

REFERENCE TITLE: school facilities board; budget reconciliation

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2792

Introduced by
Representative Boone (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-2002, 15-2011 AND 15-2031, ARIZONA REVISED STATUTES;
MAKING AN APPROPRIATION; RELATING TO SCHOOL FACILITIES BOARD BUDGET
RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-2002, Arizona Revised Statutes, is amended to
3 read:
4 15-2002. Powers and duties; executive director; staffing;
5 report
6 A. The school facilities board shall:
7 1. Make assessments of school facilities and equipment deficiencies
8 ~~pursuant to section 15-2021~~ and approve the distribution of grants as
9 appropriate.
10 2. Develop a database for administering the building renewal formula
11 prescribed in section 15-2031 and administer the distribution of monies to
12 school districts for building renewal.
13 3. Inspect school buildings at least once every five years to ensure
14 compliance with the building adequacy standards prescribed in section 15-2011
15 and routine preventative maintenance guidelines as prescribed in this section
16 with respect to construction of new buildings and maintenance of existing
17 buildings. The school facilities board shall randomly select twenty school
18 districts every thirty months and inspect them pursuant to this paragraph.
19 4. Review and approve student population projections submitted by
20 school districts to determine to what extent school districts are entitled to
21 monies to construct new facilities pursuant to section 15-2041. The board
22 shall make a final determination within six months of the receipt of an
23 application by a school district for monies from the new school facilities
24 fund.
25 5. Certify that plans for new school facilities meet the building
26 adequacy standards prescribed in section 15-2011.
27 6. Develop prototypical elementary and high school designs. The board
28 shall review the design differences between the schools with the highest
29 academic productivity scores and the schools with the lowest academic
30 productivity scores. The board shall also review the results of a valid and
31 reliable survey of parent quality rating in the highest performing schools
32 and the lowest performing schools in this state. The survey of parent
33 quality rating shall be administered by the department of education. The
34 board shall consider the design elements of the schools with the highest
35 academic productivity scores and parent quality ratings in the development of
36 elementary and high school designs. The board shall develop separate school
37 designs for elementary, middle and high schools with varying pupil
38 capacities.
39 7. Develop application forms, reporting forms and procedures to carry
40 out the requirements of this article.
41 8. Review and approve or reject requests submitted by school districts
42 to take actions pursuant to section 15-341, subsection F.
43 9. Submit an annual report by December 15 to the speaker of the house
44 of representatives, the president of the senate, the superintendent of public

1 instruction, the director of the Arizona state library, archives and public
2 records and the governor that includes the following information:

3 (a) A detailed description of the amount of monies distributed by the
4 school facilities board in the previous fiscal year.

5 (b) A list of each capital project that received monies from the
6 school facilities board during the previous fiscal year, a brief description
7 of each project that was funded and a summary of the board's reasons for the
8 distribution of monies for the project.

9 (c) A summary of the findings and conclusions of the building
10 maintenance inspections conducted pursuant to this article during the
11 previous fiscal year.

12 (d) A summary of the findings of common design elements and
13 characteristics of the highest performing schools and the lowest performing
14 schools based on academic productivity, including the results of the parent
15 quality rating survey. For the purposes of this ~~paragraph~~ SUBDIVISION,
16 "academic productivity" means academic year advancement per calendar year as
17 measured with student-level data using the statewide nationally standardized
18 norm-referenced achievement test.

19 10. By December 1 of each year, report to the joint committee on
20 capital review the amounts necessary to fulfill the requirements of sections
21 ~~15-2021~~, 15-2022, 15-2031 and 15-2041 for the following fiscal year and the
22 estimated amounts necessary to fulfill the requirements of sections ~~15-2021~~,
23 15-2022, 15-2031 and 15-2041 for the fiscal year following the next fiscal
24 year. The board shall provide copies of the report to the president of the
25 senate, the speaker of the house of representatives and the governor.

26 11. Adopt minimum school facility adequacy guidelines to provide the
27 minimum quality and quantity of school buildings and the facilities and
28 equipment necessary and appropriate to enable pupils to achieve the
29 educational goals of the Arizona state schools for the deaf and the blind.
30 The school facilities board shall establish minimum school facility adequacy
31 guidelines applicable to the Arizona state schools for the deaf and the blind
32 ~~by December 31, 2000~~.

