

GOVERNING BOARD MINUTES: REGULAR MEETING AND EXECUTIVE SESSION

2012-2013

January 24, 2013

Administrative Center
Governing Board Room
4650 West Sweetwater Avenue
Glendale, AZ 85304-1505

I. REGULAR MEETING – GENERAL FUNCTION

A. Call to Order and Roll Call

Mr. Maza called the meeting to order at 7:01 p.m. Governing Board members constituting a quorum were present: Mr. Chris Maza, Mr. Bill Adams, Ms. Clorinda Graziano, Mr. Aaron Jahneke, and Mrs. Tee Lambert.

B. Moment of Silence and Meditation

Mr. Maza called for a moment of silence and meditation.

C. Pledge of Allegiance

Mr. Maza led the Pledge of Allegiance.

D. Adoption of the Regular Meeting Agenda

A motion was made by Mr. Adams that the Governing Board adopt the Regular Meeting Agenda. The motion was seconded by Mrs. Lambert. The motion carried.

UNANIMOUS

E. Approval of the Minutes

A motion was made by Mr. Jahneke that the Governing Board approve the Minutes of the January 10, 2013 Regular Meeting. The motion was seconded by Ms. Graziano. The motion carried.

UNANIMOUS

F. Current Events: Governing Board and Superintendent

Mr. Adams shared the following:

- Enjoyed attending the ceremony where the Glendale Union High School District was recognized as the National Advanced Placement District of the year.
- Enjoyed attending the Arizona School Boards Association (ASBA) Retreat. He advised that there were exciting things happening at ASBA, especially with technology, e.g., website for Governing Board members.
- Thanked Board members for approving his travel to attend the Federal Relations Network (FRN) conference in Washington, D.C., January 27-29, 2013. He stated he would present a report on the conference at a future Governing Board meeting. Mr. Adams also thanked Ms. Janet Sullivan for her assistance with his preparation for the conference.

Mr. Jahneke shared that he purchased the Barnes and Noble gift cards for the Washington Education Foundation to donate for the Read Across America incentives at the schools.

Ms. Graziano shared the following:

- Thanked the directors of the Washington District’s Honor Orchestra for asking her to help and participate with the students in the Honor Orchestra.
- Thanked the vendors who donated iPads for the principals and administrators.

Mr. Maza thanked the District for hosting the appreciation reception to thank the vendors who donated iPads.

Dr. Cook introduced Mountain Sky Junior High School Assistant Principal, Mr. Tony Murphy who, in turn, introduced Mr. Brandon Price, Mountain Sky Social Studies teacher. Mr. Price shared how he and the staff collaborated to reach the common core goals for 7th and 8th grade.

G. Public Participation

There was no public participation.

H. Approval of the Consent Agenda

A motion was made by Mr. Jahneke that the Governing Board approve the Consent Agenda items as presented. The motion was seconded by Mrs. Lambert. The motion carried.

UNANIMOUS

II. CONSENT AGENDA

***A. Approval/Ratification of Vouchers**

Approved and ratified the vouchers as presented.

UNANIMOUS

***B. Personnel Items**

Approved the personnel items as presented.

UNANIMOUS

***C. Public Gifts and Donations (The Value of Donated Items is Determined by the Donor)**

Approved the public gifts and donations as presented.

UNANIMOUS

1. Mr. Holland's Opus Foundation donated musical instruments with a value of \$11,228.00 to be used for the benefit of students at Manzanita Elementary School.
2. Fry's Food Store donated a check in the amount of \$500.00 to be used for the benefit of students at Desert Foothills Junior High School.
3. General Mills Box Tops for Education donated a check in the amount of \$641.50 to be used for the benefit of students at Moon Mountain Elementary School.
4. General Mills Box Tops for Education donated a check in the amount of \$516.10 to be used for the benefit of students at Mountain Sky Junior High School.
5. General Mills Box Tops for Education donated a check in the amount of \$359.30 to be used for the benefit of students at Roadrunner Elementary School.
6. General Mills Box Tops for Education donated a check in the amount of \$521.80 to be used for the benefit of students at Sunnyslope School.
7. General Mills Box Tops for Education donated a check in the amount of \$516.10 to be used to purchase library books for students at Mountain Sky Junior High School.

