



COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC FACILITIES AND TRANSPORTATION

MEETING AGENDA

Arkansas Department of Education – Auditorium
April 24, 2013, 9:00 a.m.

Agenda Summary

1. Summary Meeting Minutes – November 30, 2012

Recommendation – That the Commission approve the meeting minutes for the November 30, 2012, Commission meeting.

2. Partnership Program – Summary of Committed and Expended Funds

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

The Partnership Program has provided about a \$722 million commitment of state financial participation for the approximately 2,000 projects in four funding cycles. About \$95 million of the committed funds have not been expended through April 12, 2013.

Status Report – No Commission action required.

3. 2007-2009 Partnership Program Projects with Unexpended State Financial Participation

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

The Commission approved and funded 2007-2009 Partnership Program projects in a meeting conducted on April 30, 2007. At its meeting on March 11, 2011, per A.C.A. § 6-20-2507 (d)(3)(B) the Commission withdrew committed funds for 2007-2009 Partnership Program projects that had not begun construction by January 31, 2011. Currently, there are \$6,443,606.97 of unexpended committed project funds for the remaining 2007-2009 Partnership Program projects that met the statutory construction start requirement.

To confirm the status of these projects and funds, the Division sent two letters to districts. The December 3, 2012, letter requested districts to contact the Division to inform the Division of the project's status. The February 11, 2013, letter requested districts to notify the Division by March 29, 2013, if remaining funds were needed to complete the projects. The letter also stated that late or no responses would be construed to mean the district did not need the remaining funds, and that the Division would recommend to the Commission at its next meeting to withdraw the remaining state financial participation for the projects.

Tab 3a Copy of December 3, 2012, letter

Tab 3b Copy of February 11, 2013, letter (*certified*)

Tab 3c Partnership Program projects with remaining state financial participation

Recommendation – That the Commission withdraw state financial participation for the 2007-2009 Partnership Program projects listed on Tab 3c that districts did not indicate to the Division the funds were needed to complete the projects.

4. Academic Facilities Partnership Program Status

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

The Division has undertaken a review of available funds in the Educational Facilities Partnership Fund. With Commission review and approval, these funds may be used to provide state financial participation for approved 2013-2015 Academic Facilities Partnership Program projects.

Tab 4a Educational Facilities Partnership Fund

Tab 4b Available Funding for Year One of 2013-2015 Academic Facilities Partnership Program Funding Cycle

Status Report – No Commission action required.

5. 2013-2015 Partnership Program Projects

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

Per A.C.A. § 6-20-2507 (d)(1), "The Division shall notify the school district of the Division's decision on the application and, if applicable, the estimated amount of state financial participation in the new construction project no later than May 1 of each odd-numbered year."

Districts submitted project applications on March 1, 2012. The Division thoroughly reviewed all project applications and prepared two lists of projects – approved and disapproved. Per current Partnership Program rules, the approved projects were sorted into Year One and Year Two and prioritized by two categories of warm, safe, and dry projects and space projects by three factors: facility condition index, ten year growth percentage, and wealth index.

The Division reviewed available program funding. Based on anticipated funding in the 2013 legislative session and existing program balances, there are \$150.6 million funds available on July 1, 2013, to fund the Year One (2013-2014) projects. The Division plans to fund the Year Two projects beginning July 1, 2014.

Based on the Commission's review of approved and funded projects for the 2013-2015 Partnership Program project funding cycle, the Division will mail certified letters to all districts that applied with a summary sheet for each project. These letters and summary sheets will serve as the Division's written determinations for the project reviews. Per the Rules Governing Appeals from Determinations of the Arkansas Division of Public School Academic Facilities and Transportation, school districts will have 60 days to file written appeals per the provisions of the rules.