33 12. ~~Beginning August 15, 2004, and~~ IN each even-numbered year
34 ~~thereafter~~, report to the joint committee on capital review the amounts
35 necessary to fulfill the requirements of sections 15-2031 and 15-2041 for the
36 Arizona state schools for the deaf and the blind for the following two fiscal
37 years. The Arizona state schools for the deaf and the blind shall
38 incorporate the findings of the report in any request for building renewal
39 monies and new school facilities monies. Any monies provided to the Arizona
40 state schools for the deaf and the blind for building renewal and for new
41 school facilities are subject to legislative appropriation.

42 13. By ~~October~~ JUNE 15 of each year, submit DETAILED information
43 regarding demographic assumptions, a proposed construction schedule and new
44 school construction cost estimates for ~~the following~~ INDIVIDUAL PROJECTS
45 APPROVED IN THE CURRENT FISCAL YEAR AND EXPECTED PROJECT APPROVALS FOR THE

1 UPCOMING fiscal year to the joint committee on capital review for its review.
2 THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF AND THE SCHOOL FACILITIES BOARD
3 STAFF SHALL AGREE ON THE FORMAT OF THE REPORT.

4 14. Every two years, provide school districts with information on
5 improving and maintaining the indoor environmental quality in school
6 buildings.

7 B. The school facilities board may contract for private services in
8 compliance with the procurement practices prescribed in title 41, chapter 23.

9 C. The governor shall appoint an executive director of the school
10 facilities board pursuant to section 38-211. The executive director is
11 eligible to receive compensation as determined pursuant to section 38-611 and
12 may hire and fire necessary staff as approved by the legislature in the
13 budget. The executive director shall have demonstrated competency in school
14 finance, facilities design or facilities management, either in private
15 business or government service. The executive director serves at the
16 pleasure of the governor. The staff of the school facilities board is exempt
17 from title 41, chapter 4, articles 5 and 6. The executive director:

18 1. Shall analyze applications for monies submitted to the board by
19 school districts.

20 2. Shall assist the board in developing forms and procedures for the
21 distribution and review of applications and the distribution of monies to
22 school districts.

23 3. May review or audit, or both, the expenditure of monies by a school
24 district for deficiencies corrections, building renewal and new school
25 facilities.

26 4. Shall assist the board in the preparation of the board's annual
27 report.

28 5. Shall research and provide reports on issues of general interest to
29 the board.

30 6. May aid school districts in the development of reasonable and
31 cost-effective school designs in order to avoid statewide duplicated efforts
32 and unwarranted expenditures in the area of school design.

33 7. May assist school districts in facilitating the development of
34 multijurisdictional facilities.

35 8. Shall assist the board in any other appropriate matter or method as
36 directed by the members of the board.

37 9. Shall establish procedures to ensure compliance with the notice and
38 hearing requirements prescribed in section 15-905. The notice and hearing
39 procedures adopted by the board shall include the requirement, with respect
40 to the board's consideration of any application filed after July 1, 2001 or
41 after December 31 of the year in which the property becomes territory in the
42 vicinity of a military airport or ancillary military facility as defined in
43 section 28-8461 for monies to fund the construction of new school facilities
44 proposed to be located in territory in the vicinity of a military airport or
45 ancillary military facility, that the military airport receive notification

1 of the application by first class mail at least thirty days before any
2 hearing concerning the application.

3 10. May expedite any request for funds MONIES in which the local match
4 was not obtained for a project that received preliminary approval by the
5 state board for school capital facilities.

6 11. Shall expedite any request for funds MONIES in which the school
7 district governing board submits an application that shows an immediate need
8 for a new school facility.

9 12. Shall make a determination as to administrative completion within
10 one month after the receipt of an application by a school district for monies
11 from the new school facilities fund.

12 13. Shall provide technical support to school districts as requested by
13 school districts in connection with the construction of new school facilities
14 and the maintenance of existing school facilities.

15 D. When appropriate, the school facilities board shall review and use
16 the statewide school facilities inventory and needs assessment conducted by
17 the joint committee on capital review and issued in July, 1995.

18 E. The school facilities board shall contract with one or more private
19 building inspectors to complete an initial assessment of school facilities
20 and equipment ~~provided in section 15-2021~~ and shall inspect each school
21 building in this state at least once every five years to ensure compliance
22 with section 15-2011. A copy of the inspection report, together with any
23 recommendations for building maintenance, shall be provided to the school
24 facilities board and the governing board of the school district.