8. General Mills Box Tops for Education donated a check in the amount of \$357.00 to be used for the benefit of students at Mountain View School.
 9. Rodel Foundation of Arizona donated a check in the amount of \$9,962.00 to be used for the MAC-Ro Math Program for the benefit of participating students at Acacia, Desert View, Mountain View, Shaw Butte, and Sunnyslope Elementary Schools.
 10. Safeway Foundation donated a check in the amount of \$1,869.00 to be used for the benefit of students and families at Cactus Wren Elementary School.
 11. Walmart donated two checks with the total amount of \$1,000.00 to be used for the benefit of students at Palo Verde Middle School.
 12. Kroger (Fry's Food Stores) donated a check in the amount of \$500.00 to be used for the benefit of students at Sunnyslope School.
 13. Lookout Mountain Elementary School Parent/Teacher Organization donated a check in the amount of \$7,558.90 to be used to purchase document cameras for the benefit of students.
 14. DonorsChoose.org donated books and audio books with a value of \$893.76 to be used for the benefit of students at Chaparral Elementary School.
 15. Atlasta Catering and Event Concepts donated an appetizer buffet and catering services with an approximate value of \$1,200.00 for the Academic Support Programs holiday appreciation dinner.
 16. Albertsons Market donated a check in the amount of \$1,000.00 to be used for the benefit of students at Sweetwater School.
 17. Kroger (Fry's Food Stores) donated a check in the amount of \$500.00 to be used for the benefit of students at Mountain View School.
 18. McCarthy Building Companies, Inc. donated a check in the amount of \$6,500.00 to purchase iPads to assist with the Teacher Evaluation Process.
- *D. Designation of the Superintendent and In-House Legal Counsel to Receive Service of Process **UNANIMOUS**
- *E. Acceptance of the Target Field Trip Grant in the Amount of \$700.00 **UNANIMOUS**

III. INFORMATION / DISCUSSION ITEMS

A. Northwest Light Rail Extension Update

Dr. Cook introduced Ms. Carla Kahn, Valley Metro Community Outreach Coordinator who, in turn, introduced Mr. Albert Santana, City of Phoenix Light Rail Administrator, to provide an update regarding the Northwest Light Rail Extension.

Mr. Santana reviewed the Northwest Light Rail Extension project background. He stated the project was placed on hold in 2009 and work would begin in January 2013 with completion projected for late 2015/early 2016.

Mr. Santana introduced Mr. Howard Steere, Valley Metro Community Relations Manager, who presented the construction scope of work.

Mr. Steere reintroduced Ms. Carla Kahn, Valley Metro Community Outreach Coordinator, who reviewed the safety campaign for schools and students. Ms. Kahn advised that Valley Metro will work with schools to reach students, parents, teachers, and administrators; and will provide materials, e.g., posters, bookmarks, activity books, etc.

Mr. Adams thanked the presenters and asked where the Metro Light Rail line would go after ending at 19th Avenue and Dunlap Avenue. Mr. Steere replied that the approved Phase II project would go west on Dunlap Avenue and north on 25th Avenue to Mountain View Road. Mr. Steere advised that a study was being conducted to determine the next phase after the completion of Phase II.

Mr. Jahneke asked if Spectrum Mall had seen an increase in business since the light rail was completed. Mr. Steere responded that Spectrum Mall had reported increased business patronization as a result of the light rail.

Mrs. Lambert stated that she had attended several of the light rail community meetings the past several years and appreciated that they were always open and listened to the community concerns. Mrs. Lambert expressed concern regarding students who walk to school along the construction route. Mr. Steere stated that the safety of the students was a major concern. Mr. Santana stated that the City of Phoenix was a major partner of the light rail project and wanted to ensure the safety of its citizens. The Business Access/Safety Coordinator position was created to work with the construction project staff to ensure the safety of citizens. Mr. Santana advised that safe routes had been planned for students walking to school along the construction route. Mr. Santana will meet with each principal of the affected schools to inform them of the safe routes for students.

Mrs. Lambert expressed concern for the businesses during the light rail construction and how it would impact their patronage. Mr. Santana advised that the City of Phoenix had been having monthly meetings with the business community affected by the light rail construction and was trying to find creative ways to encourage the community to support the local businesses affected by the construction. Mrs. Lambert thanked Mr. Santana for the City's outreach in working with the community and the schools.

Ms. Graziano shared the following:

- Appreciated that during the Central Avenue light rail construction, business access was labeled.
- Thanked everyone involved with the Metro Light Rail for the presentation and the communication to the affected schools.
- Thanked everyone involved with the Metro Light Rail groundbreaking celebration and appreciated the information provided to the public so they know what to expect.
- Appreciated the support for the local businesses affected by the Metro Light Rail Extension.

Mr. Maza thanked everyone for the presentation and information provided.

B. Information on Performance Contracting for Schools

Dr. Cook advised the Board that the District had been investigating an alternative method of procurement called performance contracting which was allowed through Arizona Revised Statute 15-213.01. Dr. Cook introduced Ms. Cathy Thompson, Director of Business Services, who provided information on performance contracting for schools.