Tab 5a	Partnership Program Project Application Summary
Tab 5b	2013-2015 Partnership Program Disapproved Projects
Tab 5c	2013-2015 Summary of Disapproved Projects
Tab 5d	2013-2015 Partnership Program Approved Projects Summary by Funding Category
Tab 5e	2013-2015 Partnership Program Approved Projects (<i>Sorted by Project Ranking</i>)
Tab 5f	2013-2015 Partnership Program Approved Projects (<i>Sorted by School District</i>)
Tab 5g	Written Determination and Project Notification Letter to School Districts
Tab 5h	2013-2015 Partnership Program Recommendations
Tab 5i	Year Two Funding Review of Year One Approved But Not Funded Projects

Recommendation #1 – That the Commission approve all Year One and Year Two projects for the 2013-2015 Academic Facilities Partnership Program projects shown on the approved project list in Tab 5e.

Recommendation #2 – That the Commission provide state financial participation for 2013-2015 Partnership Program Year One projects listed in Tab 5e, prioritized per current Rules Governing the Academic Facilities Partnership Program, to a funding level of \$150.6 million.

6. 2013-2015 Partnership Program Projects – Unfunded Year One and Year Two Project Requests

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

During the 2011-2013 project funding cycle, several districts with approved 2011-2013 Partnership Program projects in Year Two of the biennium made requests to the Division to begin the projects as Year One projects.

The proposed draft Addendum to the Academic Facilities Program Project Agreement (*Project Agreement*) would allow districts to make a request to the Division that an unfunded Year One or Year Two project sign a project agreement and begin on a Year One project timeline. Since no additional funding is available at this time, the district agrees that the funding of the project is subject to 2014 General

Assembly appropriations or available funds in 2014. If funding is available in 2014, the Division would not make any payments until after July 1, 2014. **The Addendum does not commit the State to any additional Partnership Program funding or increase the financial exposure of the State.**

In the Addendum, the district acknowledges the risk that the project may not receive state financial participation. The Addendum must be signed by the district superintendent, the school board president, and the Division director.

Recommendation – That the Commission approve the Addendum to the Project Agreement that allows districts with approved and unfunded Year One and Year Two 2013-2015 Partnership Program projects (1) to request that the Division approve a Year One timeline for project start-up, and (2) to assume the risks regarding state financial participation beginning July 1, 2014.

7. 2013 Preliminary Master Plan Guidelines

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

Ark. Code Ann. 6-21-806 (a)(6) requires school districts submit a report to the Division by February 1 of each odd-numbered year that includes:

- (1) A description of all projects completed in the school district since the submission of the school district's most recent facilities Master Plan.
- (2) The school district's current enrollment projections.
- (3) New or continuing needs of the school district with regard to academic facilities and equipment.
- (4) An accounting of any changes in the school district's insurance coverage from the most recent submission.

Ark. Code Ann. 6-21-806 (c) requires the Division establish procedures for a school district to submit a preliminary facilities Master Plan or a Master Plan outline to the Division before the submission of the district's final Master Plan. The Preliminary Master Plan forms the basis of a consultation meeting between the Division and the district.

The guidelines incorporate the requirements for the odd-numbered year report and the Preliminary Master Plan.

The Division notes that the Partnership Program rules that the Commission approved in its November 30, 2012, meeting are currently in draft status until reviewed by the Arkansas Legislative Council Administrative Rules and Regulations Subcommittee. The Division waited to finalize the Preliminary Master Plan Guidelines until the last filing date for new bills for the 2013 legislative session to determine if any substantive legislation was proposed for the Partnership Program. As a result of the delayed issuance of the guidelines, the date for school districts to submit a Preliminary Master Plan has been delayed from February 1, 2013, to July 1, 2013.

Recommendation – That the Commission approve the guidelines for the districts to submit the odd-numbered year Master Plan update and Preliminary Master Plan by July 1, 2013.