25 F. The school facilities board may consider appropriate combinations
26 of facilities or uses in making assessments of and curing deficiencies
27 pursuant to subsection A, paragraph 1 of this section and in certifying plans
28 for new school facilities pursuant to subsection A, paragraph 5 of this
29 section.

30 G. The board shall not award any monies to fund new facilities that
31 are financed by class A bonds that are issued by the school district.

32 H. The board shall not distribute monies to a school district for
33 replacement or repair of facilities if the costs associated with the
34 replacement or repair are covered by insurance or a performance or payment
35 bond.

36 I. The board may contract for construction services and materials that
37 are necessary to correct existing deficiencies in school district facilities
38 ~~as determined pursuant to section 15-2021~~. The board may procure the
39 construction services necessary pursuant to this subsection by any method,
40 including construction-manager-at-risk, design-build, design-bid-build or
41 job-order-contracting as provided by title 41, chapter 23. The construction
42 planning and services performed pursuant to this subsection are exempt from
43 section 41-791.01.

1 J. The school facilities board may enter into agreements with school
2 districts to allow school facilities board staff and contractors access to
3 school property for the purposes of performing the construction services
4 necessary pursuant to subsection I of this section.

5 K. ~~By October 1, 2002,~~ Each school district shall develop routine
6 preventative maintenance guidelines for its facilities. The guidelines shall
7 be submitted to the school facilities board for review and approval ~~by~~
8 ~~February 1, 2003.~~ If upon inspection by the school facilities board it is
9 determined that a school district facility was inadequately maintained
10 pursuant to the school district's routine preventative maintenance
11 guidelines, the school district shall use building renewal monies pursuant to
12 section 15-2031, subsection ~~J~~ L to return the building to compliance with
13 the school district's routine preventative maintenance guidelines. Once the
14 district is in compliance, it no longer is required to use building renewal
15 monies for preventative maintenance.

16 L. The school facilities board may temporarily transfer monies between
17 the capital reserve fund established by section 15-2003, ~~the deficiencies~~
18 ~~correction fund established by section 15-2021,~~ the emergency deficiencies
19 correction fund established by section 15-2022, the building renewal fund
20 established by section 15-2031 and the new school facilities fund established
21 by section 15-2041 if all of the following conditions are met:

22 1. The transfer is necessary to avoid a temporary shortfall in the
23 fund into which the monies are transferred.

24 2. The transferred monies are restored to the fund where the monies
25 originated as soon as practicable after the temporary shortfall in the other
26 fund has been addressed.

27 3. The school facilities board reports to the joint committee on
28 capital review the amount of and the reason for any monies transferred.

29 Sec. 2. Section 15-2011, Arizona Revised Statutes, is amended to read:
30 15-2011. Minimum school facility adequacy requirements:
31 definition

32 A. The school facilities board ~~shall~~, as determined and prescribed in
33 this chapter, SHALL provide funding to school districts for new construction
34 as the projected number of pupils in the district will fill the existing
35 school facilities and require more pupil space.

36 B. School buildings in a school district are adequate if all of the
37 following requirements are met:

38 1. The buildings contain sufficient and appropriate space and
39 equipment that comply with the minimum school facility adequacy guidelines
40 established pursuant to subsection F of this section. The state shall not
41 fund facilities for elective courses that require the school district
42 facilities to exceed minimum school facility adequacy requirements. The
43 school facilities board shall determine whether a school building meets the
44 requirements of this paragraph by analyzing the total square footage that is

1 available for each pupil in conjunction with the need for specialized spaces
2 and equipment.

3 2. The buildings are in compliance with federal, state and local
4 building and fire codes and laws that are applicable to the particular
5 building. An existing school building is not required to comply with current
6 requirements for new buildings unless this compliance is specifically
7 mandated by law or by the building or fire code of the jurisdiction where the
8 building is located.

9 3. The building systems, including roofs, plumbing, telephone systems,
10 electrical systems, heating systems and cooling systems, are in working order
11 and are capable of being properly maintained.

12 4. The buildings are structurally sound.

13 C. The standards that shall be used by the school facilities board to
14 determine whether a school building meets the minimum adequate gross square
15 footage requirements are as follows:

16 1. For a school district that provides instruction to pupils in
17 programs for preschool children with disabilities, kindergarten programs and
18 grades one through six, eighty square feet per pupil in programs for
19 preschool children with disabilities, kindergarten programs and grades one
20 through six.

