

SCHOOL FACILITIES BOARD  
November 4, 2009  
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Capitol Building in Phoenix, Arizona. The meeting began at approximately 10:15 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chair, Dr. Frank Davidson	Al Flores, Vail Unified
Penny Allee Taylor	Michael Georgopapadacos, Sky Engineering
Tom Rushin	Cathy Rex, Southern AZ School Facilities Grp
David Ortega	Andrea Cabrera, Agua Fria Union
	Mary E. Hammonds, Agua Fria Union
<u>Members Present via Telephone</u>	Gary Gable, Agua Fria Union
Gary Marks	Andrea Chalmers, APS
<u>Members Absent</u>	<u>Staff Present</u>
Dr. Patricia Gober	Dean Gray, Executive Director
Vicki Salazar (non-voting member)	Kerry Campbell, Public Information Officer
	Debra Sterling, Attorney General's Office
<u>Vacant Board Positions</u>	Gerry Breuer, School Facilities Liaison
Private Business Owner Representative	Amber Peterson, School Finance Specialist
Engineer Representative	Jim Chang, Demographer
Teacher Representative	Sameer Pandey, School Facilities Liaison

- I. Call to Order  
Dr. Frank Davidson called the meeting to order at approximately 10:15 A.M.
  
- II. Roll Call  
There were a total of five voting Board Members present at this meeting. One of the five members, Gary Marks, was present via telephone.
  
- III. Consideration and possible vote to accept, reject or modify the Minutes of October 8, 2009  
Tom Rushin moved for approval of the Minutes. David Ortega seconded. The motion passed with a 5-0 voice vote.
  
- IV. Director's Report
  - a. John Arnold Farewell  
John Arnold was unable to attend today's Board meeting due to his new responsibilities as Director of OSPB. This item has been postponed to the December Board meeting.
  
  - b. Introduction of Dean Gray, Executive Director  
Dr. Frank Davidson congratulated Dean Gray on his appointment as Executive Director. Mr. Gray commented that working with John Arnold was always a pleasure and that throughout the years working at the SFB, he has always kept the interests of the taxpayers, the school facilities and the students as top priority and will continue to do so as Executive Director.

Tom Rushin commented that having worked with him over the years, he believes Mr. Gray to be the best person for the job of Executive Director.

c. Legislative/Budget Update

Dean Gray explained that this information was on last month's agenda, but was not reviewed by staff. Given the importance of the changes to statute, the information was put on today's agenda for review.

On September 4, 2009, the Governor signed a number of additional budget bills. One of these bills (HB 2011) has a number of provisions that impact the SFB New Construction Program.

Moratorium

The bill extends the new construction moratorium for FY 2010. However, similar to last year, the law asks the SFB to continue with the Capital Plan process and award projects pending future legislative appropriations.

Lease-to-Own

While the new construction moratorium remains in general effect, the Legislature also provided \$100 million in lease-to-own authority for the construction of new schools. Land acquisition and new construction funded from this authority are exempt from the moratorium. The authority must be issued through a new federal bonding program called Qualified School Construction Bonds. Under this program, the bond holder receives federal tax credits in lieu of interest.

SFB staff is meeting with qualifying districts to determine interest and construction timelines. Staff currently projects that the Board will issue the debt in February 2010.

Full-Day Kindergarten

The bill changes the new school construction formula requiring the SFB to consider all kindergarten students as ½ ADM. School districts that received new construction awards last year based on full-day kindergarten will be re-evaluated this year based on the new law. If they no longer qualify, the projects will be cancelled.

Inflation

The bill clarifies that the SFB may only change the legislatively approved new school construction formula for geographic and site conditions. The Board may no longer award increases for inflation.

Dr. Davidson asked whether projects that have been put on hold will only receive formula funding.

Mr. Gray affirmed that when funded, those projects that were put on hold will be restricted to the formula funding that was approved when the project was originally awarded and will only receive additional funding for geographic and site conditions, if applicable.

d. Consideration and possible vote to accept, reject or modify the Terms and Conditions for Building Renewal Grants and Solar Energy Grants

David Ortega asked about the Solar Energy Grants and if any cash rebates from utilities would be returned to the SFB. Mr. Gray responded that the cash rebates received would be returned to the grant fund, which staff will use to award additional solar energy projects.

David Ortega moved that the Board accept the Terms and Conditions for Building Renewal Grants and Solar Energy Grants. Tom Rushin seconded.

Dr. Davidson added that approval of these Terms and Conditions included the correction of a typographical error of the word 'Abandonment' under section 2.1 of the Building Renewal Grant Terms and Conditions. The motion passed with a 5-0 voice vote.

V. Consideration and possible vote to accept, reject or modify Requests for Land or Real Property Purchase

Dean Gray explained that in 2002, the SFB authorized Gilbert Unified to acquire a 5.495 acre site that was adjacent to 4 acres of district-owned land. The district originally planned to construct a school on the resulting 9.595 acre parcel. The site was a partial purchase and partial donation. Table 1 breaks out the cost of the site.

