

SCHOOL FACILITIES BOARD
November 14, 2012
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Archives Building in Phoenix, Arizona. The meeting began at approximately 10:00 A.M.

| | |
|-------------------------------|--|
| <u>Members Present</u> | <u>Guests Present</u> |
| Tom Rushin, Interim Chair | Ralph Moran, Santa Cruz Valley UHSD |
| Dr. Jeff Smith | Todd Poer, Payson USD |
| Gary Marks | Kevin Allen, Sacaton ESD |
| Vern Crow | Michael Williams, OSPB |
| Eric Hafner – via telephone | Bill Close, ART |
| Jennifer Stielow | |
| | <u>Staff Present</u> |
| <u>Members Absent</u> | Dean Gray, Executive Director |
| Dr. Bill Johnson | Phil Williams, Deputy Director |
| Stacey Morley | Kerry Campbell, Public Information Officer |
| | Debra Sterling, Attorney General's Office |
| <u>Vacant Board Positions</u> | Dan Demland, Architect |
| Demographer Representative | Gerry Breuer, Facilities Liaison |
| Teacher Representative | Angela Cade, Fiscal Services Manager |
| | Pat Cruse, Facilities Liaison |

- I. Call to Order
Interim Chairman Tom Rushin called the meeting to order at approximately 10:00 A.M.

- II. Roll Call
There were six (6) voting Board Members present at the start of the meeting. Eric Hafner was only available for a short time and left the meeting after the vote on Oracle Elementary. Five (5) voting Board Members were present for the balance of the meeting.

The Board took the following agenda item out of order. Vern Crow recused himself from the Board at this time.

- VI. Building Renewal Grant Requests
 - c. Consideration and possible vote to accept, reject or modify Building Renewal Grant requests
Dean Gray gave a brief description of Oracle Elementary's request as presented in the Board packet.

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

Board approval of the staff recommendation that **Oracle Elementary** be awarded an additional \$14,540 in Building Renewal Grant funding for the replacement of the existing hot water storage tank at Mountain Vista Elementary (project number 110302102-1003-004BRG). This will bring the

project total including design to \$20,580. Contingency funding will only be used with SFB staff approval.

Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

Vern Crow rejoined the Board and Eric Hafner left the Board Meeting at this time.

III. Consideration and possible vote to accept, reject or modify the Minutes of October 3, 2012

Vern Crow made a motion for Board approval of the Minutes of October 3, 2012. Gary Marks seconded. The motion passed with a voice vote of 5-0.

IV. Consent Agenda

a. Consideration of FY 2013 3-Year Building Renewal Plans

Jennifer Stielow made a motion for Board approval of the FY 2013 3-Year Building Renewal Plans as presented in the Board packet. Vern Crow seconded. The motion passed with a voice vote of 5-0.

b. Consideration of FY 2013 3-Year Building Renewal Plans

Gary Marks made a motion for Board approval of the FY 2013 3-Year Building Renewal Plan for **Laveen Elementary** as presented in the Board packet. Vern Crow seconded. The motion passed with a voice vote of 5-0.

V. Director's Report

a. Policy Review

Dean Gray gave a brief description of the proposed changes to the Preventative Maintenance Policy and explained that they have been posted on the SFB website for public comment since the last Board meeting. No comments were received.

Gary Marks made a motion for Board approval of the staff recommended changes to the Preventative Maintenance Policy as presented in the Board packet. Vern Crow seconded. The motion passed with a voice vote of 5-0.

b. A.R.S. §15-1107 Litigation Accounts

Dean Gray explained the statute and the implications it may have on the SFB's ability to recover funds awarded to districts.

Vern Crow commented that there could be no recovery of the recovery. Mr. Gray affirmed Mr. Crow's comment, adding that the statute is very clear.

