

SCHOOL FACILITIES BOARD  
November 3, 2005  
Tucson, Arizona

The School Facilities Board held a board meeting at the Amphitheater School District in Tucson. The meeting began at approximately 10:00 A.M.

| <u>Members Present</u>                                      | <u>Guests Present</u>                 |
|---|---------------------------------------|
| Chovich, Cynthia  | Vicki Balentine, Amphitheater Unified |
| Conley, Patrice   | Mike Wicks, Crane ESD                 |
| Davidson, Frank   | Joyce Lutrey, Higley Unified          |
| Gober, Patricia   | Mike Gross, Queen Creek Unified       |
| Keenan, Brooks, Vice Chair                                  | Al Flores, Vail Unified               |
| McGee, Kate, Chair  | Ron Hennings, Tombstone Unified       |
| Ortega, David   | Michael Hunter, ATRA                  |
|   |                                       |
| <u>Members Absent</u>                                       |                                       |
| Granillo, Peter   |                                       |
| Phil Williams, Superintendent's Representative (non-voting) |                                       |
| Taxpayer Representative Position Vacant                     |                                       |
|   |                                       |
| <u>Staff Present</u>  |                                       |
| John Arnold, Acting Executive Director                      |                                       |
| Carol Civiello, Interim Deputy Director of Facilities       |                                       |
| Kristen Landry, Public Information Officer                  |                                       |
| Debra Sterling, Attorney General's Office                   |                                       |

Vicki Balentine, Superintendent of Amphitheater Unified, welcomed the School Facilities Board

- I. Call to Order  
Board Chair, Kate McGee, called the meeting to order at approximately 10:05 A.M.
- II. Roll Call  
There were seven Board Members present at this meeting.
- III. Approval of Minutes of October 6, 2005 Board Meeting  
Patricia Gober moved that the Board approve the October 6, 2005 minutes with amendments. David Ortega seconded. Motion passed on a 7-0 voice vote.

The following items are listed in the order in which they appear on the agenda, not necessarily in the order in which they were discussed.

- IV. Consent Agenda  
a. Consideration and possible vote of 3 Year Building Renewal Plans  
b. Consideration and possible vote of Preventive Maintenance Plans

Patricia Gober moved that the Board approve the consent agenda items as listed in agenda item IVa & b with the exception of Payson Unified in item IVb. Brooks Keenan seconded. Motion passed on a 7-0 voice vote.

Brooks Keenan moved that the Board approve Payson Unified in item IVb. Patricia Gober seconded. Motion passed on a 6-0-1 voice vote with Cynthia Chovich recusing herself.

- V. Director's Report  
a. Audit Update

John Arnold explained that Mr. Bill Bell, now Director of ADOA, will retain the administrative authority over the audit and will handle any negotiations surrounding the outcome of the audit. Mr. Bell will likely provide periodic updates to the Board.

- b. Staff Update

John Arnold explained that Bill Bell, Debby Dominguez and Charlotte Hosseini have all left the SFB to go to ADOA. He added that Tim Brand and Dean Gray have retired. Mr. Arnold has been named Acting Director and has been hesitant to hire any replacements until a permanent director has been named. Carol Civiello has returned to the staff through April and Kristen Landry has agreed to stay on staff as well.

- c. JLBC Inflation Index Update

The Joint Legislative Budget Committee took action to increase the cost for new construction by 12.85% on October 26, 2005. That percentage represents the difference between the current cost per square foot and the midpoint of inflation adjustments required since FY 2000 by the national Bureau of Economic Analysis Index (9.0%) and the local Marshall Swift Index (16.7%).

John Arnold explained that this will apply only to new board approved projects; it is not retroactive. Staff's estimate for new awards this year was \$225 million. If that estimate is correct, the impact of the increase would be \$29 million or \$254 million in approvals.

Mr. Arnold added that the increase also affects the Building Renewal formula. For FY07 it increases the Building Renewal formula by \$16.8 million. He congratulated the districts for their lobbying efforts.