21 2. For a school district that provides instruction to up to eight
22 hundred pupils in grades seven and eight, eighty-four square feet per pupil
23 in grades seven and eight.

24 3. For a school district that provides instruction to more than eight
25 hundred pupils in grades seven and eight, eighty square feet per pupil in
26 grades seven and eight or sixty-seven thousand two hundred square feet,
27 whichever is more.

28 4. For a school district that provides instruction to up to four
29 hundred pupils in grades nine through twelve, one hundred twenty-five square
30 feet per pupil in grades nine through twelve.

31 5. For a school district that provides instruction to more than four
32 hundred and up to one thousand pupils in grades nine through twelve, one
33 hundred twenty square feet per pupil in grades nine through twelve or fifty
34 thousand square feet, whichever is more.

35 6. For a school district that provides instruction to more than one
36 thousand and up to one thousand eight hundred pupils in grades nine through
37 twelve, one hundred twelve square feet per pupil in grades nine through
38 twelve or one hundred twenty thousand square feet, whichever is more.

39 7. For a school district that provides instruction to more than one
40 thousand eight hundred pupils in grades nine through twelve, ninety-four
41 square feet per pupil in grades nine through twelve or two hundred one
42 thousand six hundred square feet, whichever is more.

43 D. The school facilities board may modify the square footage
44 requirements prescribed in subsection C of this section or modify the amount
45 of monies awarded to cure the square footage deficiency pursuant to this

1 section for particular school districts based on extraordinary circumstances
2 for any of the following considerations:

- 3 1. The number of pupils served by the school district.
- 4 2. Geographic factors.
- 5 3. Grade configurations other than those prescribed in subsection C of
6 this section.

7 E. In measuring the square footage per pupil requirements of
8 subsection C of this section, the school facilities board shall:

- 9 1. Use the most recent one hundredth day average daily membership.
- 10 2. For each school, use the lesser of either:
 - 11 (a) Total gross square footage.
 - 12 (b) Student capacity multiplied by the appropriate square footage per
13 pupil prescribed by subsection C of this section.
- 14 3. Consider the total space available in all schools in use in the
15 school district, except that the school facilities board shall allow an
16 exclusion of the square footage for certain schools and the pupils within the
17 schools' boundaries if the school district demonstrates to the board's
18 satisfaction unusual or excessive busing of pupils or unusual attendance
19 boundary changes between schools.
- 20 4. Compute the gross square footage of all buildings by measuring from
21 exterior wall to exterior wall. Square footage used solely for district
22 administration, storage of vehicles and other nonacademic purposes shall be
23 excluded from the gross square footage.
- 24 5. Include all portable and modular buildings.
- 25 6. Include in the gross square footage new construction funded wholly
26 or partially by the school facilities board based on the square footage
27 funded by the school facilities board. If the new construction is to exceed
28 the square footage funded by the school facilities board, ~~then~~ the excess
29 square footage shall not be included in the gross square footage if any of
30 the following ~~apply~~ APPLIES:
 - 31 (a) The excess square footage was constructed before July 1, 2002 or
32 funded by a class B bond, impact aid revenue bond or capital outlay override
33 approved by the voters after August 1, 1998 and before June 30, 2002 or
34 funded from unrestricted capital outlay expended before June 30, 2002.
 - 35 (b) The excess square footage of new school facilities does not exceed
36 twenty-five per cent of the minimum square footage requirements pursuant to
37 subsection C of this section.
 - 38 (c) The excess square footage of expansions to school facilities does
39 not exceed twenty-five per cent of the minimum square footage requirements
40 pursuant to subsection C of this section.
- 41 7. Require that excess square footage that is constructed after July
42 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
43 meets the minimum school facility adequacy guidelines in order to be eligible
44 for building renewal monies as computed in section 15-2031.

1 8. Exclude square footage built under a developer agreement according
2 to section 15-342, paragraph 33 until the school facilities board provides
3 funding for the square footage under section 15-2041, subsection 0.