Gary Marks asked in a case like Casa Grande Elementary's where a loss is not covered by insurance what other avenues are available to recover the cost of the repair. Dean Gray explained the different types of insurance that cover construction and losses. With regard to Casa Grande Elementary's request to repair a chiller loop, this repair needs to be performed as soon as possible as the failure causes the school to fall below the minimum guidelines; it cannot wait for the resolution of litigation which could take years.

Gary Marks asked if the SFB could seek restitution directly from the builder or vendor. Debra Sterling explained that the law does not allow for the SFB to

sue or to be sued. The Board is a non-jural entity. However, under A.R.S. §15-2041(L) the Board has the authority to establish an account in the new school facilities fund designated as the litigation account to pay attorney fees, expert witness fees and other costs associated with litigation in which the school facilities board pursues the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects that the school facilities board believes caused or contributed to a failure of the school building to conform to the minimum guidelines. To date, the SFB has not used this statutory authority. During the Deficiencies Correction Program, the SFB was issuing its own contracts and could utilize this authority; but in the case of new construction, the SFB does not issue the contracts. The contracts are held by the district and the vendor.

Dean Gray added that there is an annual report on the litigation account, but there have never been any monies in the account. There is some question as to where monies would come from to fund any potential litigation. Currently, there is no budget to allow for even minimal potential litigation. However, when poor design or construction is discovered, the SFB looks to the designers and the contractors who generally stand behind their work and make the necessary corrections because they want the district's business.

Vern Crow asked if the SFB, by the mere fact that the Board is providing public funding, is party to the contract and has some fiduciary responsibility to recover those funds. Ms. Sterling replied that she is unable to fully answer Mr. Crow's question at this time and asked if this could be discussed at a future Board meeting.

c. Upcoming Board Meetings

Dean Gray explained that initially staff recommended the next couple of Board meetings be held on December 12, 2012 and January 9, 2013, but due to the tabling of some of the Building Renewal Grant requests to be discussed later in the agenda, staff recommends keeping the original Board meeting date of December 5, 2012. However, due to the New Year Holiday, staff recommends holding the January meeting on January 9, 2013.

Vern Crow made a motion for Board approval of the staff recommendation to hold the January Board meeting on January 9, 2013. Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

VI. Building Renewal Grant Requests

a. Consideration and possible vote to ratify the Executive Director's awards of Building Renewal Grant funds as authorized by the Board motion approved on June 6, 2012, Director's Report, Agenda Item V.c. (up to \$50,000 for project award)

Dean Gray reviewed the balance of the Building Renewal Grant fund. Some district requests will be pulled from today's agenda effectively changing the available balance. An updated balance will be provided at the next Board meeting. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray then provided a brief explanation of Laveen Elementary's request as presented in the Board packet.

Vern Crow made a motion for Board approval of the following staff recommendation:

Board ratification that **Laveen Elementary** be awarded \$723 in Building Renewal Grant funding for the replacement of the 5-ton a/c compressor and filter at Desert Meadows Elementary (project number 070459106-1003-005BRG).

Gary Marks seconded. The motion passed with a voice vote of 5-0.

- b. Consideration and possible vote to ratify the Executive Director's awards of Building Renewal Grant funds as authorized by the Board motion approved on June 6, 2012, Director's Report, Agenda Item V.c. (up to \$50,000 for project award)

Dean Gray provided a brief explanation of the district requests as presented in the Board packet.

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

1. Board ratification that **Cedar Unified** be awarded \$2,154 in Building Renewal Grant funding for the repair of the existing emergency generator at Jeddito School (project number 090225001-1020-005BRG).
2. Board ratification that **Douglas Unified** be awarded \$8,370 in Building Renewal Grant funding for the replacement of the cornice at Ray Borane Middle School (project number 020227108-1001-002BRG).
3. Board ratification that **Nogales Unified** be awarded \$480 in Building Renewal Grant funding for the replacement of the 3/4 –ton compressor and condenser fan motor at Robert Bracker Elementary (project number 120201103-1001-005BRG).

