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Arkansas Division of Public School

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Academic Facilities & Transportation

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**COMMISSION FOR PUBLIC SCHOOL ACADEMIC FACILITIES  
AND TRANSPORTATION**

**Dr. Ken James, Chair**

**MEETING AGENDA**

**April 30, 2007  
9:00 a.m.**

**Arkansas Department of Education Auditorium**

Call to Order/Roll Call:

- January 12<sup>th</sup>, 2007 Commission Meeting Minutes
1. Emergency Amendment to Rules Governing Property Insurance Requirements
  2. Permanent Rules Governing Property Insurance Requirements
  3. Academic Facilities Immediate Repair Program Report FY 06
  4. Academic Facilities Transitional Program. Report FY 06
  5. Academic Facilities Catastrophic Program Report FY 06
  6. Academic Facilities Partnership Program Report. FY 06
  7. Partnership Program Review Procedures FY 07-09
  8. Academic Facilities Partnership Program FY 07-09
  9. Request for Approval of Contractual Actions
  10. Miscellaneous Reports:
    - A. Operations and Maintenance Manual
    - B. Arkansas Facilities Manual

MINUTES OF  
COMMISSION FOR PUBLIC SCHOOL ACADEMIC  
FACILITIES AND TRANSPORTATION

Date: April 30<sup>th</sup>, 2007

Place: ADE Auditorium, Little Rock, AR

Attendees: Dr. Ken James, Director, Arkansas Department of Education  
Richard Weiss, Director, Arkansas Department of Finance and  
Administration

Mac Dodson, President, Arkansas Development Authority

Call to order/Roll Call: Dr. Ken James called the sixteenth meeting of the commission for Public School Academic Facilities and Transportation to order at 9:05 a.m.

**Dr. Ken James:**

Good Morning we are going to call this commission meeting to order before we get under way Mr. Eaton I think you have an announcement about the recording system that is important to everyone involved.

**Mr. Eaton:**

Yes Sir, We are using a new recording system if you have a question or need to speak please step to the podium identify yourself, then speak.

**Dr Ken James:**

This goes for commissioners also please hold the button down when you speak.

Item #1 is the minutes the commissioners have had a chance to review those prior to the meeting.

**Mr. Richard Weiss:**

We have and I so move that we adopt them.

**Mr. Mac Dodson:**

Second

**Dr. Ken James:**

We have a motion to adopt the minutes from January 12th 2007. Any discussion? Hearing none all those in favor say Aye "Aye" oppose? None the motion passes Number one on the agenda the emergency amendment to rules governing property insurance requirements.

**Mr. Eaton:**

Yes Sir, The first proposal on the agenda is the Emergency Rules dealing with the insurance coverage of Act 625 of 2007. This act added to the responsibilities of the Division to promulgate rules to establish the minimum property, boiler insurance coverage for all school districts.

The law also ensures proper coverage for school districts to protect the state's involvement in the event of a catastrophic loss. We formed a small committee and two of the members of that committee are here today they are Drew Carpenter and Mark Guinee from the Insurance commission, if the commission should have any questions especially dealing with the insurance parameters. They provided all the technical expertise necessary for us and the attorneys to put these rules together. Essentially the rules do four things: (1) They establish recommended minimums of type coverage and the amount of coverage for property and for contents; (2) it does suggest additional coverage that districts may consider for flood or earthquake and terrorism but they do not make that insurance mandatory. (3) It delineates timelines for bid requests, content of the bid document. (4) It requires a minimum of 90% replacement coverage to be eligible for any future state programs such as catastrophic loss. This meets the four requirements that were delineated in the law and that are in your handout. Because of the implementation date the rules will be published. Our recommendation is that the commission approves the rules. As mentioned earlier Mr. Carpenter is here for any questions about any part of the insurance coverage.

**Mr. Richard Weiss:**

Thank you Mr. Chairman. Mr. Carpenter do you have anything that you would add to this? What I would be particularly interested in is that it is my understanding that most school districts are now already covered with insurance. Most but not all? What would be the effect of the rules that are being suggested? What would be the effect on all school districts including the ones who already have coverage?

**Mr. Drew Carpenter:**

I would like to identify myself as Drew Carpenter Director of Risk Management at the Insurance Department. I know that the schools that we have through our program and the schools that are insured by Arkansas School Board Association account for approximately 210 of all the districts. I don't think there are any districts that are non-insured totally there may be some that are not insured adequately. I think the concern and the emphasis for the legislation was to make sure that the schools did what they are supposed to be doing before they had the opportunity to come before this commission to seek assistance. Does that answer your question?

**Mr. Richard Weiss:**

Yes Sir it does. The following question is: is the 90% coverage an industry standard or norm or is it different?

**Mr. Drew Carpenter:**

It refers co insurance clause. You can have 100%, 90%, 80%, 70% and so on. It has to do with the rate that you pay. Most policies ... I have not seen any bids that request anything less than 90%. And with co-insurance, if you have met the companies co-insurance requirements then you are eligible for replacement cost coverage. If you have the 90 % co-insurance clause in you policy but do not insure your building adequately than you would suffer you would have a penalty, a co insurer on that part which is 90%

**Mr. Richard Weiss:**

Thank you

**Mr. Mac Dodson:**

In the manufacturing world policies typically provide for delay in business. Is there something to provide for a tornado hit a school building and they had to use temporary buildings before the permanent structure was built, would that be covered?