Pat Conley requested that the Board be provided with the new costs per square foot.

Kate McGee requested a copy of the report to JLBC regarding the status of schools currently in the new construction process.

d. Full Day Kindergarten Capital Grants

Patricia Gober moved that the Board approve the district's Full Day Kindergarten Expenditure Plans as outlined in agenda item Vd. David Ortega seconded.

Cynthia Chovich asked why districts could use full day kindergarten money for instructional aids. It was clarified that those requests are for educational materials and not staff.

Motion passed on a 7-0 voice vote.

VI. New School Construction

a. Consideration of New Construction Projects Review, Bids, Bid Packages and Change Orders

Casa Grande Elementary

Frank Davidson recused himself from this item, as he is the Superintendent of the District.

John Arnold explained that there were bidding issues with this item. The low bidder, Sun Eagle, told the district that they had made an error in their bid. While Sun Eagle did not withdraw their bid, they refused to do some elements of work in the bid. The District rejected the bid as non-responsive and awarded the project to the next low bidder which was Ry-Tan Construction. Staff is comfortable with the district's procurement on this issue.

Pat Conley moved that the Board approve Casa Grande Elementary District's request to approve additional funding in the amount of \$848,725 to meet the low bid amount and to begin construction, project number 110404000-9999-001N. Brooks Keenan seconded.

Pat Conley said that at the September meeting, the staff said this was a very minimal school. She is concerned with architects' estimates being accurate. She added that lately the board is seeing large overages over the formula amount. She also asked why there are increases in items like furniture, fixtures, and equipment.

Brooks Keenan stated that while he would normally agree with Ms. Conley's comments, we are currently in a period of high construction pricing. He stated that it is difficult to get accurate estimates in construction right now.

David Ortega stated that this request is in line with the 12.85% increase from JLBC. This project confirms the need for a higher index. Mr. Ortega added that it is unfair to the architects to blame them for factors that control pricing such as the recent hurricanes.

Kate McGee said she was concerned that the District deemed Sun Eagle non-responsive and that they did not withdraw their bid.

Brooks Keenan moved that the Board go into executive session to discuss this item. Pat Conley seconded. Motion passed on a 6-0-1 voice vote with Frank Davidson recusing himself.

Executive session ran from 10:40-10:45am.

Kate McGee asked about the increase in FF&E.

John Arnold explained that the format for determining those items such as FF&E are based on a percentage of the construction cost. He said that this is done because most projects are enhanced by the district. This adds dollars to the cost of the project as a whole. Staff wants to ensure enough money is set aside to cover those costs.

Ms. McGee asked if there are any consequences to the architects if their estimates are incorrect. Mr. Arnold explained that districts have different contracts with their architects.

Ms. McGee commented that when districts pick their own design, the SFB can become vulnerable when the cost goes over the formula amount.

Ms. Conley asked if a prototype design has been developed. Mr. Arnold explained that many districts have their own prototypes. Staff has collected approximately 100 designs and is aware which designs have historically met the formula amount. These are available to be reviewed by the districts. Additionally, staff has compiled a document that identifies items that may be beyond the guidelines. He added that there are some items that staff has not been as specific on, which the board needs to discuss.

Ms. Conley stated that the guidelines are directly related to academic standards. Mr. Arnold explained that is part of the discussion the board needs to have.

Motion passed on a 6-0-1 voice vote with Frank Davidson recused.

#### Crane Elementary

Patricia Gober moved that the Board approve Crane Elementary District's request to approve additional funding in the amount of \$538,077 to meet the low bid amount and to begin construction, project number 140413000-9999-004N. David Ortega seconded.

John Arnold explained that this project has been value engineered and staff does not believe a redesign or rebid would be advantageous.

David Ortega said he would support this item because it would lock in the material costs.

Pat Conley was uncomfortable with the lack of information on this item.

