

SCHOOL FACILITIES BOARD
August 11, 2010
Phoenix, Arizona

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

<u>Members Present</u>	<u>Guests Present</u>
Dr. Frank Davidson, Chair	Bob Hasman, ConEdison Solutions
Tom Rushin, Vice-Chair	Tara Malloy, McCarthy
Gary Marks	Hector M. Encinas, Sunnyside USD
Dr. Patricia Gober	Patricia Ewanski, APS
Dr. Bill Johnson	Cathy Rex, So. AZ School Facilities Grp.
Penny Allee Taylor	Bob Young, Dysart USD
	Ed Mangan, Energy Design & Consulting
<u>Members Absent</u>	B.A. Golston, Kitchell
Vern Crow	Marcie Celaya, Avondale ESD
Eric Hafner	
Vicki Salazar (non-voting member)	
<u>Vacant Board Position</u>	
Teacher Representative	
<u>Staff Present</u>	
Dean Gray, Executive Director	
Kerry Campbell, Public Information Officer	
Debra Sterling, Attorney General's Office	
Amber Peterson, School Finance Specialist	
Sameer Pandey, School Facilities Liaison	
David Kennon, Assessment Specialist	

- I. Call to Order
Dr. Frank Davidson called the meeting to order at approximately 10:10 A.M.

- II. Roll Call
There were six (6) voting Board Members present at this meeting.

- III. Consideration and possible vote to accept, reject or modify the Minutes of June 23, 2010 and July 28, 2010
Tom Rushin made a motion for Board approval of the Minutes of June 23, 2010 and July 28, 2010. Gary Marks seconded. The motion passed with a 6-0 voice vote.

- IV. Director's Report
 - a. Board Resolution for \$100 million bond issuance
Debra Sterling explained to the Board that a typographical error in the Board Resolution for the \$100 million bond issuance has been corrected. The Arizona Law citation read 'Section 75'. The correct citation reads 'Section 6'. This agenda item was for information only. No Board action is required.

- b. Terms and Conditions – Emergency Deficiencies Corrections
Dean Gray described the proposed changes to the Emergency Deficiencies Corrections Terms and Conditions.

Gary Marks made a motion to accept the proposed changes to the Emergency Deficiencies Corrections Terms and Conditions. Dr. Patricia Gober seconded. The motion passed with a voice vote of 6-0.

- c. Update on Cave Creek USD et al v. Martin et al, Petition for Special Action in the Arizona Supreme Court

Debra Sterling explained to the Board that there has been a lawsuit filed in the Arizona Supreme Court by several school districts and educational associations challenging the inflation funding for school districts calculated by the legislature during the Seventh Special Session of the last legislative session in HB2008. The lawsuit asks the court to invalidate the bill. However, this bill also contains the authorization for the SFB to issue the \$60 million bond refunding and \$100 million bond for new school construction, which are completely unrelated to the inflation calculation and lawsuit. As a result, a supplemental has been added to the preliminary official statement for the bonds disclosing this lawsuit. This agenda item was for information only. No Board action is required.

- V. Consideration and possible vote to accept, reject or modify the Requests for Reduction of Square Footage

Dr. Patricia Gober asked what timeframe is used when calculating capacity and the need for new space. Amber Peterson explained that there used to be a three year window when considering requests for reduction of square footage, but due to changes in statute staff now looks out to fiscal year 2018 or eight years when projecting the need for new space.

Dr. Gober made a motion for Board approval of the following staff recommendations:

1. Board approval to remove the square footage of building 1001 at Catalina Foothills Alternative High School from the database for **Catalina Foothills Unified**.
2. Board approval to remove the square footage of buildings 1005 at Killip and 1008 at Knoles from the database for **Flagstaff Unified**.
3. Board approval to remove the square footage of building 1012 at Clarendon and buildings 1010 and 1011 at Solano from the database for **Osborn Elementary**.
4. Board approval to remove the square footage of building 1007 at Apache Elementary from the database for **Peoria Unified**.

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

- VI. New Construction Requests

- a. Consideration and possible vote to accept, reject or modify changes to a previously approved project

Dean Gray explained that the 100th Day ADM numbers became available during the time staff was re-evaluating the projections for the projects being included in the \$100 million bond issuance. The projections for Sunnyside Unified indicate that the previously awarded project should be decreased by 19 seats or 2,375 square feet. These more accurate projections were presented to JCCR and are being presented to the Board today for final approval.

