclusions and order should clarify and send a message that the Board abides by a process and considering all the land acquisitions the Board has approved, these processes have been very successful. It is the Board’s intent to be fair and follow clearly established processes and policies. While the claim process may be somewhat painful, it allows us the opportunity to clarify our processes for future land acquisition projects.

X. Policy Approval - SFB Policy VIII. Building Renewal

John Arnold explained that we received a few comments on the changes being proposed to the Building Renewal Policy. He reviewed the various changes including the list of fixtures and the exclusion of mirrors, whiteboards, chalkboards and ceiling fans as noted on page 6. SFB staff struggled with the Department of Education, USFR Memorandum 185, list of equipment and questioned what is considered equipment versus soft capital. Ultimately, SFB staff decided the simplest step to take was to use this list and establish a few exceptions. Another issue of concern was the exclusion of kitchen equipment; under this list, kitchen equipment is considered soft capital and is not eligible for building renewal expenditure. If the Board is uncomfortable with this exclusion, staff recommends this be changed through a specific motion and vote of the Board.

Other changes include the clarification of repair as ‘major repair’ as referenced in statute, as opposed to preventative or routine maintenance. Clarification was also provided for additional security under Install New Fencing and Gates, Security System project as an appropriate expenditure and glass replacement as

an existing building system. Stage curtain replacement was removed as an inappropriate expenditure.

We had several questions about the prioritization of expenditures as outlined starting at the bottom of page 7. Prioritization number one states "Projects to comply with health, fire, or safety codes in non-academic space." This wording was taken directly from the statute that was established by the Legislature last year and is not a typo. Since the statute language can be confusing, if a district encounters a situation and is not sure how to prioritize their projects, we encourage them to contact the SFB for assistance with their specific circumstances.

Brooks Keenan expressed his thanks to those districts and representatives that provided comments and wondered if they had any issues with regard to the changes that were made during the policy review process.

Mr. Davidson stated that there were no requests to address the Board with regard to this agenda item. Mr. Arnold commented that the main issue is the definition of soft capital and that it would be surprising if that issue has been addressed to everyone's satisfaction. He also responded to the comment regarding SFB audit of the expenditures. The Auditor General does not audit building renewal expenditures. In fact, building renewal expenditures are excluded by law from all other audits school districts are required to go through. The SFB audit would be a unique review of those expenditures and is required by law. It is not a policy choice.

Frank Davidson commented that there would be other opportunities to make further changes to this policy since the Board is required to review each policy annually.

Brooks Keenan moved that the Board adopt the proposed changes to the Building Renewal Policy as recommended by staff. David Ortega seconded. The motion passed with a 6-0 voice vote.

XI. Future Agenda Items

There were no requests for future agenda items.

XII. Public Comment

There were no requests to address the Board.

XIII. Adjournment

There being no further business, Frank Davidson adjourned the meeting at approximately 11:00 A.M.

Approved by the School Facilities Board on June 5, 2008

Frank Davidson
Chair