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

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

Dean Gray provided a brief explanation of the district requests as presented in the Board packet. He asked the Board to table the requests from Toltec Elementary and Tombstone Unified and explained that the requests from Snowflake Unified, Superior Unified and Tolleson Elementary were not on the agenda and will be brought to the Board at the next meeting.

Jennifer Stielow asked about Clifton Unified and how many students attend Laugharn Elementary. Mr. Gray replied that he was unsure of the exact number. Staff member Gerry Breuer added that the number of students was 147.

Ms. Stielow asked about Clifton Unified's balance of unencumbered Building Renewal funds and if these funds would be applied to their project requests. Mr. Gray answered that the Building Renewal funds would not be applied to the project requests and explained that the Building Renewal Grant statute

does not address the use of unencumbered Building Renewal funds. In Clifton Unified's case, the minimal balance of Building Renewal funds would be useful in the need of a repair not covered by insurance and for day-to-day operations.

Ms. Stielow pointed out that another district on the agenda also has a balance of unencumbered Building Renewal, adding that staff looks at the balance, but does not apply it when making a recommendation to the Board for Building Renewal Grant funding. Mr. Gray explained that the SFB does not have the authority to ask the district to spend Building Renewal monies. Statute does not address the use of Building Renewal funds when requesting Building Renewal Grant funds. These are two separate statutes.

Ms. Stielow explained that she thought funding of the Building Renewal Grant fund was to make up for not funding Building Renewal, that the monies are used for the same purposes but originate from different funds and asked for clarification. Mr. Gray explained that districts are allowed more latitude with Building Renewal funding than is allowed with Building Renewal Grant funding. Building Renewal Grants are restricted solely to maintaining the minimum guidelines. Districts may use Building Renewal for primary or secondary projects throughout the district. Building Renewal Grant funds may not be used in this way. While districts could volunteer to apply their Building Renewal funds to a Building Renewal Grant request, the SFB does not have the statutory authority to require them to do so.

Ms. Stielow asked if statutory authority would be required for the SFB to require a district to expend all of their Building Renewal funds before requesting Building Renewal Grant funding. Mr. Gray affirmed Ms. Stielow's question, adding that not many districts have balances of unencumbered Building Renewal funds.

Ms. Stielow asked about the difference between the request submitted by Page Unified and the staff recommendation. Mr. Gray explained that staff sometimes receives district requests that are for more than what is needed or required. Staff conducts site visits to make the determination of the staff recommendation and often finds requests are covered by warranty or that vendors recommend replacing rather than repairing.

Ms. Stielow clarified that the low bid for Page Unified was adjusted for the replacement of only those shingles that need to be replaced. Mr. Gray affirmed Ms. Stielow's question.

Gary Marks asked about the variances in fees for architectural services. Mr. Gray responded that fees may be affected by the amount of engineering required or the location of the project. Procurement rules do not allow low bidding for professional services; rather, the professional's qualifications are compared. Sometimes staff will recommend that a district choose the next qualified professional when fees appear to be exceedingly high.