Ms. Thompson advised the Board that energy savings performance contracts (ESPCs) allow school districts to accomplish energy savings projects without up-front capital costs and without allocating bond dollars or other capital funds for them. The energy service company (ESCO) guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. After the contract ends, all additional cost savings accrue to the school district.

Ms. Thompson introduced Ms. Sue Pierce, Director of Facility Planning, who gave a presentation on performance contracting and reviewed the following:

- Participants in the process
- Key elements of the performance contract
 - Procurement
 - Project Development (IGA)
 - Financing
 - Measurement and Verification (M&V)
- Pros and cons of performance contracting
- Key points per ARS 15-213.01
- Third party engineer

Mr. Jahneke asked how the District would determine whether to finance the project through the ESCO or work with a finance company directly. He asked if the District would benefit because of the difference in interest rates. Ms. Thompson responded that the District would have the choice of doing an RFP, as well as, a separate request for ESCO to ensure that it was getting the best rate at that time. Ms. Thompson stated that the ESCO rate could vary and could depend on the size of the ESCO. Ms. Thompson advised that the District would also have the choice to do a contract or a lease. She stated that the type and size of a project could influence the type of financing the District would choose. Ms. Pierce added that some of the ESCOs have expertise in applying for government funding which could possibly affect the District's decision for selecting a financing source.

Mr. Adams thanked Ms. Pierce for the presentation and appreciated that the pros and cons were presented. Mr. Adams stated he would be interested in learning about other districts' experiences with performance contracting. Mr. Adams stated he was confident that with due diligence, the District would make the right decision regarding performance contracting.

Mr. Maza asked if other school districts were using performance contracting. Ms. Pierce responded that over 50 school districts have been using performance contracting, e.g., Glendale Union High School District, Balsz Elementary School District, Sunnyside, Winslow and Show Low. She stated that performance contracting was an opportunity for rural districts that needed mechanical improvements, but had no resources. Ms. Pierce advised that the School Facilities Board had been recommending performance contracting for the past two years because building renewal funding had not been available.

Mrs. Lambert asked the following questions:

- How long has performance contracting been available? Ms. Pierce replied that performance contracting had been available nationally since the 1970s and used by many states. Ms. Pierce advised that Arizona had performance contracting in the early 1990s, however, legislators felt that there were abuses and schools were being taken advantage of and it was revised in Arizona statute. The Arizona Revised Statute 15-213.01 has allowed performance contracting in Arizona schools since the late 1990s and more school districts have recently been utilizing performance contracting.
- If the District opted to utilize performance contracting, would the District be evaluated as a whole or look at a particular project? Ms. Pierce responded that the District would like to test one or two small projects to see if it would be cost effective for the District and then would make a decision whether to continue performance contracting with larger projects.
- If the District chose to do financing through the energy service company, would it have its own financing source? Ms. Pierce replied that many of the energy service companies have banks that they work with or use investor groups.
- Would the District be responsible for maintenance of new equipment purchased, e.g., HVAC units? Ms. Pierce responded that factory warranties would cover all new equipment. If the performance contract was still in effect when the warranties expired, the District would be responsible for the maintenance.
- The presentation indicated that the third party engineer works as the owner's representative. Is the District considered the owner? Ms. Pierce replied that the District would be the owner.

Ms. Graziano asked the following questions:

- Gave an example of the District identifying a project, e.g., replacing light fixtures. If an ESCO proposed a cost of \$100,000.00 to replace the light fixtures and stated the District would have \$20,000.00 a year in energy savings, would the District sign a five year contract to pay the \$100,000.00 cost? Ms. Pierce advised that the District would evaluate the energy cost savings to determine if it would be in the District's best interest to sign a contract with a funding source that would pay the ESCO.
- One of the Cons listed in the presentation's Pros and Cons states "Lack of owner's expertise in energy savings verification and cost control". Would the District receive an energy savings report? Ms. Pierce responded that the ESCO is required, by law, to provide an annual report, however, the District would be able to request a report at any time. Ms. Pierce stated that this was a general statement and not particularly applicable to the Washington Elementary School District because it had been monitoring energy savings at each site for several years.
- Will the third party engineer be someone currently employed by the District, subcontracted out according to each project, or a new employee hired for the position? Ms. Pierce replied that the third party engineer would be a consultant hired to represent the District to handle every step in the performance contracting process.
- Do we pay the third party engineer until the project is completed or pay them through the term of the contract? Ms. Pierce advised that the third party engineer would have to evaluate the annual energy savings reports for the length of the contract. She stated that the average cost of measurement & verification (M&V) is 3% of guaranteed savings for the life of the contract.