**Mr. Drew Carpenter:**

Yes Sir It's very difficult to write generic requirements for school districts that have 400 students and others that have the size of Little Rock or North Little Rock or Bentonville or any other of those schools. Extra expense coverage is what provides the money to pay for the portable classrooms and any other expenses over and above the normal operating expenses. And the suggested requirement is a minimum of 1 million dollars that does not preclude them from seeking more than that. I know both our policy and the school board policy both provide more than the million dollar limit. The other issue is the code upgrade law and ordinance coverage that provides coverage if a building using Cabot as an example, they have to come back because the fire code has changed and put a sprinkler system in it or upgrade to ADA requirements that is the million dollars there. The law and ordinance is what covers that portion there. Two separate issues.

**Dr. Ken James:**

Any additional questions? Mr. Eaton is there anything that you would like to add?

**Mr. Eaton:**

No Sir I will tell you that we have established the Public Hearing date Mr. Scott Smith will take care of that information pending the public hearing approval of the minutes.

**Mr. Richard Weiss:**

Mr. Chairman I move that we adopt the emergency rules submitted.

**Mr. Mac Dodson:**

Second

**Dr. Ken James:**

There is a motion to adopt the emergency rules as submitted. Any further discussion? All in favor say Aye. "Aye" opposed none motion passes. On to next item.

**Mr. Eaton:**

Yes Sir, Item 2 is the identical rules that were presented to you in item 1 with the exception of the removal of section 5 and 6 which is the emergency clause. The effective date the open comment period for the public hearing has been established for 9am to 11 am on 16 May here in this auditorium and the comment period will begin when Mr. Smith presents it in the newspaper.

**Mr. Mac Dodson:**

I move they be approved.

**Mr. Richard Weiss:**

Second

**Dr. Ken James:**

We have a motion and a second to approve the rules governing property insurance requirements. Any further discussion? Hearing none all those in favor say Aye "Aye" opposed none the motion passes to adopt the permanent rules governing property insurance as so noted by Doug Eaton the public hearing will be May 16, 2007 9 to 11 here in the auditorium at the Department of Education. Item number 3 Mr. Eaton the academic facilities immediate repair program FY 06

**Mr. Doug Eaton:**

Yes Sir, Item 3 is an updated report to the commission. The purpose is to present you with an updated list of the Academic Facilities Immediate Repair Program and recommendations for the transfer of funds to assist school districts in completing immediate needs projects. A reminder to the commission is that the law stipulated that the funds reimbursement is based on the actual cost of the original scope. Districts that have completed them over have only been paid to the dollar amount that was agreed upon initially. Any districts under, we re-coop that money and put it in surplus. In January we reported to you that we were about 67% through the program. In April we are 70 % through. That's kind of disappointing, I think we are progressing slowly across the state more slowly than I would like to see but it is a slight progression. I also remind the commission that Act 989 of 2007 established a completion date for this program. A commissioner's memo has gone out or is in the process of going out that reminds all districts that immediate repair projects must be completed and financially closed out by 1 January 2008. If not that money reverts back to the commission to do what they see fit. At the present time we have distributed approximately \$25 billion of the program which is about 79%. You'll see we have a balance on the last page of approximately 3.1 million dollars if the commission approves the \$400,000 that we are recommending be transferred. Even after we have completed the transfer of funds, balance out the programs that have over runs, we will still have a balance of 3.172 million dollars in this account. It is recommended that the commission approve the transfer of funds to meet the state's obligation in the immediate repair projects and also note that we intend to do nothing with that balance until such time the program is completed.

**Dr. Ken James:**

Questions?

**Mr. Richard Weiss**

You said the progress has been disappointing in the January to current time period. What has caused the progress to slow down or stop?

**Mr. Eaton:**

Sir I don't think it slowed down, I think a lot of these districts intended to do these projects in the summer months. I don't think they were completed. They allowed HVAC projects to build up on them too quickly into the school session. They had to have the heating/ventilation units for example so they had to cramp that work in the summer and some did not get it done. We actually have very few projects left on the list and they only total 6 million dollars of what's remaining. I'm hoping that the legislative action will require the districts to have these completed by January 1. This will put the push on districts to get them completed during the summer of 2007 and then we will be able to get out of this program. You can see from the list we have completed quite a few of them. The ones identified are outlined in white that still need to be completed. We have notified the districts with a memo. We will notify them again specifically dealing with the immediate repair program projects needs to be started and completed.

**Dr. Ken James:**

Doug when is that commissioners memo scheduled to go out?

**Mr. Eaton:**

I can't tell you exactly where that is. It's somewhere between my office and yours and Scott's. It lists all the changes in 989 including this one and the one I'm going to tell you about. We are contemplating sending out a second one only on immediate repair.

**Dr. Ken James:**

Any further questions from the commission?

**Mr. Richard Weiss:**

This does not require a motion or does it?