Vern Crow made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Casa Grande Elementary** be awarded an additional \$151,200 in Building Renewal Grant funding for the construction administration and the repair of the existing boiler plant and installation of an additional boiler at Cactus Middle School (project number 110404000-9999-003BRG) for a project total of \$161,200. This includes \$25,200 in contingency that will only be used with SFB staff approval.
2. Board approval of the staff recommendation that **Casa Grande Elementary** be awarded additional Building Renewal Grant funding in the amount of \$41,697 (\$31,100 for the replacement of one failed lift station pumps, \$6,807 for engineering) for the repair of the sewer lift station at Casa Grande Middle School (project number 110404106-9999-004BRG). This includes \$3,790 in contingency that will only be used with SFB staff approval. This brings the total project cost to \$56,697.
3. Board approval of the staff recommendation that **Casa Grande Union** be awarded an additional \$825,000 in Building Renewal Grant funding for the repair of the exterior elevations at Casa Grande Union High School (project number 110502001-9999-003BRG). This will bring the project total to \$834,700. The award includes \$75,000 in contingency funds that will only be used with SFB staff approval.
4. Board approval of the staff recommendation that **Casa Grande Union** be awarded additional Building Renewal Grant funding in the amount of \$820,994 for the replacement of the roofs at Casa Grande High School (project number 110502001-999-005BRG). This will bring the project total to \$837,694 which includes \$75,000 in contingency that will only be used with SFB staff approval.
5. Board approval of the staff recommendation that **Clifton Unified** be awarded \$18,000 in Building Renewal Grant funding for replacement of ten cooling units in Building 1001 at Laugharn Elementary. This includes \$3,070 in contingency that will only be used with SFB staff approval.
6. Board approval of the staff recommendation that **Clifton Unified** be awarded \$129,700 in Building Renewal Grant funding for the replacement of the roof on wings 200 and 400 of Building 1001 and the coating of the foam roof at the gym and replacement of the gutters and downspouts on Building 1003 at Laugharn Elementary. This includes \$4,000 for a structural evaluation and \$8,342 in contingency that will only be used with SFB staff approval.
7. Board approval of the staff recommendation that **Colorado River Union** be awarded \$40,000 in Building Renewal Grant funding for the investigation, contract administration and correction of the electrical safety issues at Mohave High School. This includes \$7,360 in contingency that will only be used with SFB staff approval.
8. Board approval of the staff recommendation that **Cottonwood-Oak Creek Elementary** be awarded \$20,000 (not to exceed) in Building Renewal Grant funding for the roof repairs to the Cottonwood Middle

School gymnasium Building 1005. This amount includes \$5,500 in contingency that will only be used with SFB staff approval.

9. Board approval of the staff recommendation that **Fredonia-Moccasin Unified** be awarded Building Renewal Grant funding in the amount of \$90,000 for the replacement of the fire alarm system on five buildings at Fredonia High School. This amount includes \$5,332 in contingency that will only be used with SFB staff approval.
10. Board approval of the staff recommendation that **Liberty Elementary** be awarded \$7,440 in Building Renewal Grant funding for the repair of two 15-ton air conditioning units on Building 1002 (gymnasium and cafeteria) at Liberty Elementary School.
11. Board approval of the staff recommendation that **Mohawk Valley Elementary** be awarded \$13,115 in Building Renewal Grant funding for the replacement of the existing air conditioner on the library (Building 1005) and an air conditioner unit and electrical panel on the special education classroom (Building 1002) at Mohawk Valley Elementary School.
12. Board approval of the staff recommendation that **Nogales Unified** be awarded \$18,100 in Building Renewal Grant funding for the civil engineering to prevent storm water from flooding classrooms at Lincoln Elementary.
13. This motion was approved earlier in the agenda.
14. Board approval of the staff recommendation that **Page Unified** be awarded \$75,000 in Building Renewal Grant funding for the reroofing of Building 1001 at Page Middle School. This includes \$1,146 for the structural analysis and \$9,854 in contingency that will only be used with SFB staff approval. The district is contributing \$25,000 to the project cost, for a total budget of \$100,000.
15. Board approval of the staff recommendation that **Paloma Elementary** be awarded \$40,000 in Building Renewal Grant funding for the roof repairs on Building 1002 at Kiser Elementary. This includes \$9,550 for the architectural services and structural analysis and \$5,450 in contingency that will only be used with SFB staff approval.
16. Board approval of the staff recommendation that **Paloma Elementary** be awarded \$6,500 in Building Renewal Grant funding for the architectural redesign of the kitchen storage/electrical panel room for safe access to the electrical panel in Building 1002 at Kiser Elementary.
17. Board approval of the staff recommendation that **Peach Springs Unified** be awarded \$14,000 in Building Renewal Grant funding for the replacement of seven exterior doors and hardware at Peach Springs Elementary. This includes \$3,211 in contingency that will only be used with SFB staff approval.