8. Academic Facilities Building Value

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

Ark. Code Ann. 6-21-112 (f) (18) requires the Division develop and implement a statewide facilities needs priority list. The Rules Governing the Facilities Master Plan that the Commission approved at its November 30, 2012, meeting included a new definition for “Building Value” that was defined to be a percentage value reflecting the depreciated value of an academic facility with a depreciation of 2% per year. The Division has computed the Building Value based on the Preliminary Master Plan year of 2013 and posted the listing on the Division’s web site. Although school districts are not required to replace a building that has a 0% or less depreciated value, the Master Plan rules require a district to address the building in its Master Plan.

Status Report – No Commission action required.

9. Green Ribbon Award

Presenter – Murray Britton, Senior Project Administrator – Planning

The Arkansas Department of Education has nominated the Fayetteville Public Schools as the 2013 Arkansas nominee to the U.S. Department of Education (USED) Green Ribbon School Program. All Arkansas school districts had the opportunity to submit a nomination for the Green Ribbon Schools program that recognizes schools and districts that save energy, reduce costs, feature environmentally sustainability learning spaces, protect health, foster wellness, and offer environmental education to boost academic achievement and community engagement. The Fayetteville Public Schools was the only Arkansas school district to submit an application for the Green Ribbon Award for the 2012-2013 school year.

The USED will recognize schools and school districts where staff, students, officials and communities have worked together to produce energy efficient, sustainable and healthy school environments and to ensure sustainability and environmental literacy of graduates. The USED will announce winners April 22, 2013.

Fayetteville Public Schools has shown leadership in environmental education and stewardship for over two decades. Fayetteville Public Schools has built LEED qualified schools, instituted energy saving measures in district facilities, developed recycling programs, implemented a no idling policy, as well as other district-wide green initiatives. The district has also placed gardens at nine school campuses providing an educational opportunity for students to learn about healthy eating and gardening skills. Additionally, the district employs farm to school procurement, spending approximately ten percent of the district food budget on local and regional items.

Students in this school district are learning through curriculum and example the importance of environmental stewardship and the many possibilities available to practice sustainable living in their daily lives.

Status Report – No Commission action required.

10. Division Re-structuring of Staff

Presenter – Dr. Charles C. Stein, PE, Director, DPSAFT

The Division staff provides support to school districts for the following major functions:

- **Planning** Master Plan Assistance and Partnership Program project application review
- **Construction** Review of construction plans and Partnership Program project application review
- **Maintenance** Custodial/maintenance inspections of schools and SchoolDude assistance

Staff members are assigned areas of the state based on education service cooperatives' boundaries, and work as a team to support the school districts in each cooperative.

Since the Arkansas Building Authority is relocating the Division offices from the 501 Building to the Big Mac Building in July 2013, the Division is performing a re-structuring of facilities staff in conjunction with the move. The Division believes that the proposed re-structuring will better support school districts and better distribute workload within the Division.

Status Report – No Commission action required.

11. Legislative Session Update

Presenter – Jeremy Lasiter, ADE General Counsel

Status Report – No Commission action required.

**SUMMARY MINUTES OF
THE COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC
FACILITIES AND TRANSPORTATION**

**MEETING
April 24, 2013**

Place: ADE Auditorium
Time: 9:00 a.m.

Commission Members in Attendance:

Dr. Tom Kimbrell, Commissioner, Arkansas Department of Education
Mr. Richard Weiss, Director, Arkansas Department of Finance and Administration
Mr. Mac Dodson, President, Arkansas Development Authority

Others in Attendance:

Mr. Jeremy Lasiter, General Counsel, Arkansas Department of Education
Dr. Charles C. Stein, PE, CEFP, Director, Division of Public School Academic Facilities
and Transportation

Quorum was met.

Meeting called to order.

Agenda item:

1. Summary Meeting Minutes – November 20, 2012

The Commission approved the meeting minutes for the November 20, 2012, Commission meeting.

2. Partnership Program – Summary of Committed and Expended Funds

Dr. Stein reported that the Division has done this program through four previous funding cycles and, following the next cycle, will total 10 years for the program. He indicated the existing programs and the unexpended funds are more than \$90 million of the committed funds. Per the law, the Commission is the only one who can pull funds on 2007-2009 which is about \$6 million plus of unexpended funds.