4 F. The school facilities board shall adopt rules establishing minimum
5 school facility adequacy guidelines. The executive director of the school
6 facilities board shall report monthly to the joint committee on capital
7 review on the progress of the development of the proposed rules establishing
8 the guidelines. The joint committee on capital review shall review the
9 proposed guidelines before the school facilities board adopts the rules to
10 establish the minimum school facility adequacy guidelines. The guidelines
11 shall provide the minimum quality and quantity of school buildings and
12 facilities and equipment necessary and appropriate to enable pupils to
13 achieve the academic standards pursuant to section 15-203, subsection A,
14 paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the
15 school facilities board shall address all of the following in developing
16 these guidelines:

- 17 1. School sites.
- 18 2. Classrooms.
- 19 3. Libraries and media centers, or both.
- 20 4. Cafeterias.
- 21 5. Auditoriums, multipurpose rooms or other multiuse space.
- 22 6. Technology.
- 23 7. Transportation.
- 24 8. Facilities for science, arts and physical education.
- 25 9. Other facilities and equipment that are necessary and appropriate
26 to achieve the academic standards prescribed pursuant to section 15-203,
27 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 28 10. Appropriate combinations of facilities or uses listed in this
29 section.

30 G. The board shall consider the facilities and equipment of the
31 schools with the highest academic productivity scores, as prescribed in
32 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
33 parent quality ratings in the establishment of the guidelines.

34 H. The school facilities board may consider appropriate combinations
35 of facilities or uses in making assessments of and curing existing
36 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
37 certifying plans for new school facilities pursuant to section 15-2002,
38 subsection A, paragraph 5.

39 I. BEGINNING JULY 1, 2007, THE SCHOOL FACILITIES BOARD SHALL NOT ADOPT
40 ANY POLICIES OR GUIDELINES RELATED TO THE CONSTRUCTION OF NEW SCHOOLS THAT
41 WOULD HAVE A FISCAL IMPACT TO THIS STATE, UNLESS THOSE POLICIES OR GUIDELINES
42 ARE NECESSARY IN ORDER TO COMPLY WITH BUILDING, HEALTH, FIRE OR SAFETY CODES
43 FOR ALL SCHOOLS. THE SCHOOL FACILITIES BOARD SHALL PRESENT TO THE JOINT
44 LEGISLATIVE BUDGET COMMITTEE ANY PROPOSED POLICY OR GUIDELINE CHANGES THAT
45 HAVE A FISCAL IMPACT AND ARE NECESSARY IN ORDER TO COMPLY WITH BUILDING,

1 HEALTH, FIRE OR SAFETY CODES FOR ALL SCHOOLS BEFORE ADOPTION OF THE PROPOSED
2 POLICY OR GUIDELINE, AND SHALL INCLUDE ANY OTHER PROPOSED POLICY OR GUIDELINE
3 CHANGE THAT HAS A FISCAL IMPACT IN THE SCHOOL FACILITIES BOARD'S ANNUAL
4 BUDGET REQUEST.

5 ~~I~~. J. For the purposes of this section, "student capacity" means the
6 capacity adjusted to include any additions to or deletions of space,
7 including modular or portable buildings at the school. The school facilities
8 board shall determine the student capacity for each school in conjunction
9 with each school district, recognizing each school's allocation of space as
10 of July 1, 1998, to achieve the academic standards prescribed pursuant to
11 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
12 15-701.01.

13 Sec. 3. Section 15-2031, Arizona Revised Statutes, is amended to read:

14 15-2031. Building renewal fund; definitions

15 A. A building renewal fund is established consisting of monies
16 appropriated by the legislature ~~and monies credited to the fund pursuant to~~
17 ~~section 42-5030.01~~. The school facilities board shall administer the fund
18 and distribute monies to school districts for the purpose of maintaining the
19 adequacy of existing school facilities. Monies in the fund are continuously
20 appropriated and are exempt from the provisions of section 35-190 relating to
21 lapsing of appropriations.