Patricia Gober asked how much of this additional funding is above the minimum guidelines.

Mike Wicks of the Crane District addressed the board. He stated that a third court was included in the project. The rest of the items were pulled out and done as add alternates. He said this is a minimum guideline school.

David Ortega pointed out the expansive soil issue which would increase the price. He said he felt this project could be managed by staff and did not think it should be rebid.

Kate McGee asked how many bidders there were. Mr. Wicks said three contractors bid on the project and there was a \$1 million spread from high to low. He added the low bid would hold for 30 days as of last week.

Mr. Ortega stated the bidding market is a difficult one right now and was not surprised with the lack of bidders.

Pat Conley reconfirmed with Mr. Wicks that that the base bid has all the non-guideline items removed with the exception of a play court.

Motion passed on a 7-0 voice vote.

VII. Consideration of Request for Land or Real Property Purchase, Lease, or Donation, including requests from:

a. Steps I and/or II

Frank Davidson moved that the Board approve Higley Unified District's request to accept a partial donation/ partial purchase of 21 acres for an elementary site and move to Step III for necessary testing. Brooks Keenan seconded. Motion passed on a 7-0 voice vote.

Brooks Keenan moved that the Board approve Nadaburg Elementary District's request to accept a donation of 15 acres for an elementary site and move to Step III for necessary testing. Cynthia Chovich seconded. Motion passed on a 7-0 voice vote.

Frank Davidson moved that the Board approve Queen Creek Unified District's request to purchase 32 acres for a middle school site and move to Step III for necessary testing. David Ortega seconded.

Mike Gross spoke on behalf of Queen Creek Unified. He explained that the original parcel the district was acquiring for their middle school had some issues that would delay the construction. He explained that when the first site was selected, the Town of Queen Creek approved the site. Since then they have said there is a flood control issue and would need a two-year study on Riggs Road by FEMA. The district changed their layout of the site and the town said a marginal study would still be needed and could be complete by June.

Patricia Gober asked about the \$500,000 to buy out the farmer's lease for the previous site. Mr. Gross explained that \$250,000 was going to be paid for from the district's contingency fund for the crop. The other half was to buy out

the farmer's lease, which will still have to be paid once the district acquires that land for the high school.

David Ortega clarified that the purchase price would be at or less than appraised value.

Pat Conley asked if this rescinds the offer to buy out the farmer's crop for the previous site. Mr. Gross and staff agreed that purchasing the crop is no longer necessary.

Motion passed on a 7-0 voice vote.

The board recessed for 10 minutes.

b. Step III

Pat Conley moved that the Board approve the Apache Junction Unified School District's request to accept a donation of 21 acres for a middle site, project number 110243000-9999-007L. Brooks Keenan seconded. Motion passed on a 7-0 voice vote.

Frank Davidson moved that the Board approve the Vail Unified School District's request to purchase 10 acres of land for an elementary site, project number 100220000-9999-011L using the value of the most recent appraisal or the review appraisal, whichever is less. Brooks Keenan seconded.

Brooks Keenan mentioned that the write up indicates that a road needs to be built to the school site and asked who will pay for that.

Al Flores, of Vail Unified, explained that the developer is putting in two roads and all utilities to the lot line; there will be no off-site improvements.

Pat Conley asked why this item was being fast-tracked. Mr. Flores explained that the site is needed right away for their next school. The district is hoping to have their classrooms done in time for the next school year.

Patricia Gober asked the district to explain their negotiations for a donation. Mr. Flores stated that the district has been working with the developer for four years. The first site offered was in a wash with only one buildable acre which was in a 30 year flood zone. The second site was considered natural open space and the developer told the district that the county would let them build there. The county informed the district that the site was in a navigable waterway. The third site was near the wash with access off of a bridge. The district told the developer they would have to condemn a site. A local homebuilder came through and found a suitable site for the district, which is the site brought forth today.