**Dr. Ken James:**

This is an information item. Do you need a motion?

**Mr. Eaton:**

Yes Sir, we need for you to approve the transfer of funds of 470,000 from the surplus to cover the cost over run on projects where we have agreed to the scope upfront, not because they changed the scope, but simply because the cost has gone up.

**Mr. Mac Dodson:**

I move we approve the transfer.

**Mr. Richard Weiss:**

Second

**Dr. Ken James:**

There has been a motion and a second to approve the transfer of funds to meet the state's obligation on immediate repair. Any further discussion? Hearing none all those in favor say Aye "Aye" opposed none the motion passes. Mr. Eaton item four academic facilities transitional program report FY 06.

**Mr. Eaton:**

Yes Sir Item #4 is an update to the commission of the program. The projects listed on this list are proceeding satisfactorily. The project completion date and program end was also established by Act 989 of 2007. All projects under this program must be completed by July 1 2009. The reason being there are a number of schools who are going to run at least another 14 to 15 months before they are completed and they have to be turned over to the school districts. In January we reported to the commission that we were approximately 55% of the way through the program, this April we are about 66% of the way. If you would direct your attention to the last page you will see of total projects that were identified which was 222, 147 have been completed, 52 are ongoing, which means we have about a 90% percent completion, and an ongoing rate. You can see the program is moving along quite satisfactorily. We've distributed a little over 62 million dollars which is 71% of the amount that was established in this program. We also reported to you in January of this year that we had a 1.3 million deficit. Because of the projects being completed in the savings we have reduced the deficit to the amount that you see here \$472,000. We do not recommend that any thing be done to this deficit at this time; we have far too many programs at this time to complete before we can come back to the commission. But I'm optimistic to think that if we reduced it by 1 million dollars in three months that there will be further reduction and hopefully we will end up with a positive number. The Division's recommendation is that there are no recommendation because we don't require any action on the part of the commission.

**Dr. Ken James:**

Any Questions? Doug just one, on the projects not started can you give us any feedback as to why that is the case in this point and time?

**Mr. Eaton:**

No, we can once we send out the commissioner's memo after this asking the districts to respond with why they have not started and tell us what their status is. Obviously the longer the district waits the more it costs them not the state. But we can certainly check once the districts have the memo and have a chance to respond. As you can see there are not many 52 identified in white that are in fact ongoing so we have to delineate and break those down.

**Dr. Ken James:**

Thanks. Moving on to the next item. Number 5 Academic Facilities Catastrophic Program special report.

**Mr. Eaton:**

Yes Sir this is a special report with a recommendation primarily to bring the commission up to date on the status of the six schools we have been dealing with, with regard to the Catastrophic Program. The first of these was the Marmaduke School District. If you can remember Marmaduke was struck by a tornado last fall and much of the town was destroyed along with sizeable portion of the school. The school asked for assistance under the catastrophic program and it was approved, however, no state funds were

required. Their insurance was adequate plus additional money they needed to repair some outside things that were not covered by their insurance were covered by FEMA. So the school has been able to completely restore that section of the building, pay all their operational costs. They did bring in portables, and get their fields restored because of FEMA. So they are done, they are up and running and have been for the last couple of months. The Cabot school district had a fire just before the start of school last year and we have been working with Cabot since then on April third they accepted a proposal that we made to the Cabot school district to cost share that portion of the school above what was originally designed to bring it up to state standard. The state's portion is \$5,026,050 the school district's portion of the replacement is 13.5 million plus the equipment that must go into the building. As I mentioned before they did submit an application. It was reviewed and we have been working with them for the last couple of months and we did arrive at this figure and it is within the confines of the law because they have agreed to update the facility every place they possibly can. I conceded to them our site restrictions. There are going to be things that they will have to do in regard to building because they may not meet the current standards simply because the site will not allow it. We will work with them as we see the plans and approve those variances as necessary. The third is Palestine Wheatley junior High School. The Palestine Wheatley junior High school suffered a loss at the early part of last year due to a fire. The fire was intentionally set. I understand the children that started the fire have been arrested and have not been tried but are going to be tried. The insurance company and Palestine Wheatley were not able to come to an agreement as quickly as we would like but they finally have reached an agreement. The project was essentially divided into two portions. The portion of the building for which the insurance company felt could be restored and the district agreed they need restored to continue school and that portion of the building that was a total loss and must be demolished. The school district has also agreed that they do not need to replace that portion of the building because they have adequate facilities between the two towns of Palestine and Wheatley. I did request Catastrophic loss for that replacement the total renovation cost was about \$982,000 based on the wealth index our share and the state's share would be \$216,327 again this is only for the portion of the building that will remain. The other portion of the building they have reached a settlement. They are not going to replace it they are going to divert those funds into other school improvements. The Bald knob school district has requested assistance in replacing a roof on the sixth grade wing due to extensive hail damage in the summer of 2006. Bald Knob submitted this as a partnership project in 2006. They withdrew it because they needed to redirect the funds, two months later they got hit with a tremendously bad hail storm. They thought this would be the opportunity to go in and replace the roof to the most current standards, which they have. The state's share of the replacement is \$135,000. That project has been completed and the roof was restored back to better than its original condition and to the most current standard in the facility manual. The Clarendon school district. In late 2006 the Clarendon school district lost its elementary school at Holly Grove. The building was totally destroyed by fire. The school district made an application under the catastrophic program for assistance the board in turn decided not to replace the Holly Grove School but rather move that small number of children to up to Clarendon which is about 8 miles away. Because of this move and because of the fact that the facility in Holly Grove was larger than the needs in Holly Grove school district