Dr. Bill Johnson asked what the effect would be if the Board voted to leave the award as previously approved. Mr. Gray answered that unless there was overriding information that could be used in place of the 100th Day ADM number provided by the district to ADE, the SFB is required by statute and administrative code to use the 100th Day ADM in the analysis and calculations for new space. There is no latitude, even for 19 seats.

Dr. Davidson clarified that based on the SFB rules and the information provided to JCCR, the Board has an obligation to use accurate and current enrollment figures when approving an award. Dean Gray added that in his last presentation to JCCR he detailed the statutes and rules that establish the method by which capacity and projections are calculated. To deviate from this principle could create an issue.

Dr. Patricia Gober asked for an explanation of the award of space versus capacity. Amber Peterson explained that statute requires space for grades 9-12 to be awarded at 125 square feet per student; however, the school is not at or over capacity until there are only 94 square feet per student.

Mr. Hector Encinas, Chief Financial Officer of Sunnyside Unified, thanked the Board for their consideration of the district's position regarding the reduction of the new school award and explained that the district governing board understands the need to reduce the award as recommended by staff. He also expressed the district's appreciation for the urgent Board approval on July 28, 2010, of the Building Renewal Grant request to replace the chiller at Los Amigos Elementary. Prompt action by the Board allowed school to start on schedule and avoided any downtime.

Penny Allee Taylor made a motion for Board approval of staff recommendations as listed below:

1. **Revise** previously-approved **Sunnyside Unified** project 100212000-9999-004N to 9-12 space for 477 students, 59,625 square feet at \$167.05 per square foot, with a budget of \$9,960,356 and a new student capacity of 634 students.

Dr. Bill Johnson seconded. The motion passed with a 6-0 voice vote.

VII. Consideration and possible vote to accept, reject or modify Step I and II Request for Land or Real Property Purchase

Dean Gray reviewed the request from Yavapai Accommodation as presented in the Board packet.

Tom Rushin made a motion for Board approval of Steps I and II for **Yavapai Accommodation** land project number 130199000-9999-004L, and approval to proceed with Step III, including a budget of \$33,000 for due diligence expenditures and closing costs. The \$33,000 budget approval is contingent upon the successful issuance of the \$100 million in bonds. Gary Marks seconded. The motion passed with a 6-0 voice vote.

VIII. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests

Dean Gray reviewed the balance of the Building Renewal Grant fund, explaining that if today's recommendations are approved by the Board the available balance is \$541,001. Staff continues working to close projects and make recognized savings and unspent monies available for new projects.

Mr. Gray provided a brief review of the Building Renewal Grant requests as presented in the Board packet.

Dr. Bill Johnson made a motion for Board approval of the following staff recommendations:

1. Board approval that **Bouse Elementary** be awarded \$28,000 in Building Renewal Grant funds for the installation of an arsenic filtering system. This amount includes \$4,697 in contingency that will only be used with SFB staff approval.
2. Board approval that **Dysart Unified** be awarded \$56,690 in Building Renewal Grant funds for the Energy Star coating and repair of 30,600 square feet of roof at Dysart High School.
3. Board approval that **Santa Cruz Valley Union** be awarded an additional \$2,500 in Building Renewal Grant funding to complete the repair of the canopy attachments. The additional funds will bring the total project cost to \$12,500.
4. Board approval that **Sunnyside Unified** be awarded \$400,000 in Building Renewal Grant funds for the replacement of central plant cooling towers and boilers.

Tom Rushin seconded. The motion passed with a 6-0 voice vote.

IX. ARRA Energy Grant Awards

a. Consideration and possible vote to accept, reject or modify the Energy Efficiency Grant Awards

Dean Gray explained that with final funding awards based on Investment Grade Audits that are lower than original estimates and the cancellation of a couple projects, the balance of the Energy Efficiency Grant funding is being distributed to districts that are next in the ranking and still qualify for funding.

Gary Marks made a motion for Board approval of the staff recommendation for an Energy Efficiency Grant award for the following school district, subject to approval of the environmental survey required by the National Environmental Policy Act.

◆ Sahuarita Unified

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

b. Consideration and possible vote to accept, reject or modify final award of Energy Efficiency Grants

Dean Gray provided a brief synopsis of the grant program to date.

Gary Marks asked for an explanation of the difference between the information shown in the left and right columns as presented in the Board packet.

Sameer Pandey explained that the information in the left column was the proposed estimate submitted by the district in their original grant application. The information in the right column shows project cost and estimated savings based on the Investment Grade Audit. While the project cost may have gone up or down slightly, the ARRA Requested amount remains at 30 percent of the IGA Total Project Cost up to \$1 million.