- If an ESCO designs and constructs a project, is the District obligated to sign a contract? Ms. Pierce responded that an ESCO would visit a potential project site and make an evaluation of the feasibility of the project at no cost, nor contractual obligation, to the District.

Mr. Adams asked the following questions:

- How would the District identify a potential energy service company. Ms. Pierce replied that before the District spent a lot of staff time identifying a potential project, it would need the Governing Board's direction whether to pursue performance contracting or not. If the Governing Board wished the District to utilize performance contracting, it would prepare a plan on how to proceed and present a recommendation to the Board
- If the Governing Board was receptive to do an investigation to see if the project was worth the time and effort, would the District select an ESCO? Ms. Pierce responded that the District would prepare a strategy to engage an ESCO and present it to the Governing Board.
- How would the District engage an ESCO? Ms. Pierce replied that the procurement could be through various means, e.g., an RFP, state contract, S.A.V.E., or other cooperatives.

Mr. Maza asked Dr. Cook if the appropriate next step would be to have an action plan for a given project presented to the Governing Board on a future Governing Board agenda. Dr. Cook responded that the purpose of presenting the concept of performance contracting to the Governing Board was to accomplish energy savings projects without up-front capital costs and without allocating bond dollars for them. Dr. Cook advised the Board that if they wanted a plan before a project was identified, they could direct the District to do so. She stated it would be helpful to know the Board's desire so the District could proceed as directed.

Mr. Adams advised he would like to have a comparison showing the cost to the District using bond dollars for a project versus using an ESCO through performance contracting. Mr. Adams stated he realized this was a way to save bond dollars, however, was concerned that it could cost the District more money utilizing Performance Contracting. Mr. Adams stated that he was confident that the District would use due diligence to arrive at the right decision.

Mr. Maza stated that the Governing Board members had expressed their opinions regarding Performance Contracting and believed that the District's administration knew what direction the Board wished to take. He said he looked forward to seeing recommendations on future agendas.

IV. FUTURE AGENDA ITEMS

Ms. Graziano asked if there were any policy changes due to last year's legislative session.

V. GOVERNING BOARD AND SUPERINTENDENT ACKNOWLEDGMENTS

Ms. Graziano acknowledged the Acacia Elementary School teachers for their successful attendance at the Title I Conference and was pleased that it was a worthwhile experience.

Ms. Graziano thanked the Washington Education Foundation for sponsoring its annual Bowl-A-Thon.

Mr. Adams acknowledged the District for hosting the event to thank the vendors who donated iPads.

Mr. Jahneke acknowledged the Washington Education Foundation's annual Bowl-A-Thon.

Dr. Cook acknowledged Cathy Thompson and her team of volunteers, e.g., Carol Donaldson, Natalie McWhorter, Jill Hicks, for the vendor appreciation reception buffet which had no cost to the District.

Dr. Cook thanked Ms. Sue Snyder for filling in for Joyce Shiota in her absence.

VI. CALL FOR EXECUTIVE SESSION

UNANIMOUS

Call for Executive Session: Pursuant to A.R.S. §38-431.03 – A.5

It was recommended that the Governing Board establish an Executive Session to be held immediately during a recess in the Regular Meeting for:

- A.5 - Discussions or consultations with the designated representative of the public body in order to consider its position and instruct its representatives regarding negotiations with employee organizations regarding the salaries, salary schedule, or compensation paid in the form of fringe benefits of employees of the public body – specifically regarding the 2012 Interest-based Negotiation (IBN) process.

A motion was made by Mrs. Lambert to call for an Executive Session. The motion was seconded by Mr. Adams. The motion carried.

VII. RECESSING OF REGULAR MEETING FOR EXECUTIVE SESSION

VIII. EXECUTIVE SESSION – GENERAL FUNCTION

A. Call to Order and Roll Call

B. Confidentiality Statement

All persons present are hereby reminded that it is unlawful to disclose or otherwise divulge to any person who is not now present, other than a current member of the Board, anything that has transpired or has been discussed during this executive session. To do so is a violation of ARS §38-431.03 unless pursuant to a specific statutory exception.

C. Discussion under A.R.S. §38-431.03 – A.5

- A.5 – Discussions or consultations with the designated representative of the public body in order to consider its position and instruct its representatives regarding negotiations with employee organizations regarding the salaries, salary schedule, or compensation paid in the form of fringe benefits of employees of the public body – specifically regarding the 2012 Interest-based Negotiation (IBN) process.

IX. RECONVENING OF REGULAR MEETING

X. ADJOURNMENT

UNANIMOUS

A motion was made by Ms. Graziano to adjourn the meeting at 9:09 p.m. The motion was seconded by Mrs. Lambert. The motion carried.