3. 2007-2009 Partnership Program Projects with Unexpended State Financial Participation

Dr. Stein indicated that the Division wanted to see if the school districts still needed the funds, so two letters were mailed to the districts with not-expended funds on the 2007-2009 projects. He pointed out that the first letter was mailed on December 3, 2012, and a second letter was mailed certified to the school districts who had not responded to advise them the Commission would pull the unexpended funds.

Tab 3a Copy of December 3, 2012, letter

Tab 3b Copy of February 11, 2013, letter (*certified*)

Tab 3c Partnership Program projects with remaining state financial participation

Dr. Stein stated all but three school districts responded to the two letters.

1. Cotter Public Schools had millage issues and did not start the funded project.
2. Cossatot River School District did not respond.

3. Lakeside School District (Hot Springs) did not respond.

Dr. Stein stated the Division recommended withdrawing about \$1 million from these three 2007-2009 projects.

The Commission approved withdrawing the 2007-2009 Partnership Program Projects with unexpended state financial participation funds for the three projects indicated in Tab 3c.

4. Academic Facilities Partnership Program Status

Dr. Stein stated the Partnership Program funds are in one large “pot”. He stated that there is \$74.2 million in non-committed funds and that he would elaborate on this pool of funds later in the meeting. Slide 4a provides a status of committed projects and funding of the overall program.

Richard Weiss asked about the \$5.5 million difference with \$2.9 million of committed funds for the catastrophic program. Dr. Stein explained the difference represented a safety net.

Dr. Stein indicated that slide 4b was a very important slide because it allows the Commission to see available funds for the next funding cycle. It reports the carryover funds, and 2007-2009 funds the Commission just pulled back, the new funds provided in the legislative session, and the hold-back funds on catastrophic and for appeals. Dr. Stein stated that school districts may not like the funds provided and may appeal. He stated that the overall funds available for Year-One is \$130.7 million, with another \$20 million in General Improvement Funds (*GIF*) anticipated after the new fiscal year begins. He advised the Commission use the \$130.7 million for the funding amount.

Dr. Kimbrell stated the Commission has \$130.7 million for Year-One funding, and another \$20 million coming from the General Improvement Funds when available. Richard Weiss stated that he and Dr. Kimbrell had checked these numbers personally three times to be sure they were accurate. Dr. Kimbrell indicated the Commission was confident of the \$130.7 million.

Tab 4a Educational Facilities Partnership Fund

Tab 4b Available Funding for Year-One of 2013-2015 Academic Facilities Partnership Program Funding Cycle

5. 2013-2015 Partnership Program Projects

Dr. Stein stated the previous slides looked at funding, so now would look at Partnership Program projects and matching up needs of projects to funds. Slide 5a displays there are 26% more projects than last time and most of them are Warm, Safe, and Dry projects. The space projects are about the same. He asked the Commission to remember that last summer and fall, the Commission approved modifying the Partnership Program rules on Warm, Safe, and Dry.

Richard Weiss, asked if the number of Warm, Safe, and Dry projects represented failure of the school districts' maintenance programs since the Commission has done so many and aggressive funding of the maintenance program, and stated this situation seriously concerned him. Dr. Stein responded that he has two views. One was that regarding the major systems such as roofs that the school districts may have provided maintenance but that systems do expire. The second was that school districts are wisely taking advantage of those available Warm, Safe, and Dry funds. Dr. Kimbrell stated this issue was addressed with the new rules.

Dr. Stein stated that more projects means more funding is needed. The Division process was very structured. Project reviews started with the Area Project Manager review, followed by two Senior Project Administrators each reviewing the project, the Assistant Director, and the Director. All project reviews ran through that process, and many reviews of each project are conducted.

The Division met and verified with ADE General Counsel that the process met all the terms in rules and statutes, and that all reviews were consistent.