they are able to completely restore that entire school adjacent and attached to the Clarendon elementary school with the moneys allocated in the insurance policy. They were adequately covered; that settlement will be tied to an application they did make under the Partnership Program and when we are done will have completely filled the needs of the Clarendon school district elementary school. The last was Dumas school district. This is an incident in Dumas not associated with the tornado that they had. This was an incident in Dumas where they had subsurface failures in a portion of one of their buildings. They applied under Catastrophic but they did not meet the requirements because neither their insurance policy nor any other insurance policy will cover a building for subsurface failures. The building started to sink into the ground and collapse but because there was no insurance to offset they initial cost, they weren't eligible under the program. After discussing with the superintendent we encouraged them to put that in under the Partnership Program because the replacement of an academic building would surely meet the requirement criteria. They have and we did. So they have replaced it. The recommendation to the commission is that they approve the certification of the state's financial participation of the three amounts that we have identified here for the payment of these schools. Allow for the transfer of partnership funds for this purpose. When we get to the updated Partnership lists I will show you where these projects are, and that they are adequately covered by the surplus in the Partnership program without deleting any money from existing Partnership projects. So if you would entrust me with a vote this time I will show you when we get to the list where the money comes from.

**Dr Ken James:**

Any questions? Mr. Dodson

**Mr. Mac Dodson:**

I move we approve the certification.

**Mr. Richard Weiss:**

Second

**Dr. Ken James:**

We have a motion to approve the recommendation as submitted and a second. In terms of discussion the only thing I would say in respect to Cabot, I think we all have learned valuable lessons from this experience and I would suggest that just in terms of understanding we get the message out to the school districts that, I think everyone has stepped up the plate at this point because of what has been experienced in Cabot, and hopefully we won't have these issues come forth again. But this is a serious issue. I know from the superintendents that I have talked to, have kind of put everyone on notice that they're to assess their current coverage to make sure they are where they need to be. This is a classic example of a situation that had gone array with insufficient coverage, and things of that nature, to fulfill their needs. I just wanted to make that part of the record because it is a serious issue for us and hopefully we won't have to face this issue again as we continue to move forward.

**Mr. Richard Weiss:**

I second those remarks

**Dr. Ken James:**

Hearing no further discussion all those in favor say Aye "Aye" Any opposed? None motion passes. Next item Mr. Eaton

**Mr. Eaton:**

Sir As a note, to what you just mentioned I know you had a chance to read the emergency rules but in that emergency rule it was included that they must have the 90% coverage that Mr. Carpenter mentioned in order to be covered. Act 625 specifically says they must have this coverage to be considered under the catastrophic and partnership programs this is so this won't happen again.

Item six is an updated Academic Facilities Partnership Program for 06. As we reported to the Commission in January we anticipated a revision to the 06 Partnership lists that would occur as we progressed through the program. The most recent rounds of millage elections, the review of plans and specifications, and the requirement to clarify and further define scopes of work with the school districts have resulted in a number of financial changes to the stated financial participation. The list that you see there is the most current Partnership Project list. All the items that are identified with the gray line are districts whose projects costs have either gone up or down. I have listed in the front part of those 47 school districts that are on that list. Should you have the question I can tell you exactly how much the project went up or down. The return to surplus of the partnership program is approximately 12 million dollars. If you will look at the very first page of the Partnership lists you will see where I have put in the three catastrophic projects that are the three catastrophic amounts that I mentioned to you back under tab 4 I believe. You will also notice the projects are included in the balance that we still have a balance of 256 million dollars left in this program. I reported to you that in January of this year our balance was 264 million so we have dropped approximately 13 or 14 million and we have been able to meet our catastrophic needs. The catastrophic program was appropriated in 2005, but there were no financial authorizations made for that program the money must come from existing programs. That is why we are taking it from the partnership program.

**Dr Ken James:**

Questions from the commission? Doug I've noticed that we've got about 5 that failed due to milage not being passed. Have you heard from those five in terms of what their further plans are?

**Mr. Doug Eaton:**

We've heard from all but two, immediately after their millages failed we wrote letters to the school districts and gave them three options or ways they could proceed. They were one; to see if they wanted to fund those projects with their own funds, two; to see if they wanted to leave that project in and go for a second special election or three; if they wanted to pull that project and come back under the partnership program. We have heard from all the districts that have made their decision with the exception of Malvern and

Lead Hill which were the last two to have millage elections. That letter is in the hands of the superintendent and the board an opportunity to respond. I would also point out that in legislation, I'm not exactly sure which Act it was, specified that we do in the future is what we've been doing in the past. That is to go to the district, assess the district needs, see how they were hurt by the election and it also gives us some other parameters to assist them with going fourth with another election for the things that we deem have to absolutely be done. If not they are under the penalty of facility distress. But to answer your question yes we have talked to all districts we have sent every one of them a letter and the last two we have not heard from because of the short period of time.