Table 1

	Acres	Cost
Donation*	5.235	\$99,694.83
Purchase	0.26	\$25,000.00
Total	5.495	\$124,694.83

\* Cost is the donation factor

In February of 2009, Gilbert Unified contacted SFB staff requesting advice on selling the entire parcel. The district had determined that due to shifting population, the site is no longer suitable as a school site. Gilbert Unified had identified a potential buyer and had also identified a new site that could be used as a replacement.

Staff informed the district that ARS §15-2041(F) requires that all proceeds associated with the sale of a property purchased by the SFB be returned to the State. Therefore, the value of the .26 acres had to be returned to the SFB.

Staff also advised the district that the statute is silent on donated property. The district proposed that it was replacing the existing site with a new site, and if the new site qualified as a school site, the district could petition the Board to accept the new site as a replacement of the donated acres, allowing the district to keep the \$99,694.83 donation factor.

The district has since entered escrow on the sale of the original property and the purchase of the new site. The district sold the original site for \$340,000 or \$34,435 per acre and thus must return \$9,213.12 to the SFB. The district has also completed all the standard Step III land acquisition requirements on the new site including appraisal and environmental surveys. Staff recommends that the new site qualifies as suitable for a school site.

David Ortega moved that the Board approve the following staff recommendations:

1. Board authorization for Gilbert Unified to sell the school site acquired under project number 070241000-9999-004L (Lindsey Ranch) returning \$9,213.12 of the proceeds to the School Facilities Board and using the balance of the proceeds to acquire 070241000-9999-017L, 13.81 acres of State Trust Land.
2. Board acceptance of 070241000-9999-017L as a replacement site for the acreage donated as part of 070241000-9999-004L.

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

VI. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests

Dean Gray reviewed each of the district's FY 2010 Capital Plan New Construction requests as presented in the board packet.

Penny Allee Taylor moved for Board approval of staff recommendations as listed below:

1. **Laveen Elementary (K-8): Change status** of previously-approved 009N to **ON HOLD**, projected to open in FY 14. **Conceptually approve** 010N and 011N for 1,000 students each to open in FY 16 and FY 17.
2. **Liberty Elementary (K-8): Deny** 004N to open in FY 13. **Conceptually approve** 004N, 005N, and 007N for 800 students each to open in FY 15, FY 16, and FY 18.
3. **Sahuarita Unified (K-8): Deny** 005N to open in FY 13. **Conceptually approve** 005N, 006N, and 012N for 600 students each to open in FY 14, FY 16, and FY 17.
4. **Sahuarita Unified (9-12): Approve** additional space to increase size of previously-approved 007N by 250 students. Funding will not be available until sufficient funds are available in the New School Facilities Fund.
5. **Vail Unified (K-5): Change status** of previously-approved 012N to **ON HOLD**, projected to open in FY 14. **Conceptually approve** 014N for 600 students to open in FY 16.
6. **Vail Unified (9-12): Approve** 015N for 713 students to open FY 12. Funding will not be available until sufficient funds are available in the New School Facilities Fund.

David Ortega seconded. The motion passed with a 5-0 voice vote.

VII. Consideration and possible vote to accept, reject or modify the Requests for Building Renewal Grant Funds

Dean Gray reviewed the balance of funding in the Building Renewal Grant fund and provided an explanation of each of the requests as presented in the board packet.

Tom Rushin moved for Board approval of staff recommendations as listed below:

1. Board approval of Building Renewal Grant funding for **Agua Fria Union** in the amount \$537,564 for the replacement of the fire alarm systems at Agua Fria and Millennium High Schools.
2. Board approval of Building Renewal Grant funding for **Chino Valley Unified** in the amount \$95,000 for the replacement of HVAC units at Del Rio Elementary School and Heritage Middle School.
3. Board approval of additional Building Renewal Grant funding for **Saddle Mountain Unified** in the amount \$91,061 for additional construction costs at the waste water treatment plant at the Tonopah High School.
4. Board approval of additional Building Renewal Grant funding for **St. David Unified** in the amount of \$32,198 for the reroofing of the administration/library building. This will bring the total awarded Building Renewal Grant funding for this project to \$77,198.

David Ortega seconded. The motion passed with a 5-0 voice vote.

VIII. Consideration and possible vote to accept, reject or modify the Requests for Emergency Deficiencies Corrections Funding

Dean Gray reviewed the balance of funding in the Emergency Deficiencies Corrections fund and provided an explanation of each of the requests as presented in the board packet.