Dr. Kimbrell asked if the list of project determinations would be available after the Commission meeting, and Dr. Stein stated yes it would be on the Division website.

Dr. Stein stated that 69% of approved projects is very near previous approval percentages.

Dr. Stein stated that some of the disapproved projects shown in Tab 5c did not meet some of the tenets of the Partnership Program rules. The main reason projects were turned down along with a second reason are provided on the Summary of Disapproved Projects list. The list is sorted by category and percentage turned down. Some projects lacked suitability, and some school districts said they had suitability but the project review by the Division indicated no. Other projects did not have schematics and ADE legal counsel advised the Division to review as the statute requires, as well as the resolutions. Law and rule state "shall" and some did not meet that.

Dr. Kimbrell stated regarding incomplete applications, schematic, and resolutions, that he and Tony Wood went on a tour of all the Arkansas Service Cooperatives (*Cooperatives*) last summer, and spoke at length with the school district superintendents about the fact the Division would be strictly following rules and statutes reviewing projects. He stated that they asked the superintendents if the districts wanted everyone on a level playing field and only one superintendent did not. The level playing field would mean all plan reviews were very structured and reviewed the same way, and that the Division would not be contacting the school districts to complete or correct applications, and the superintendents agreed that was law and fair. He stated suppose "mine" was complete and other school districts did not complete theirs correctly but had a higher FCI. ADE legal counsel stressed consistency and what Dr. Kimbrell and Tony Wood heard from the school district superintendents was that they agreed so everyone was on a level playing field.

Dr. Stein stated that all projects were ranked based on current rules, and that the new 2013 rules will be used on the next cycle. The process ranked Year-One and Year-Two projects with Warm, Safe, and Dry first, then by Space per the current rules.

Dr. Stein referred back to tab 4b stating the matching needs of overall funds of \$130.7 million, and that tab 5d shows the need was more than that amount, so must draw a line indicating where the \$130.7 million ends. He stated that once the anticipated \$20 million is received by the Division, the Commission will meet again and review the list and fund \$20 million more in approved projects.

Dr. Stein indicated the good news is that even though there is not enough funding available in Year-One, assuming Year-Two funds are approved by the legislature, it can be assumed there will be enough funding in Year-Two for all projects in the 2013-2015 project funding cycle.

Dr. Kimbrell stated that Year-One approved projects are \$186 million, and have \$150.7 million once the additional anticipated \$20 million arrives, so that is not enough funding all the approved projects. Dr. Kimbrell asked if the legislature provides similar funding then there will be enough to cover \$212 million. Dr. Stein stated yes. Mac Dodson asked how much funding will be needed for Year-Two, and Dr. Stein stated \$65 million more.

Dr. Stein stated the ranked approved projects in Tab 5e have a line drawn at \$130.7 million. Mac Dodson asked if the anticipated \$20 million of additional funding is received, does the Commission need to meet to distribute the funds. Dr. Kimbrell stated that the \$20 million will have to be requested after the new fiscal year starts July 1, 2013, and the Commission will meet again in August 2013 regarding the \$20 million.

Dr. Stein stated that once the Commission meeting has completed, the Division will post the approved and disapproved project lists on the Division website. Tab 5f shows the approved and funded list sorted by school districts.

Dr. Stein stated the Division process has been to post the lists on the website and ADE General Counsel advised the Division to mail the school districts certified letters (*Tab 5g*) after the meeting regarding approved, disapproved, and funded projects. Dr. Stein also stated Carol Bowman has

copies of the school district letters that the authorized facilities consultants to pick up immediately after the meeting, or they too will be mailed.

The Commission approved Recommendation #1 for all Year-One and Year-Two projects for the 2013-2015 Academic Facilities Partnership Program shown on the approved project list in Tab 5e. Additionally, the Commission approved Recommendation #2 that the Commission provide state financial participation for 2013-2015 Partnership Program Year-One projects listed in Tab 5e, prioritized per current Rules Governing the Academic Facilities Partnership Program, to a funding level of \$130.7 million.