**Dr. Ken James:**

What are the plans of these districts that you have heard from?

**Mr. Doug Eaton:**

Well Sir, it is split. A couple of them like Clarksville for example their projects were too large to fund by themselves. They're going to come back in under the next program I believe. There were a couple of others who had small projects under millage they have gone ahead and done some of those with their own funds and the third option. There are a couple who have left them in. I think we have three districts that have elections on May 14 or 15 and then we'll know where the last three districts are and we'll begin the process with them. If the millage fails a second time that's when we will have to sit down with the superintendent and say ok how bad were you hurt? And what exactly must we do in order for you to be able to proceed. Legislation that was passed in 2007 there is now a no interest loan program available to assist those districts. There are options out there to assist.

**Dr. Ken James:**

Any further questions?

**Mr. Eaton:**

The division recommendation to the commission is that the commission approves the revised partnership approval with the proviso that corrections can be made by the division.

**Mr. Richard Weiss:**

Motioned

**Mr. Mac Dodson:**

Seconded

**Dr. Ken James:**

Any further discussion all those in favor say AYE with the proviso that the commission has the right to adjust "Aye" motion passes.

**Mr. Doug Eaton:**

Yes sir the next item is tab 7. Tab 7 deals with the 2007-2009 Partnership Program review procedures. I like to start by telling the commission what we are going to present to you today for the 2007-2009 we think reflects a significant change in the project review procedures based on the much closer adherence in project eligibility and protocol. We also believe that the short timeframe that we have had in the essence to help school district as quickly as possible has expanded the definition for eligible projects in the past. I say that because we have established a very rigid criteria and for you to review the projects at this time. On the sheet presented to you there are three items there that are identified in the project criteria. The first in establishing projects to meet the problem with regard to school adequacy, suitability, growth, and provide a safe dry healthy atmosphere and bring the facility up to standard. I would point out that is explained to the districts on page 5 of the guidelines. Provided for the guidelines on page 5 in 06 and also provided to the guidelines in 07. The Applications that did not meet these criteria were not approved in the facility programs. Projects submitted to primarily enhance the facility does not meet the project criteria. The third reason a strict adherence to the law regarding the relationship between the district master plan and projects that address critical help and safety needs as follows. This is also explained on page 5 of the guidelines. At this time I would like to direct your attention to page 4 of the document... The documents are written instructions that I gave the staff on how they are to align and review each project. For the benefit of people who do not have this I would like to highlight the items which are on page 4. In case there are any questions on how we reviewed each project. The first of these all partnership projects not identified on the 06 master plan had to be fully justified and described and accompanied by an amended master plan in the format that was expressed in the commission memo. The object is not to allow districts to submit projects just to be submitting them, the object of the projects are to support the master plan. If the master plan is not amended then the project doesn't make sense therefore the district has to submit an amended master plan. We established 8 measures. Projects whose estimated value, either by the school district or by the division, of 50,000 dollars or less would not be funded this biennium in the partnership program. These projects should be within the limit of the school districts 9% maintenance policy. Exception to this rule, any safety project that brings the overall safety level up to the facility up to code. Such as emergency fire alarms, modifications for ADA were approved. We did not disapprove any safety projects in the request. #4 security projects were not considered safety projects. Security projects consist of such things as video cameras, security systems and modifications there too. #5 Building system replacement projects are those projects whose scope of work constitute the complete replacement but not for the sole purpose of upgrading the system. An example complete roof replacement as oppose to partial replacement or repair project approval would be for the entire roof system to the original type but current facility manual standard. HVAC projects are completely replace the system and not just upgrade a selectively replace or repair will meet the criteria of a healthy project. The reason we did this is because we had perhaps a misunderstanding on the part of the school district. The only thing that we can fund is too completely to rip off the roof and for example put a new roof back on. It was never our intent but it got out of hand. What we told the districts were that we would pay and assist you back to the original design of that roof to the new facility standards. But you must do the whole roof. Portion of the roof is just a