David Ortega moved for Board approval of staff recommendations as listed below:

1. Board approval of Emergency Deficiencies Correction funding for **Paloma Elementary** in the amount of \$23,196 for a roof replacement, which includes an amount of \$2,108 for contingency that will only be used with SFB staff approval.
2. Board approval of Emergency Deficiencies Correction funding for **Pima Unified** in the amount of \$3,000 for the repair of the HVAC unit on the multi-purpose room at the junior/senior high school. This award includes \$256 in contingency that will only be used with SFB staff approval.

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

IX. Consideration and possible vote to accept, reject or modify the Solar Energy Grant Awards

Dean Gray explained that this is the second block of solar energy grant awards being presented to the Board. The first block of 15 school districts was presented at the October 8, 2009 Board meeting. The solar energy grant monies were designated by the Board to the smallest school districts in the State, limiting

each award to a 30KWdc system. Staff sent these districts a survey requesting information on their site and visited each school to evaluate the feasibility of a photovoltaic system. Presented today are the staff recommendations for seven school districts, totaling \$1.1 million. Added with last month's awards, the total awarded to date is approximately \$4 million. This represents the estimated cost of installing the recommended systems. The Double Adobe Elementary project differs from the other project awards in that it is for a solar water heating system as opposed to a solar photovoltaic system. We anticipate getting rebates from utility companies on several of these projects. Once received, the rebates will be put back into the grant fund and will be used to fund additional projects. A third block of awards for the balance of the \$5 million will be presented to the Board in the coming months. One caveat of today's Board action is that the awards are subject to approval of an environmental survey required by the National Environmental Policy Act (NEPA). The survey has been completed and approved by the US Department of Energy.

Penny Allee Taylor moved that the Board approve the following staff recommended solar energy grant awards, subject to approval of the NEPA survey:

District	District Size (sf)	Electricity Usage for FY09		Suggested KWdc Award (up to)	Estimated KWH Production	Estimated Cost Savings (in dollars)	Estimated Cost	
		KWH	Amount					
Hackberry ESD	16,556	117,644	\$22,823	30	54,000	\$10,476	\$240,000	
Kirkland ESD	10,452	98,058	\$16,051	30	54,000	\$8,839	\$240,000	
McNeal ESD	18,926	79,600	\$14,753	10	18,000	\$3,336	\$80,000	
Patagonia ESD	12,483	71,374	\$12,953	7	12,600	\$2,287	\$56,000	
Valentine ESD	14,460	84,000	\$14,000	30	54,000	\$9,000	\$240,000	
Yarnell ESD	16,999	101,040	\$15,526	30	54,000	\$8,298	\$240,000	
Total					246,600	\$42,236	\$1,096,000	
Awards 10/8/09								\$2,912,000
<b>Total of all awards to date:</b>								<b>\$4,018,000</b>

  

District	District Size (sf)	Electricity Usage for FY09		Suggested Solar Hot Water Award (Gallons)	Estimated KWH Savings	Estimated Cost Savings (in dollars)	Estimated Cost
		KWH	Amount				
Double Adobe ESD	8,772	80,500	\$14,938	80	7,920	\$1,470	\$10,000

David Ortega seconded. The motion passed with a 5-0 voice vote.

X. SFB Policy Changes

Dr. Davidson explained that due to legislative changes to statute SFB staff prepared the required changes to Policy III. SFB Capital Plans, which were presented to the Board last month for review. Staff posted the draft policy on the SFB website along with a call for public comment. Two comments were received and provided in the board packet. The final version of the policy is presented to the Board today for adoption.

Dean Gray added that the public comments received were incorporated into the language of the policy and that the last sentence of the first paragraph of section F.2. (shown below) is to be struck from the policy.

"Temporary reconfigurations of less than three years may be done without SFB approval."

Debra Sterling explained that statute requires school districts to request approval of grade reconfiguration except when they temporarily reconfigure for the purposes of new school construction. For anything outside this exemption, school districts must request approval in accordance with statute. The Board may establish policy regarding how these requests are processed, but cannot simply exempt school districts from requesting approval for grade reconfiguration when statute requires Board approval. Statute is very specific on this issue and provides the exemption only for new school construction and temporarily for less than one year.

Dr. Davidson expressed concern about the legislation that changes a kindergartner from one whole ADM to one-half, and the impact this will have on districts. The SFB may see more reconfiguration requests as a result of this change.

Tom Rushin suggested the development of an additional policy statement to provide school districts with guidance and more direction when dealing with grade reconfiguration and the requirements of statute.

David Ortega moved for approval of the modifications to policy III. SFB Capital Plans as recommended by staff, including the removal of the last sentence of the first paragraph of section F.2. Penny Allee Taylor seconded. The motion passed with a 5-0 voice vote.

XI. Future Agenda Items

There were no requests for future agenda items.

XII. Public Comment

Michael Georgopadakos of Sky Engineering addressed the Board regarding solar service agreements.

XIII. Adjournment

There being no further business, Dr. Frank Davidson adjourned the meeting at 10:52 A.M.

Approved by the School Facilities Board on December 2, 2009

Frank Davidson  
Chair