Dr. Stein discussed Tab 5i. Currently the rules do not clarify the ranking process for unfunded Year-One projects during Year-Two and this will need to be changed. Dr. Kimbrell stated the current rule is a disincentive for school districts to apply in Year-Two.

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Tab 5h	2013-2015 Partnership Program Recommendations
Tab 5i	Year-Two Funding Review of Year-One Approved But Not Funded Projects

6. 2013-2015 Partnership Program Projects – Unfunded Year-One and Year-Two Project Requests

Dr. Stein stated the addendum is the same as last time, and states if a school district wants to start a project now with a Year-One timeline the school district assumes the risk of the possibility of no funding in Year-Two.

The Commission approved the Addendum to the Project Agreement that allows districts with approved and unfunded Year-One and Year-Two 2013-2015 Partnership Program projects (1) to request that the Division approve a Year-One timeline for project start-up, and (2) to assume the risks regarding state financial participation beginning July 1, 2014.

Dr. Kimbrell stated school districts should proceed at their own risk.

7. 2013 Preliminary Master Plan Guidelines

Dr. Stein stated the Commission has just looked at 2013-2015, so now needs to review the next cycle of projects. He stated the Commission approved new rules already, but since during the legislative session school districts had the opportunity to change new laws, which they did not, the Commission and Division had to wait before developing new guidelines that reflect the new rules.

The Commission approved the guidelines for the districts to submit the Preliminary Master Plan by July 1, 2013.

8. Academic Facilities Building Value

Dr. Stein stated as school districts start next 2014 Master Plan, the new rules will be in effect. What the Building Values means is that if a school district has a building with zero value then the Master Plan narrative must mention it. Zero value does not mean a building must be replaced, only that it must be mentioned in the Master Plan, and should be maintained or replaced.

9. Green Ribbon Award

Murray Britton stated that this is the second year of the USED program and that more time was provided this year for school districts to apply, and that entire school districts could apply this year.

Fayetteville Public Schools was the only district to apply this year. The district is extremely active in the green program, and were selected as one of 14 districts in the country to get the award.

Dr. Kimbrell stated he was proud and it was an arduous task to apply. He encouraged all school districts to become more green along with architectural firms to design more green buildings. He thanked Murray Britton for his efforts, and congratulated the Fayetteville Public Schools for their accomplishment.

10. Division Re-structuring of Staff

Dr. Stein provided a status on the Division's move scheduled for this summer to spaces in the Big Mac Building. As a result, staff assignments were restructured. The main need was with the Division's small staff of maintenance inspectors, more were needed, along with the need for the work load to be more balanced. Murray Britton now has a staff of five Area Project Managers-Planning and Construction, and there are six Area Project Managers-Maintenance.

11. Legislative Session Update

Jeremy Lasiter updated the Commission on recently passed legislation. He introduced new staff members to the ADE legal department since Mark White's departure.

Mr. Lasiter provided short recaps of Acts 420, 600, 1195, 1288, 1064, and 1255.

Dr. Stein thanked Mr. Lasiter. He stated to the Commissioners that the meeting itself might not have been very long, but that he wanted to be sure the Commissioners were aware of the amount of work that took place since March 2012 by the Division staff, the amount of long hours in reviewing all the projects, and that he wanted to thank the Division staff.

Dr. Stein stated that the funding amount was not finalized until the last minute, and that Carol Bowman did the reports multiple times, and thanked her as well.

Dr. Kimbrell stated that each cycle the process gets better. He complimented Dr. Stein on the great team he has assembled, and how they have matured. He also stated that anything that is great continues to evolve, and that he thinks the Division has the best facilities division in the nation.

Dr. Kimbrell thanked Dr. Stein for leading in such a great manner, and for the terrific job and hard work and maturity.

Meeting adjourned.