repair. Repair projects are not eligible for the partnership program as stated in the law and stated in the rules. #6 Building envelope projects all facility windows that meet the criteria would be approved for dry and healthy selected replacements or just the addition of storm windows would be qualified but not funded. #7 Building systems replacement must be met at the entirety not just in components example complete water sewer systems or electrical system replacement meet the criteria although electrical upgrades do not. New schools requested for growth must be completely supported by current growth projection to which the division agrees. #9 new schools replacement for existing schools must rank higher than a 50% or 25 point of the ARFCI score or when scored of the existing replacement from consolidation. School replacement not meeting the criteria would be classified as qualified but not funded. Lastly new addition to existing facilities must be for academic space and must be fully justified by the master plan and school assessment to determine adequacy and suitability. New additions or expansions only for academic support portions of the building would be classified qualified but not funded for example physical education facilities, kitchen expansion and administrative space or additions to expand. Combined academic and academic support projects would be considered approved if the majority of the work is for academic space. I feel that this bring us much closer in line with the requirements that were identified in the original law and in the rules that we gave to the school districts. The final outcome was three lists. The first of these is the approve list these are projects that clearly meet the requirements of providing student growth suitability and safe dry and healthy needs and was supported by the district master plan. Secondly we have projects that qualified but not funded projects. Projects that were classified qualified but not funded means that the project did not promote growth suitability and adequacy safe dry healthy needs but is in fact a valuable facility project which is not classified as disapproved. Finally we have disapproved projects; projects that were classified as not approved if when reviewed one of the following 8 categories was applied the first of these is projects below 50,000 dollars. Except the safety projects, secondly if the projects is for equipment repair replacement only, thirdly if it was a non-academic facility, fourthly if is an incomplete application we received numerous applications that did not provide that information for us to be able to make an accurate determination nor the dollar. Five if they were maintenance repair items, six if they were previously funded and extended some districts had put projects in three different programs. These are a very difficult category to define a project but basically if the project did not improve the delivery of an adequate education were considered not to be approved. Lastly if the adequate program space exists. As mentioned before, the Division encountered numerous problems with regard to project review due to incomplete applications and missing information required in the application project process. Page four of the guidelines required the district to either A submit plans and specifications or B a complete description of the project which would allow us to detail exactly what they were doing, to be able to compare to the deficiency list with the master plan and determine the state's share. Coordination with the school district was very intense during the review period and will continue throughout the project development until such time that the plans are reviewed and the project agreements are signed. Next the division implements a change of procedure with the partnership agreement between the division and the school districts. Page 7 of the guideline, and also expressed in the rule, states that once the project is approved between

the Division and the state, the Division and the school district would enter into an agreement it does not specifically say when that agreement has to be entered into. However it is implied by original law which required as a minimum plans at the time the project was submitted it would be after that period of time. Which gave us the ability to clearly identify what we were going to do and variance that they may have requested? That is the procedure that we are to follow dealing with the 2006 projects. Specifically the agreements would be signed when the Division and the school districts have come to a complete agreement for the scope of the project, plans and drawings are necessary to be submitted to the division for review and any variance request that has been made with the project scope and cost, the agreement would be signed when participation is determined. For those agreements which we have already been signed and we reviewed the plans later on, showed that the agreement may be signed too early and the format was not correct. We have developed an agreement amended form. We have sent three of these out. The other resulted in the list for the school districts that I have shown you before where we said this is the anticipated and estimated cos. They took that number and ran with it and now we find out what is asked to be built is not quite the project that we originally thought they were going to build. There was an increase up to 800,000 dollars and there were others where they came back in and said well no we were going to build a building of such amount of square feet. The other thing that we did that was significant was add closure under tab seven when we develop an ARFCI the facility commission index. This is a rather complicated form of an assignment which ranks all the school campuses and allowed the division to direct emphasis toward the worst state school. What we have done is we ranked every school campus. What Dr. Stein did was take the deficiencies, rank and evaluate them and the reason we did this is to establish priorities. We factored in the suitability cost we factor in the life cycle cost and then compared it to what we believed to be the replacement cost for 2004.

**Mr. Doug Eaton:**

Yes sir, Item number 8 is a request for approval for Academic Facilities partnership program for 07 and 09. In May of 2006 the Commission for Public School Academic Facilities and Transportation approved the tentative academic facilities partnership project this was submitted in accordance to the Arkansas Code annotative 06-21-806, which called for the division to accept partnership applications in March of 06 to review and approve school districts facility master plan no later than May 01 with regard to the academic facilities project to which the school district attends to apply for state financial participation during fiscal year 06-07. Within the same code the division notified districts on July 1, 2006 that the school districts applications for financial participation during fiscal year 06-07 were eligible for new construction projects has been approved if you approved. What we failed to do was to request projects to start the next calendar year at that time. So in October 2006 the FY0607 application period was again open, to November 1 to submit projects to be funded in that same fiscal year but which would begin in calendar year 07. The application process was similar to that of 06 but required an amended master plan to be submitted by February 2007 for projects not listed on the 2006 school districts master plan and the justification for this project was the one time out of cycle submission for us to allow two year coverage of projects for the school

