

SCHOOL FACILITIES BOARD
June 26, 2013
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Capitol Building in Phoenix, Arizona. The meeting began at approximately 10:05 A.M.

<u>Members Participating via Telephone</u>	<u>Guests Present</u>
Tom Rushin, Interim Chair	Sean Mulvanny, FMG
Jennifer Stielow	Steven Zelasko, FMG
Dru Barisich	Marvene Lobato, Fowler ESD
	Dr. Tommie Yazzie, Red Mesa USD
<u>Members Present</u>	
Edward Boot	<u>Staff Present</u>
Bryan Peltzer	Dean Gray, Executive Director
	Phil Williams, Deputy Director
<u>Members Absent</u>	Kerry Campbell, Public Information Officer
Dr. Jeff Smith	Debra Sterling, Attorney General's Office
Vern Crow	Angela Cade, Fiscal Services Manager
Traci Sawyer-Sinkbeil	Pat Cruse, School Facilities Liaison
Ward Simpson	Yujun Mei, Demographer
Stacey Morley	

I. Call to Order

Interim Chairman Tom Rushin called the meeting to order at approximately 10:05 A.M.

II. Roll Call

There were three (3) voting Board Members participating via telephone and two (2) voting Board Members present.

III. Consideration and possible vote to accept, reject or modify the Minutes of June 5, 2013

Dru Barisich made a motion for Board approval of the Minutes of June 5, 2013. Edward Boot seconded. The motion passed with a voice vote of 5-0.

IV. Director's Report

a. Budget Update

Dean Gray provided a brief explanation of the budget that was passed and signed by the Governor on June 17, 2013. Included in the budget for FY 2014 was \$672,000 for new school facilities for Benson Unified and Thatcher Unified, as well as \$14 million for Building Renewal Grants.

Tom Rushin clarified that the supplemental amount of \$11,332,100 was included in the appropriation for a total of \$14 million.

Edward Boot asked for the square footage of the Benson Unified and Thatcher Unified new school awards. Mr. Gray did not have this information immediately available, but explained that they are both relatively small. The information is available on the SFB website.

Mr. Boot asked what happens in the event the \$14 million for Building Renewal Grants is depleted. Mr. Gray explained that we would first request a supplemental appropriation. Second, in anticipation of a supplemental appropriation, staff would recommend Board approval of projects contingent upon the appropriation. Third, in the event the Building Renewal Grant request also meets the criteria for Emergency Deficiencies Corrections funding, staff would recommend funding the project as an Emergency. If there are not enough Emergency funds, there is the option of invoking A.R.S. §15-907.

b. FY 2013 Demographic Report

Dean Gray gave a brief explanation of the FY 2013 Demographic Report as presented in the Board packet.

Bryan Peltzer asked if we anticipate a population increase in certain areas of the State that would result in a need for new schools. Mr. Gray answered that there are certain areas of the State experiencing population growth which is affecting particular school districts. Arizona is a very good place to live with a tax structure that is receptive to business. There are still a lot of empty seats, but we look at school districts individually. Those currently growing are typically in suburban areas.

c. Policy Review – VI. Emergency Projects

Dean Gray provided a brief explanation of proposed changes to the Emergency policy. These changes are a result of the authority the Board delegated on June 5, 2013 to the Executive Director to award up to \$50,000 in Emergency Deficiencies Correction funding when it is determined a request requires immediate action so that the school district can immediately begin to correct the emergency. He requested changing 'deficiency' to 'emergency' on the second line of the proposed text.

Debra Sterling requested deleting 'and maintain the adequacy of the school facility' on the third line of the proposed text.

Mr. Gray added that staff will wordsmith the proposed changes and present the finalized proposed changes to the Board for action at the August Board Meeting. Mr. Gray reminded the Board that Emergency Deficiencies Correction funding may be used on any district facility, while Building Renewal Grant funding is restricted to academic space.

Tom Rushin asked if the proposed changes would be posted to the SFB website for public comment before being presented to the Board in August. Mr. Gray affirmed that the changes will be posted for public comment as required. He added that all comments and questions received during the comment period will be presented to the Board.