Gary Marks made a motion for Board approval of the following staff recommendations:

1. **Chino Valley Unified – 130251000-9999-001EFF**

Chino Valley High

Project Scope: Lighting upgrade, HVAC Upgrade

Total Project Costs:	\$946,878	IGA Total Project Costs	\$1,052,566
Recommended Award:	\$284,063	ARRA Requested:	\$315,770
District Funds:	\$662,815	District Funds:	\$736,796
Estimated Savings per year:	\$68,171	Guaranteed Savings per year:	\$70,724
		Payback	14.8 years
		Contingency:	\$9,473
		Commissioning:	\$11,000

2. **Higley Unified – 070260000-9999-001EFF**

4 Schools

Project Scope: Lighting upgrade, Lighting control, HVAC upgrade, Demand Control Ventilation, Economizer

Total Project Costs:	\$1,635,939	IGA Total Project Costs	\$1,709,307
Recommended Award:	\$490,782	ARRA Requested:	\$512,792
District funds:	\$1,145,157	District Funds:	\$1,196,515
Estimated Savings per year:	\$153,855	Guaranteed Savings per year:	\$153,855
		Payback:	11 years
		Contingency:	\$15,384
		Commissioning:	\$0

3. **Queen Creek Unified – 070295000-9999-001EFF**

6 Schools, District Building
Project Scope: Lighting upgrade, HVAC upgrade, HVAC control, Demand Control Ventilation, Retro-commissioning

Total Project Costs:	\$2,829,879	IGA Total Project Costs	\$3,132,531
Recommended Award:	\$848,964	ARRA Requested:	\$939,759
District Funds:	\$1,980,915	District Funds:	\$2,192,773
Estimated Savings per year:	\$231,334	Guaranteed Savings per year:	\$227,672
		Payback:	13.7 years
		Contingency:	\$28,193
		Commissioning:	\$14,000

4. **Sahuarita Unified – 100230000-9999-004EFF**

Sahuarita Primary School
Project Scope: Lighting upgrade, HVAC upgrade, HVAC control

Total Project Costs:	\$125,629	IGA Total Project Costs	\$183,625
Recommended Award:	\$37,689	ARRA Requested:	\$55,088
District Funds:	\$87,940	District Funds:	\$128,537
Estimated Savings per year:	\$11,927	Guaranteed Savings per year:	\$23,465
		Payback:	7.8 years
		Contingency:	\$1,653
		Commissioning:	\$0

5. **Sierra Vista Unified – 020268000-9999-001EFF**

11 Schools, District Building
Project Scope: Lighting upgrade, HVAC upgrade, HVAC control, Computer Power Management

Total Project Costs:	\$1,342,512	IGA Total Project Costs	\$1,368,517
Recommended Award:	\$402,754	ARRA Requested:	\$410,555
District Funds:	\$946,758	District Funds:	\$957,962
Estimated Savings per year:	\$212,185	Guaranteed Savings per year:	\$223,222
		Payback:	6 years
		Contingency:	\$12,317
		Commissioning:	\$15,200

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

c. Consideration and possible vote to accept, reject or modify adjustments to final award of Energy Efficiency Grants from May 12, 2010

Dean Gray explained the adjustments for commissioning costs and contingency as presented in the Board packet.

Tom Rushin made a motion for Board approval of the adjustments as recommended by staff:

1. **Crane Elementary – 140413000-9999-001EFF**

10 Schools

Project Scope: Lighting upgrade, HVAC upgrade

Total Project Costs:	\$1,918,459	IGA Total Project Costs	\$1,973,008
Recommended Award:	\$575,538	ARRA Requested:	\$591,902
District funds:	\$1,342,921	District funds:	\$1,381,106
Estimated Savings per year:	\$234,769	Guaranteed Savings per year:	\$260,805
		Payback	7.6 years
		Contingency:	\$17,757
		Commissioning:	\$14,500

2. **Gilbert Unified – 070241000-9999-001EFF**

5 Schools

Project Scope: Lighting upgrade, Lighting control, HVAC upgrade & control, Variable frequency drives

Total Project Costs:	\$737,723	IGA Total Project Costs	\$1,009,183
Recommended Award:	\$221,317	ARRA Requested:	\$302,755
District Funds:	\$516,406	District Funds:	\$706,428
Estimated Savings per year:	\$82,518	Guaranteed Savings per year:	\$84,127
		Payback	12 years
		Contingency:	\$9,083
		Commissioning:	\$9,720