districts and to bring the process in line with the two year process which is stipulated by law. We have been out of cycle since we started this program and by asking for projects again and applying them against the anticipated, now completed 07 09 budget which was approved by the legislator, we are now back on cycle. The projects have been reviewed with the criteria I have outlined to you in tab 7. And we have presented to you 4 lists. The first of these is a recommended approved projects, the secondly is the recommended qualified but not funded, the third is recommended disapproved projects and again a recommendation for projects in school districts in fiscal distress. If you would turn to the very first list that is the approved projects. In brief let me just tell you that out of that list there were 369 projects that we approved, 14 were replacement schools that we considered to be in such state of repair was deem not feasible and the entire school would need to be replaced. There are 27 new schools on this list that are to meet growth needs, there is also 111 additional schools that needs to meet adequacy and suitability needs the remaining projects which is 216 are to meet the requirements of safe, dry and healthy which gives us a total of 369 projects. The projects are listed in alphabetical order and you also noticed that there was a total score. I'm prepared to rank order by total score which we have done but for ease of explanation. But the law said we would establish a priority system and we have and those scores are listed there. You'll notice the scores. Yes sir there are 14 replacement schools; schools that were so bad the district felt that they had to be replaced there are 27 new schools for growth, there are 111 additions there are 216 projects that fall into the general range of fire safety and safe and dry the total schools 369. The second list presented to you is the list of projects that were deemed qualified but not funded the projects. Projects on this list fall into a number of general categories; surveillance systems, academic support areas, safe rooms energy efficient lighting projects, covered walkways, non academic end of life projects and new schools which was schools to be requested to be replaced had a AFRCI score below 25 which put them in the upper one half of the school of the state which was 3 schools that fell into that category. the next list were projects that were disapproved. They were disapproved for one of the eight reasons that I stipulated when I went over the project criteria. The largest number here are projects that fall below \$50,000 dollars, and projects that were resended for various reasons. the school districts pulled them back. I would mention one other thing this was a comment of observation made by Mr. Weiss when I talked to him about this. There are some projects on the approved list that fell below 50,000 as far as the state share goes and one of the reasons for that because some of the school districts had a wealth index above 1 applied for projects we therefore applied the wealth index criteria that was established by the legislature in 2007 of allowing not to exceed 005% and therefore the districts comes in with a \$600,000 project and they get \$300 but that's what the law said and that's exactly what we did. The last list is the school districts that are on fiscal distress there is only one that reported to us that was on fiscal distress and that's Hughes so we elected to just take their projects and divided them into the same categories as the other school districts that are having financial problems. In the past has been released by Mr. Bobby Davis of ADE and allowed to proceed such as Helena West Helena, Pulaski County they had projects in 06 we assumed if they had eligible projects in 07 they would be funded. Hughes School district is the only district that falls into that category. You will also notice on the very top of the list you will notice the disclaimer that I have put in the motion in May, July, August, January and now April saying we

have the right to identify and the right to correct the state financial participation if that scope plans and drawings appear to be different than what was requested this perhaps might have been a point of confusion when the list is published if it is approved by the commission to be published with that note on the top. It's on the top of the approved list it is on the top of the qualified but not funded list so the districts fully understand that. The recommendation that the division makes is that the approved, qualified but not funded and recommend disapproved partnership project list be approved by the commission, secondly that the list of projects affiliated with the district of fiscal distress be held in advance pending the final determination by the state board of education and fiscal solvency, thirdly that the following provisions be made part of the commission approval of a list that the state financial participation indicated on the recommended approval list reflects the tentative, estimated state share calculated by the project application the final state financial participation would be determined and included in the partnership agreement upon review of the plans and specification submitted for the project. The division reserves the right to adjust the state financial participation if the review of the plans and specifications in conjunction with any variance affects the project scope. And secondly should a non fiscal distress status be granted that district identified as being in fiscal distress that the division may move that districts projects to the list comparable to project recommendation.

Ok you heard the presentation and the recommendation from Mr. Eaton with respect to the partnership program for 07-09 Commissioners I guess on the recommendation depending on your wishes we can take those one at a time or do does in one motion what whatever your pleasure is.

**Mr. Mac Dodson:**

I moved that we approve all three recommendations

**Mr. Richard Weiss:**

I second that

**Dr. Ken James:**

Ok we've got a motion to approve all three recommendations as submitted and a second any further discussion hearing none all those in favor say aye, Hearing no one opposed; the motion passes all three recommendations are passed.

**Mr. Doug Eaton:**

Sir let me also state that districts have the right to appeal the decision within 10 days and a hearing can be conducted after that.

**Dr. Ken James:**

Ok let's proceed to number 9

**Mr. Doug Eaton:**

The division presently has 7 support contracts in force with expirations dates of June 30, 2007. The law allows for contractual support of the division analysis of the division mission resources dictate the type of contractual assistance to meet our requirement in support of the school district and to fully implement the facility program. The division is recommended the following contracts be extended. The first of these is Summit Consultant Services we rely on them for services dealing with the development of the cost estimates to determine the states financial participation and facility program review and consultation in the Arkansas Facility Manual revisions and with master planning as it relates to the partnership program. The second is the Magellan K12 incorporated contract this is to extend the license agreement and technical support of the facilities database for the partnership program and real time updating system of the facility database. The division also proposes to secure new architecture and engineering firm to provide general support to the division in the areas of project verification, special studies and possible project design. The division has advertised the request for qualifications and expects to contract with 4 to 5 firms for this support. In May 2006 where we were specifically asked to go back out for those contracts. My intent is to have a working list of at least 5 to 8 architectures and engineering firms. As the need arises we have the ability to look at the expertise of these firms and go with one of those firms for specific things that we may need done. Our advertising was also extended to include design which we did to comply with laws that were passed in 2007 regarding the facility distress where the division may have to come in and conduct the work if the district does not have the fiscal ability to do so. So therefore we put that in the RFQ. I really hope that we don't have to do that but therefore everything was included in the request for proposal. The division to meet the requirement of Act 1327 of 2005 recommends that a request for proposal be issued for state wide maintenance management tracking system. The system would be funded by the state and implemented such that school districts would manage its own data to track work request for better maintenance management and allow for real time data collection and analysis. The system would meet both the requirement and provide a real time report for statewide facility condition and assist the school district in the requirement for work request initiated by tracking procedures for both routine work request and preventative maintenance. The base contract would be established and funded by the division on an annual basis but would also allow for the expansion of school maintenance Functions by letting school districts add to their system capabilities at their own expense. Act 1327 basically said there was two thing that we require to do one of these was we were required to submit a report annually in October and the other Bi-annually in October to the legislature and Governor on the state condition of the facilities. The only way we are able to do that right now is by going into the main database of the assessment of 2004, updated by the updates the district were giving to us and that would turn around and would give us the condition of the school facility, but it gives us the conditions of the facility in dollars. It does not give us the condition of the facility if some body asked how bad are the roofs at the schools in the state of Arkansas. By establishing work management system, and other states that have done this, we would invite the district to participate voluntarily and hopefully they would and using the states management system. This would allow us to do two things. First of all it would allow us to standardize the system across the state with districts such that we are all using the same procedures to track and preventive maintenance, which is required by law and establish