V. Building Renewal Grant Requests

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

Dean Gray reviewed the balance of the Building Renewal Grant fund. If today's recommendations are approved by the Board the remaining balance would be \$7,233. The Current Building Renewal Grant Requests that are pending total

\$14,344,035. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. He then provided a brief description of the requests as presented in the Board packet.

Bryan Peltzer asked about the Fowler Elementary request and if the evaluation will determine the cause of the cracking and how widespread it is. Mr. Gray asked for clarification of Mr. Peltzer's questions. Mr. Peltzer explained he was asking about both the MPR building and the veneer cracking. Mr. Gray described the cracking on the MPR building as allowing one to see daylight through the crack from inside the building which is the more critical of the two. The cracking of the veneer is believed to be caused by improper installation of the clips that adhere the veneer to the building resulting in a one-inch gap between the block and the veneer. Initially, water intrusion was believed to have caused the cracking, which is why we need the professional investigation/evaluation.

Mr. Peltzer asked if there were bids on the project and expressed his concern that \$20,000 would not be enough to cover the evaluation and repairs. Mr. Gray explained that the \$20,000 was to cover the MPR building and to get the project started. Additional funding may be considered, if needed, after the evaluations and discussions with the district.

Jennifer Stielow asked for clarification on the funding for Prescott Unified's request to remove mold/asbestos and ceiling replacement. Mr. Gray explained that the staff recommendation is \$500,000 which includes \$294,233 for base cost, \$127,697 for contingency and \$78,070 for asbestos testing.

Edward Boot expressed his desire to ask a general question about building renewal grants and asked if he should ask it now or wait until after the Board votes on this agenda item. Tom Rushin deferred to counsel to answer the question. Debra Sterling advised the Board to first vote on the agenda item before them and then Mr. Boot could ask his question.

Mr. Gray advised the Board that the two staff recommendations for Prescott Unified are contingent upon legislative appropriation of FY 2014 Building Renewal Grant funding.

Jennifer Stielow made a motion for Board approval of the following staff recommendations:

Construction Awards:

1. Board approval of the staff recommendation that **Fowler Elementary** be awarded \$20,000 in Building Renewal Grant funding for engineering services and repair to the exterior of the Cafeteria Building 1003 at Sun Canyon Elementary School.
2. Board approval of the staff recommendation that **Prescott Unified** be awarded \$90,000 in Building Renewal Grant funds to replace the hot water heaters serving the gymnasium/cafeteria Building 1007 at Prescott Mile High Middle School. This amount includes \$6,600 in contingency that will only be

used with SFB staff approval. Funding for this project is contingent upon legislative appropriation of FY 2014 Building Renewal Grant funding.

3. Board approval of the staff recommendation that **Prescott Unified** be awarded \$500,000 in Building Renewal Grant funding for the removal of mold, asbestos and the replacement of ceilings in water damaged areas in Building 1001 at Taylor Hicks Elementary School. This amount includes \$127,697 in contingency that will only be used with SFB staff approval. Funding for this project is contingent upon legislative appropriation of FY 2014 Building Renewal Grant funding.

Dru Barisich seconded. The motion passed with a voice vote of 5-0.

Marvene Lobato, Superintendent of Fowler Elementary, expressed her appreciation for the assistance the SFB provides and thanked the Board for approval of the district's requests.

Edward Boot asked about the Current Building Renewal Grant Requests totaling \$14,344,035 that are pending and the \$14 million legislative appropriation recently signed by the Governor and if staff planned to prioritize the pending projects and bring a list to the Board or if they would be brought to the Board one at a time. Mr. Gray explained that the pending projects are in varying degrees of preparation to be presented to the Board and will be brought to the Board one at a time when they are ready.

VI. Emergency Deficiencies Correction Requests
Consideration and possible vote to accept, reject or modify Emergency Deficiencies Correction Requests

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 \$215,306. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. He then provided a brief description of Red Mesa Unified's request as presented in the Board packet.

Jennifer Stielow remembered this project from the April Board meeting and asked about the district's reporting of \$3 million in their M & O budget and if the district would be contributing any funding to the project. Mr. Gray deferred to Dr. Tommie Yazzie, Superintendent of Red Mesa Unified, to answer Ms. Stielow's question. Dr. Yazzie explained that the district uses the carryforward to cover expenditures until funding from the ADE and impact aid from the federal government reaches the district's accounts. Mr. Gray summarized and Dr. Yazzie affirmed that the district does not have any monies to contribute to the project.