Kate McGee asked what the problem with the conflicting appraisals was. John Arnold explained that staff needs to look at the review appraisal before they can comment on what the differences between the two are.

Motion passed on a 6-1 voice vote with Kate McGee against.

c. Other Land Issues

John Arnold explained that Maricopa County Regional District is asking to sell land because the City of Glendale is not in favor of that site for a school.

Brooks Keenan moved that the Board approve Maricopa County Regional School District's request to sell the property at 67<sup>th</sup> Avenue and Orangewood with all proceeds from the sale returned to the SFB. Cynthia Chovich seconded.

Pat Conley stated that there have been some changes with homeless children being allowed to attend other districts. She requested that prior to acquiring another parcel, staff examine whether or not the district still qualifies for a new school.

Patricia Gober asked if Glendale's position is a "NIMBY" issue or if they are genuinely concerned with the students' safety. Mr. Arnold said he was not familiar with the local politics in Glendale and could not answer that.

Brooks Keenan mentioned that the board had to back out of another site that was in an industrial area. Mr. Arnold stated that staff is changing the application process and will ask districts to explain how they will deal with industrial park issues when they exist.

Kate McGee requested that the SFB also recoup the Step III costs in the amount of \$14,969 and that the district pay for the Step III costs for the next site. Mr. Arnold stated that the statute requires that the SFB provide land for new schools. He added that he was uncomfortable requiring a particular district to pay those costs because of a failed site. Ms. McGee said she would bring her request back when the district finds another site.

David Ortega stated that adding those types of restrictions could be harmful to the land acquisition process.

Motion passed on a 7-0 voice vote.

VIII. Assessment Deficiencies

a. Consideration of Emergency Deficiencies Projects

Brooks Keenan chaired this item of the agenda.

David Ortega commented that he does not want this item to come back if there is a shortage of funds and suggested increasing the value to cover the full cost. John Arnold indicated that the value is just an estimate and not a firm cost.

Pat Conley said she is still concerned with this request. She said Adjacent Ways is the typical vehicle districts use for this type of issue. She asked why the district did not increase their adjacent ways tax. She added that the Board has a policy not to fund off-sites. She said this differed from Globe the SFB

purchased the right-of-way for Globe while this road in question is leased by the city.

Frank Davidson stated that he shares Ms Conley's concerns in the District's failure to levy the taxes. He asked if the SFB could fund this project, the district levy the tax and reimburse the SFB. Mr. Arnold stated that staff has discussed that option, but the SFB does not have the authority to loan money.

Ron Hennings, Superintendent of Tombstone USD, addressed the Board.

Kate McGee asked Mr. Hennings if an adjacent ways increase was put before the Tombstone Governing Board as part of the FY05-FY06 Budget. Mr. Hennings said it was not included in the budget, though it was discussed with the Board. Ms. McGee, referring to a newspaper article on this issue, asked if this issue has ever been put before the city. Mr. Hennings stated that he addressed this 15 months ago with the city and they agreed to maintain the road once it is built. Ms. McGee stated that the article also states the city council applied for a loan with ADOT as backup. Mr. Hennings explained the city had filed an application two months ago. Mr. Arnold added that he was not aware of this application or it's status.

Ms. McGee, reviewing the land application, asked if the district's feasibility diagram addressed the issue of the road. Mr. Hennings explained this site had the fewest problems of the three sites the district considered. Ms. McGee asked the district if they knew this was an issue four years ago, which Mr. Hennings confirmed he did.

Michael Hunter, Vice President of the Arizona Tax Research Association, addressed the Board. He stated ATRA is opposed to funding this project because of the precedent it would set. He explained that Adjacent Ways exist to cover issues such as this.

Kate McGee asked what options the district has since they did not set a budget with Adjacent Ways. Mr. Hunter stated the district's failure to increase adjacent ways was a huge mistake. He believes that, from reading the article on this issue, the community would support this issue. He added that the district could also look into tax anticipation notes or short-term loans.