the work order system. We have approx 30 districts in the state now that have automated maintenance management system with various companies. We would submit a RFQ and put together a panel from our division and from Arkansas School Plant Management Association, because they helped compile the maintenance guide and a couple of superintendents to review the proposal and come up with what we consider to be the best one for us. The way it was explained to me is that the districts would establish a preventive maintenance tracking system to ensure that the investment made by the state to upgrade the facilities did not allow us to get back in the same position that we are in now 10 years down the line. The recommendation to the commission is to approve the following contracts actions one is the extension of the Summit Consultant and Magellan service contract and secondly the contract of Architect and to proceed with the state wide Maintenance Management Systems.

**Mr. Richard Weiss**

Mr. Chairman, I motion to approve those recommendations.

**Mr. Mac Dodson**

Second.

**Dr. Ken James**

We have a motion and a second to approve the recommendations as submitted. Doug, a couple of questions on the first two items you have. The estimated cost, do you expect them to be lower or higher?

**Mr. Doug Eaton**

We expect them to be the same.

**Dr. Ken James**

Any further discussion? Question? We have motion on the floor and a second. All those in favor say, "Aye" "Aye" Oppose. Hearing none, motion passes.

**Mr. Doug Eaton**

Yes, sir. Item 10 is just information that the commission might be interested in hearing. The first deals with the operations and maintenance manuals. The commission approved the operation and management manual late last year, and I wanted the commission to know that we have printed those, distributed them and given a hard copy to each superintendent thru the co-ops and put the manual on the (Division web site) system. We did that specifically to give them a long lead time to develop a custodial, preventive maintenance, and work order system that they have to have which is mandatory with the submission of the February 2008 master plan. The manual was written in such a way that all they would have to do is just follow the steps. They also have a commission

memo on the manual telling them to start using it and reviewing it. The second deals with the Arkansas facility manual. Reviews are ongoing with the Arkansas facility manual. The attentive purpose is to make sure the manual was current with changes in the construction industry. In the correct areas for program requirements the reviews are recommendations that have been conducted by the division, the advisory committee, and the academic facilities consultant group. Changes to the HVAC requirements to allow additional non-AC area and school construction and minor corrections and calculating formulas pertaining to school size. These reviews in the manual would be updated in time for the calendar year of 2008. We should make sure the manual stays up to date such as the code and law changes. Secondly to revise portions based on the majority of common requests for variances. Thirdly, it allows for the revisions to the program of requirements for program changes. Lastly, it allows a fundamental planning changes such as procedural change in how we plan for our schools and have the ability to go back to change the manual. The first review is a review that we conducted. So far this is the first three of these. Therefore as we are proceeding thru the changes we are making very minor changes. We have corrected mathematical errors, not the way the manual should operate. The last thing that I would like to say before we close, because you might have questions or whatever, I would like to tell the commission this year we have had the opportunity to turn a tremendous corner in this facility program. For the first few years we have to initiate five (funding) programs at a tremendous pace. We have shoveled a lot of money to school districts. I think we have done it consistent with the laws that were given to us and the regulations that were established. The contracts that we are going to bring on board and the additional people we were authorized to hire in the next couple of months would certainly help us. That is all I wanted to report to the commission unless there are any other questions in any other area. I do not have any transportation request report to give to you. Every thing is going well in transportation. We have six rules that are going to be changed and we will get them out.

**Dr. Ken James**

Questions for the members of the commission? Anything?

**Mr. Richard Weiss**

Mr. Chairman, I would like to commend Doug and the whole division over there, because they have done incredible work in a short period of time dealing with a lot of issues. No doubt about it. We all said this has gone in a very quick pace and we have been fortunate to have made the progress in such a tight timeframe that we have, and I think we will see it get better.

**Dr. Ken James**

Anything else for the commission?

**Mr. Doug Eaton**

No.

**Mr. Richard Weiss**

I motion, we adjourn.

**Mr. Mac Dodson**

Second.