

SCHOOL FACILITIES BOARD  
May 6, 2009  
Phoenix, Arizona

The School Facilities Board held a Board meeting at the Isaac Elementary School District Office in Phoenix, Arizona. The meeting began at approximately 10:05 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chair, Dr. Frank Davidson	Jay C. St. John, Sahuarita Unified
Gary Marks	Marsha Crockett, DLR Group
David Ortega	Judy Richardson, Stone & Youngberg
Tom Rushin	Cathy Rex, So. AZ School Facilities Grp.
Dr. Patricia Gober	
John Corcoran (via telephone)	
Lyle Friesen (non-voting member)	
<u>Members Absent</u>	
Penny Allee Taylor	
<u>Vacant Board Positions</u>	
Private Business Owner Representative	
Engineer Representative	
<u>Staff Present</u>	
John Arnold, Executive Director	
Dean Gray, Deputy Director	
Kerry Campbell, Public Information Officer	
Debra Sterling, Attorney General's Office	

- I. Call to Order  
Dr. Frank Davidson called the meeting to order at approximately 10:05 A.M.
  
- II. Roll Call  
There were seven Board Members present at this meeting, including six (6) voting members and one (1) non-voting member.
  
- III. Consideration and possible vote of Minutes of April 1, 2009  
Gary Marks moved for approval of the Minutes. Tom Rushin seconded. The motion passed with a 6-0 voice vote.
  
- IV. Consent Agenda
  - a. Consideration of Building Renewal Plans  
Tom Rushin moved that the Board ratify the plans listed in agenda item IV.a. Dr. Patricia Gober seconded. The motion passed with a 6-0 voice vote.
  
- V. Director's Report
  - a. APS Presentation – Direct Install  
Andrea Chalmers, Marketing Manager with APS Solutions for Business, gave a presentation on Direct Install, a new energy efficiency rebate program being offered to school districts in the APS service area.

David Ortega asked if APS would be establishing a new baseline for the recognized energy savings.

Ms. Chalmers responded that APS will be using standard return rates. For example, a lighting retrofit from T12 to T8 ballasts has an estimated savings standard per fixture that will be used to calculate the potential energy return for the entire project, which APS will use to determine the guaranteed rebate.

Mr. Ortega also asked if construction could be completed after hours and on weekends to accommodate school schedules.

Ms. Chalmers answered that the contractors are willing to be flexible, adding that most of the projects could be completed over the summer.

Dr. Frank Davidson asked if the lists of Lighting and Non-Lighting Measures provided in the presentation were complete or if there were additional measures that may be considered.

Ms. Chalmers replied that the lists were complete, but if a district wanted to complete a project not on the lists, they may still qualify for a rebate through the original APS rebate program.

John Arnold asked how much funding APS was committing to the program.

Ms. Chalmers answered that APS has allocated about \$7 million a year for all APS energy efficiency programs, approximately \$1.5 million of which has been earmarked specifically for the Direct Install program. However, there is considerable flexibility on the exact amount, as funding may be moved from program to program if required, with the goal of spending the entire \$7 million each year. With the anticipated APS rate settlement, there is the potential for more than \$7 million to be allocated in 2010 and into the future.

b. Legislative/Budget Update

John Arnold summarized the joint budget proposal released by the House and Senate Appropriations Committees on April 27, 2009. The impact of this budget on the SFB would further reduce the operating budget, and when combined with the reduction sustained as part of the FY 09 budget fix, this would reduce the original operating budget by 53%. The proposal also continues the New Construction Moratorium, provides zero dollars for Building Renewal and the Building Renewal Grant Program, and sweeps interest earnings on SFB debt service funds. At this time, only one of the recommended items written into the budget bill that affects the SFB was sustained: language for switching kindergarten students back to ½ day.

In response to the Board's request for information on the average annual costs for Board Members, Mr. Arnold explained that about \$7,500 per year is paid out of the New School Facilities Fund on travel and compensation.

To provide an update on fund balances, Mr. Arnold explained that the Building Renewal Grant fund has a balance of \$244,915, which may increase in the coming months due to the bids for the Williams Unified project coming in considerably less than expected. The Emergency Deficiencies Correction

Fund will have a balance of \$10,453, if the recommendations later in today's agenda are approved by the Board. As Deficiencies Correction money being held by districts is returned to the SFB, and as Emergency projects are closed, the unused monies will be returned to the Emergency Deficiencies Correction fund which will increase the balance slightly.

Mr. Arnold continued with a legislative update, explaining that the Senate is putting together a master omnibus education bill. Since the Senate is not hearing any bills until a budget bill is passed, Senator Huppenthal, Chairman of the Education Committee, is anticipating that there may not be enough time to hear any remaining bills near the end of session and is putting language from the bills he is supporting into one master bill. The language from several of the bills we are tracking will be in the master bill. In addition, we are specifically interested in HB 2332, which relates to energy performance contracting.

Dr. Frank Davidson asked if there is an anticipated date by which the Legislature will approve a budget. Mr. Arnold responded that, at this time, it is difficult to speculate.

Dr. Davidson questioned the impact of a 53% cut to the SFB operating budget. Mr. Arnold responded that an anticipated 25-30% cut could be sustained, but a 53% cut would be devastating. The SFB's fixed costs (such as rent and AG fees) limit the options available to cut, which means funding for personal services would be cut forcing a reduction in staff, which would cause a reduction in the services we offer. We are working with the Governor's Office and Legislators to help them understand the impact of these cuts and, to supplement, are looking to reduce our office space by subletting to another agency.

David Ortega asked if there was some stimulus money that the U.S. Department of Energy would make available to the SFB to administer.