Pat Conley asked where Tombstone is on the tax scale. The current primary tax rate in the Tombstone district is 10.6333. Mr. Hunter stated that they are not the highest in Cochise County which is generally higher than other counties. The state average rate for all entities combined is \$11.50.

David Ortega stated this is a new school with no access. He added this does not seem like a good use of public funds to build a school and not be able to use it in a safe manner. Ms. McGee stated that the Board has done everything in their power to assist with this project.



Mr. Davidson asked if staff had any suggestions for the board to separate this project from others. Mr. Arnold stated that in the board write up, the staff has given the board four criteria for making an exception to the off-site policy. Mr. Arnold also clarified the while the Tombstone tax rate has dropped because of increased valuations; the residents are not paying less than before. He added that the District could not levy adjacent ways until next summer. He recommended that this may be an occasion where the SFB needs additional legislative action to clarify the emergency statute.

David Ortega moved that the Board approved the staff recommendation to approve funding in the amount of \$150,000 to improve the access road for Tombstone Unified. The motion was not seconded.

Kate McGee moved that the board deny the staff's recommendation to approve funding to improve the access road for Tombstone Unified and further move that the SFB seek legislative clarification on the emergency deficiency statute. Pat Conley seconded.

Ms. McGee explained she does not believe that the district has not done enough by not adding this into their budget.

Ms. Conley stated the policy not to fund off-sites was a wise decision.

Mr. Ortega stated the emergency policy states an emergency is one that seriously threatens the functioning of the school district, preservation of public property or public health, and welfare or safety. He stated this is a public welfare problem and added the SFB cannot compel another jurisdiction to levy a tax.

Cynthia Chovich said the district knew they had access problems years ago making it hard to call it an emergency. Secondly, she understands the position of a small district and the need for this district. She added that staff said the SFB is not in the business of loaning money, however the policy book states the SFB is not in the business of building roads.

Patricia Gober believes that the board does have a responsibility for the health and safety of the children attending our schools. However, the board also has a fiduciary responsibility to spend public funds wisely.

Motion passed on a 6-1 voice vote with David Ortega against.

#### IX. Reduction of Square Footage

Amphitheater requested that they be removed from the agenda.

Frank Davidson moved that the Board approve the Douglas Unified District's request to reduce the district's K-5 square footage by 11,294 SF. Cynthia Chovich seconded.

Pat Conley asked what the square footage of PE Space is. John Arnold explained that space will be invisible to the SFB because it will be built with a local funding source.

Motion passed on a 6-1 voice vote with Pat Conley against.

X. Finance/ Legislative/ Budget Report

a. Financial Update

The Financial report was provided for information.

XI. Chairman's Report

a. Policy and Rules Subcommittee Update

Kate McGee explained that this issue is on hold until staff is back at full capacity.

She added that the following information has been requested to be included in the policy books: SFB Rules; rules/process approved at the October meeting; written rules for issues required for further study from district focus groups; the four statutory exceptions for exceeding formula funding; and SFB statutes.

She also asked for a Master Board Calendar and a report detailing SFB staff's role as a resource to the executive and legislative branches in the development of legislative budgets and agendas.

b. Accommodation School Policy

Kate McGee moved that the Board include the accommodation policy as developed in 2003 into the policy book. Pat Conley seconded. Motion passed on a 7-0 voice vote.

c. Invitation to ATRA Outlook Conference

This item was for information only

XII. Future Agenda Items

Pat Conley requested an explanation on how the SFB building renewal balance was resolved.

Kate McGee requested a copy of the JLBC report on new construction; recommended changes on what the SFB currently does and does not pay for in new construction; prototype schools; and the master board calendar.

XIII. Public Comment

None

Adjournment

There being no further business, Vice Chair Brooks Keenan, adjourned the meeting at approximately 12:40 P.M.

Board Minutes  
November 3, 2005

Approved by the School Facilities Board on \_\_\_\_\_, 2005

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Kate McGee, Chair