Ms. Stielow said she had difficulty hearing Dr. Yazzie and asked if the \$3 million was available or being saved for something. Dr. Yazzie replied that the \$3 million is being saved to build a replacement high school.

Ms. Stielow asked when the district anticipates building the replacement high school. Dr. Yazzie replied that the district is currently conducting studies and will not be sure until January.

Ms. Stielow asked when the district anticipates needing the replacement high school. Dr. Yazzie answered in the next couple of years.

Ms. Stielow asked if the \$3 million is the same or separate from the impact aid. Dr. Yazzie answered that it is the same as the impact aid.

Bryan Peltzer asked about the NTUA water line and how far it is from the school. Mr. Gray deferred to Pat Cruse, School Facilities Liaison, to answer Mr. Peltzer's question. Mr. Cruse explained that water flows to that line from Farmington and Shiprock, New Mexico and is only available at night to fill the tank. It is not a consistently reliable source of water.

Debra Sterling asked to confirm the Board members on the line. Dru Barisich and Jennifer Stielow confirmed they were on the line. A couple minutes were allowed for Tom Rushin to call back in. Mr. Rushin rejoined the Board.

Edward Boot made a motion for Board approval of the following staff recommendation:

Board approval of staff recommendation that **Red Mesa Unified** be awarded an additional \$200,000 in Emergency Deficiencies Correction funding for the initial repairs to the domestic well water system at Red Mesa High School (project number 010227204-9999-001EP). This includes \$25,970 in contingency that will only be used with SFB staff approval.

Bryan Peltzer seconded. The motion failed with a voice vote of 0-5. Tom Rushin took a roll call vote. Jennifer Stielow voted no. Dru Barisich voted no. Bryan Peltzer voted no. Edward Boot voted no. Tom Rushin voted no.

Mr. Rushin recognized Dr. Tommie Yazzie. Dr. Yazzie thanked the Board for considering the district's request.

Edward Boot asked if there may be further discussion on this matter. Debra Sterling advised the Board that they may take a vote to open the matter up for discussion.

Edward Boot made a motion to open the matter up for further discussion. Bryan Peltzer seconded. The motion passed with a voice vote of 5-0.

The Board voiced their concerns with Red Mesa Unified's request.

Dean Gray requested a two minute break to speak with counsel. Tom Rushin called a two minute recess at this time.

Mr. Rushin reconvened the Board.

Dean Gray explained that there is the possibility of bringing this request back to the Board with answers to the Board's questions and concerns.

Mr. Boot voiced his desire to see the district contribute funding toward the project.

Ms. Stielow explained her concern with the conflicting information regarding the district's budget. Mr. Rushin and Ms. Barisich echoed Ms. Stielow's concerns.

Mr. Peltzer echoed Mr. Boot's concerns, adding his questions about nearby water lines and funding for preventative maintenance.

Mr. Gray concluded the discussion by affirming that the Board's questions will be sent to the district for answers before the project is brought back to the Board.

VII. Preventative Maintenance Inspection Reports

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

Dean Gray provided a brief explanation of the Preventative Maintenance Inspection Reports for Cottonwood-Oak Creek Elementary, Mayer Unified and Tuba City Unified as presented in the Board packet.

Edward Boot made a motion for Board approval of Preventative Maintenance Inspection Reports for **Cottonwood-Oak Creek Elementary, Mayer Unified and Tuba City Unified**. Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.

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

Union Elementary was held for a future Board meeting because Dru Barisich would have to recuse herself and the quorum would be lost.

Edward Boot made a motion for Board approval of the random selection of **Tolleson Union and Parker Unified** for a Preventative Maintenance Inspection. Bryan Peltzer seconded. The motion passed with a voice vote of 5-0.

VIII. Future Agenda Items

Dean Gray advised the Board that Dr. Smith's request for review of the Building Renewal Formula amounts will be presented at the next Board meeting.

IX. Public Comment

No requests were received.

X. Adjournment

There being no further business, Tom Rushin adjourned the meeting at approximately 11:20 A.M.

Approved by the School Facilities Board on August 7, 2013


Interim Chair