18. Board approval of the staff recommendation that **Prescott Unified** be awarded Building Renewal Grant funding in the amount of \$140,000 for the design and reroofing of Building 1001 at Taylor Hicks Elementary. This amount includes \$15,000 for architectural services, \$113,150 for the estimated cost of re-roofing and \$11,850 in contingency that will be only used with SFB staff approval.
19. Board approval of the staff recommendation that **Sacaton Elementary** be awarded \$9,575 in Building Renewal Grant funding to retain the services of an architect to prepare a proposal for design, construction documents and construction administration for the replacement of the roofs on Building 1013 and the flat roof area of the cafeteria Building 1012 at Sacaton Middle School.
20. Board approval of the staff recommendation that **Santa Cruz Valley Union** be awarded \$3,900 in Building Renewal Grant funding for engineering services for the sewer line replacement at Santa Cruz Valley Union High School.

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

d. Consideration and possible vote to accept, reject or modify denial of Building Renewal Grant Requests

Dean Gray provided a brief explanation of the staff recommendations as presented in the Board packet.

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

1. Board approval of the staff recommendation that **Peoria Unified's** request for Building Renewal Grant funding for replacement of roof top package units with a central plant system at Desert Harbor Elementary be **denied** because the existing system appears to meet the minimum school facility adequacy guidelines.
2. Board approval of the staff recommendation that **Peoria Unified's** request for Building Renewal Grant funding to replace the central plant system at Ironwood High School be **denied** because it appears the existing system meets the minimum school facility adequacy guidelines.

Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

VII. Emergency Deficiencies Correction Requests

a. Consideration and possible vote to ratify the Executive Director's awards of Emergency Deficiencies Correction funds as authorized by SFB Policy VI. Emergency Projects, subsection B (up to \$30,000 for investigation)

Dean Gray reviewed the balance of the Emergency Deficiencies Correction fund. If today's recommendations are approved by the Board the remaining balance would be \$289,283. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray then provided a brief explanation of the staff recommendations as presented in the Board packet.

Mr. Gray explained his error in authorizing funding for this request as it does not qualify as an investigation as intended by the authority spelled out in policy.

Jennifer Stielow asked if the district's request would qualify for funding through the Department of Environmental Quality. Mr. Gray asked for direction from Vern Crow to answer Ms. Stielow's question. The district's request would not meet the qualifications of the Super Fund. The request may qualify for federal funding, but there is a waiting list that could take years.

Vern Crow made a motion for Board approval of the following staff recommendation:

Board ratification that **Amphitheater Unified** be awarded \$7,605 (not to exceed) in Emergency Deficiencies Correction funding for repair and cleanup of a leaking underground storage tank at the district's Transportation facility (project number 10021004D-1001-001EP).

Gary Marks seconded. The motion passed with a voice vote of 5-0.

b. Consideration and possible vote to accept, reject or modify requests for Emergency Deficiencies Correction funds

Dean Gray provided a brief explanation of the staff recommendation as presented in the Board packet.

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

Board approval that **Payson Unified** be awarded additional Building Renewal Grant funding in the amount of \$6,246 to complete the building code upgrades required by the Town of Payson on the replacement of the gymnasium roof structure at Payson High School (project number 040210000-9999-004EP). This would bring the total project award to \$1,315,105.

Vern Crow seconded. The motion passed with a voice vote of 5-0.

VIII. Future Agenda Items

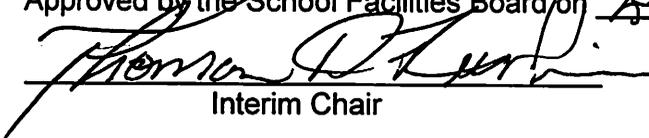
Dean Gray announced that no food or refreshments are allowed in the Archives Building.

IX. Public Comment

No requests for public comment were received.

X. Adjournment

There being no further business, Tom Rushin adjourned the meeting at approximately 11:10 A.M.

Approved by the School Facilities Board on December 17, 2012

Interim Chair