Mr. Arnold answered that the Governor's Office has about \$55 million in energy money, for which we have submitted a proposal to distribute funding for energy efficiency projects in schools. The Governor's Office had a public hearing and took proposals from public (state agencies, counties and cities), as well as private entities. The federal application is due May 12<sup>th</sup>. We anticipate a decision in the next couple of weeks. There is a general recognition that school facilities have been heavily neglected during this economic downturn, that this is a legitimate use for these dollars, and that schools should be a priority. However, discussions continue regarding how to best leverage these dollars and what avenue is best to distribute the funding to schools.

David Ortega asked if there was a contingency plan, for example a budget line item, in the event the SFB receives the energy funding and would need to retain current staffing levels.

Mr. Arnold responded that we are hopeful the decision will be made sooner rather than later, adding that we have communicated to the Governor's Office how difficult it would be to administer our proposal with the staff reductions

that would result from the proposed budget. While there is some leeway for admin dollars in the energy funding, we believe leveraging the energy funding is its best use and that it is difficult to leverage admin dollars.

Mr. Ortega asked how a federally funded energy efficiency program would compare to the current SFB Energy Grant Program.

Mr. Arnold explained that we have spoken with the Energy Office about the current SFB program and about the successful protocols and the changes that would be made to make it a bigger, more sustainable program for the future.

Dr. Davidson inquired if any other agencies were being asked to sustain budget cuts of as much as 53%. Mr. Arnold responded that he was unaware that any other agency that was being expected to take as big a cut.

c. Preventative Maintenance Questionnaire

John Arnold explained the development of a district self-questionnaire on preventative maintenance (PM) and how this may be used to assist districts in evaluating the effectiveness of their PM activities. SFB staff plan to use this questionnaire as part of the PM Inspection process and will make it available to all districts that may be interested.

Dr. Davidson and Tom Rushin commented on the user-friendliness of the questionnaire.

Mr. Arnold commented that we would welcome suggestions for changes or additions to the questionnaire.

d. Litigation Update

Gary Marks moved that the Board convene in Executive Session to confer with counsel. David Ortega seconded. The motion passed with a 6-0 voice vote.

## **EXECUTIVE SESSION**

Dr. Patricia Gober left the Board during Executive Session.

The Board reconvened at this time.

Gary Marks moved that the Board decline to appeal the judge's ruling in the case of Sahuarita Unified School District vs. Arizona School Facilities Board and instruct the SFB's attorney to proceed as directed during the Executive Session. Tom Rushin seconded. The motion passed with a voice vote of 5-0.

VI. New School Construction

a. Consideration and possible vote of Capital Plan New Construction Requests

John Arnold explained that this is the final capital plan new construction request for FY 2009, adding that several years ago the SFB retired three buildings on a single campus for Mobile Elementary. The SFB then awarded the district a 600-student school in anticipation of a large development to be

built in the area. The development has since gone bankrupt and has been postponed indefinitely. This leaves the district with no real school facilities. They are currently serving students in a 3-classroom portable on loan from the developer. The district, however, is still in need of a school and has requested a reduction in the new school award from a 600-student facility to a 93-student facility. To clarify, this would be a reduction to a current award, not a new award.

Gary Marks moved that the Board approve staff recommendation as listed below:

1. **Mobile Elementary (K-8): Reduce** the district's current award (002N) from a 600-student facility to a 93-student facility.

Tom Rushin seconded. The motion passed with a voice vote of 5-0.

VII. Emergency Deficiencies Correction Requests

a. Consideration and possible vote of Emergency Deficiencies Correction Requests

Dean Gray explained that for each of the projects presented today, SFB staff has reviewed the district's building renewal balances and have found them to be zero or negligible at best. Consideration for coverage under the School Risk Retention Trust has also been given; none were found to qualify. Mr. Gray provided a brief explanation of each district request as described in the Board packet.

Robin Berry, Superintendent for Palo Verde Elementary, offered her availability to the Board in the event they had any questions about the district's request.

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

1. Award **Camp Verde Unified** Emergency Deficiencies funding in the amount of \$8,000 for the upgrade of the fire alarm system at Camp Verde High School. This amount includes \$1,309 for SFB contingency which will only be used with SFB staff approval.
2. Award **Creighton Elementary** Emergency Deficiencies funding in the amount of \$16,000 for the repair of the foam roof at Gateway Elementary School. This amount includes \$1,771 for SFB contingency which will only be used with SFB staff approval.
3. Award **Mobile Elementary** Emergency Deficiencies funding in the amount of \$221,000 for the design and repair of the roofs on three existing buildings. This estimate includes a \$20,000 SFB contingency that will only be used with SFB staff approval.
4. Award **Palo Verde Elementary** Emergency Deficiencies funding in the amount of \$135,000 for the repair of the school well and potable water storage system.

5. Award **Salome Elementary** Emergency Deficiencies funding in the amount of \$6,000 for the replacement of the air conditioner unit in Room 119. This amount includes \$725 for SFB contingency which will only be used with SFB staff approval.
6. Award **Santa Cruz Union** Emergency Deficiencies funding in the amount of \$200,000 for the replacement of the roofs on Buildings 1012 and 1017.
7. Award **Wilson Elementary** Emergency Deficiencies funding in the amount of \$184,000 for the replacement of the fire alarm systems at Wilson Primary and Wilson Elementary Schools. This amount includes a \$10,000 SFB contingency that will only be used with SFB staff approval.

Tom Rushin seconded. The motion passed with a 5-0 voice vote.

VIII. Future Agenda Items

There were no requests for future agenda items.

IX. Public Comment

Craig Edwards with Commercial System Technology Inc. introduced himself and his staff to the Board and made himself available for any questions.

X. Adjournment

There being no further business, Dr. Frank Davidson adjourned the meeting at approximately 11:30 A.M.

Approved by the School Facilities Board on June 25, 2009

Frank Davidson  
Chair