3. **Isaac Elementary – 070405000-9999-001EFF**

17 Schools and District Office

Project Scope: Lighting upgrade, HVAC upgrade & control, Computer power management

Total Project Costs:	\$3,359,648	IGA Total Project Costs	\$3,411,757
Recommended Award:	\$1,000,000	ARRA Requested:	\$1,000,000
District Funds:	\$2,359,648	District Funds:	\$2,411,757
Estimated Savings per year:	\$333,831	Guaranteed Savings per year:	\$304,693
		Payback	11 years
		Contingency:	\$0
		Commissioning:	\$25,000

4. **Marana Unified – 100206000-9999-001EFF**

Mountain View High School

Project Scope: Lighting upgrade, Lighting control, HVAC upgrade & control, Demand control ventilation, Motor/Pump replacement, Water heater replacement, Boiler replacement, Plate & Frame Heat Exchanger, Variable frequency drives

Total Project Costs:	\$2,318,457	IGA Total Project Costs	\$2,267,033
Recommended Award:	\$695,537	ARRA Requested:	\$680,110
District Funds:	\$1,622,920	District Funds:	\$1,586,923
Estimated Savings per year:	\$184,090	Guaranteed Savings per year:	\$147,050
		Payback	15.5 years
		Contingency:	\$20,403
		Commissioning:	\$6,100

5. **Mesa Unified – 070204000-9999-001EFF**

(6 schools)

(downsized to 4 schools)

Project Scope: HVAC control

Total Project Costs:	\$869,412	IGA Total Project Costs	\$389,422
Recommended Award:	\$260,824	ARRA Requested:	\$116,827
District Funds:	\$608,588	District Funds:	\$272,596
Estimated Savings per year:	\$258,487	Estimated Savings per year:	\$73,909
		Payback	5.3 years

Contingency:	\$3,505
Commissioning:	\$0

6. **Roosevelt Elementary - 070466000-9999-001EFF**

19 Schools

Project Scope: Lighting upgrade, Lighting control, HVAC upgrade, HVAC control

Total Project Costs:	\$2,179,323	IGA Total Project Costs	\$2,352,697
Recommended Award:	\$653,797	ARRA Requested:	\$705,809
District Funds:	\$1,525,526	District Funds:	\$1,646,888
Estimated Savings per year:	\$275,500	Guaranteed Savings per year:	\$304,307
		Payback	7.8 years
		Contingency:	\$21,174
		Commissioning:	\$39,975

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

d. Consideration and possible vote to accept, reject or modify cancellation of Energy Efficiency Grant Awards

Dean Gray explained that Catalina Foothills Unified and Florence Unified have requested cancellation of their Energy Efficiency Grants as presented in the Board packet.

Penny Allee Taylor made a motion for Board approval of cancellation of the **Catalina Foothills Unified** Energy Efficiency Grant, project number 100216000-9999-001EFF, for the re-lamping of Sunrise Drive Elementary and the **Florence Unified** Energy Efficiency Grant, project number 110201000-9999-001EFF, for lighting upgrade, lighting control, HVAC upgrade, HVAC control, solar water heater, and energy recovery at 10 schools. Dr. Bill Johnson seconded. The motion passed with a 6-0 voice vote.

X. Preventative Maintenance Inspection Reports

a. Consideration and possible vote to accept, reject or modify Preventative Maintenance Inspection Reports

Dean Gray commented that districts are increasingly relying on SFB staff expertise and follow-up with regard to Preventative Maintenance Inspections as well as the 5-Year Assessments.

Dr. Bill Johnson made a motion for Board approval of the Preventative Maintenance Inspection Reports for **Chino Valley Unified and Littleton Elementary** as recommended by staff. Dr. Patricia Gober seconded. The motion passed with a voice vote of 6-0.

b. Consideration and possible vote to accept, reject or modify the random selection for a Preventative Maintenance Inspection

Gary Marks made a motion for Board approval of the random selection of **Fountain Hills Unified and Nadaburg Unified** for a Preventative Maintenance Inspection as recommended by staff. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

XI. Future Agenda Items

Dr. Patricia Gober asked for a study session regarding Building Renewal Grants.

XII. Public Comment

No request for Public Comment was received.

XIII. Adjournment

There being no further business, Dr. Davidson adjourned the meeting at 10:55 A.M.

Approved by the School Facilities Board on September 1, 2010

Frank Davidson
Chair