22 B. The school facilities board shall inventory and inspect all school
23 buildings in this state in order to develop a database to administer the
24 building renewal formula. The database shall include the student capacity of
25 the building as determined by the school facilities board. The board shall
26 distribute monies from the building renewal fund to school districts in an
27 amount computed pursuant to subsection ~~G~~ I of this section. A school
28 district that receives monies from the building renewal fund shall use the
29 monies ~~primarily~~ FIRST for any PROJECTS THAT FALL BELOW THE MINIMUM SCHOOL
30 FACILITY ADEQUACY GUIDELINES AS ADOPTED BY THE SCHOOL FACILITIES BOARD
31 PURSUANT TO SECTION 15-2011 AND THAT ARE PART OF ANY buildings in the
32 database, ~~developed or created under subsection D of this section~~ and
33 ~~secondly~~ SECOND for any other PROJECTS THAT ARE PART OF ANY buildings owned
34 by the school district for any of the following:

- 35 1. Major renovations and repairs of a building.
- 36 2. Upgrading systems and areas that will maintain or extend the useful
37 life of the building.
- 38 3. Infrastructure costs.
- 39 4. Relocation and placement of portable and modular buildings.

40 C. MONIES RECEIVED FROM THE BUILDING RENEWAL FUND SHALL BE USED FOR
41 PRIMARY PROJECTS, UNLESS ONLY SECONDARY PROJECTS EXIST.

42 D. NOTWITHSTANDING SUBSECTIONS B AND C OF THIS SECTION, SCHOOL
43 DISTRICTS SHALL USE BUILDING RENEWAL MONIES ON SECONDARY PROJECTS TO COMPLY
44 WITH BUILDING, HEALTH, FIRE OR SAFETY CODES. BEFORE SPENDING BUILDING

1 RENEWAL MONIES ON SECONDARY PROJECTS TO COMPLY WITH BUILDING, HEALTH, FIRE OR
2 SAFETY CODES, THE SCHOOL FACILITIES BOARD SHALL APPROVE THE PROJECTS.

3 ~~E~~. E. Monies received from the building renewal fund shall not be
4 used for any of the following purposes:

- 5 1. New construction.
- 6 2. Remodeling interior space for aesthetic or preferential reasons.
- 7 3. Exterior beautification.
- 8 4. Demolition.
- 9 5. The purchase of soft capital items pursuant to section 15-962,
10 subsection D.
- 11 6. Routine maintenance except as provided in section 15-2002,
12 subsection K and subsection ~~J~~ L of this section.

13 ~~D~~. F. The school facilities board shall maintain the building renewal
14 database and use the database for the computation of the building renewal
15 formula distributions. The board shall ensure that the database is updated
16 on at least an annual basis to reflect changes in the ages and value of
17 school buildings. The facilities listed in the database shall include only
18 those buildings that are owned by school districts that are required to meet
19 academic standards. Each school district shall report to the school
20 facilities board no later than September 1 of each year the number and type
21 of school buildings owned by the district, the square footage of each
22 building, the age of each building, the nature of any renovations completed
23 and the cost of any renovations completed. The school facilities board may
24 review or audit, or both, to confirm the information submitted by a school
25 district. The board shall adjust the age of each school facility in the
26 database whenever a building is significantly upgraded or remodeled. The age
27 of a building that has been significantly upgraded or remodeled shall be
28 recomputed as follows:

- 29 1. Divide the cost of the renovation by the building capacity value of
30 the building determined in subsection ~~E~~ I, paragraph 3 of this section.
- 31 2. Multiply the quotient determined in paragraph 1 of this subsection
32 by the currently listed age of the building in the database.
- 33 3. Subtract the product determined in paragraph 2 of this subsection
34 from the currently listed age of the building in the database, rounded to the
35 nearest whole number. If the result is negative, use zero. IF THE RESULT IS
36 GREATER THAN THIRTY, USE THIRTY.

37 ~~E~~. G. The school facilities board shall submit an annual report to
38 the president of the senate, the speaker of the house of representatives, the
39 Arizona state library, archives and public records and the governor by
40 October 1 that includes the computation of the amount of monies to be
41 distributed from the building renewal fund for the current fiscal year. The
42 joint committee on capital review shall review the school facilities board's
43 calculation of the building renewal fund distributions. After the joint
44 committee on capital review reviews the distributions computed by the school
45 facilities board, the school facilities board shall distribute the monies

1 from the building renewal fund to school districts in two equal installments
2 in November and May of each year.

3 ~~F.~~ H. School districts that receive monies from the building renewal
4 fund shall establish a district building renewal fund and shall use the
5 monies in the district building renewal fund only for the purposes prescribed
6 in subsection B of this section. Ending cash balances in a school district's
7 building renewal fund may be used in following fiscal years for building
8 renewal pursuant to subsection B of this section. By October 15 of each
9 year, each school district shall report to the school facilities board the
10 projects funded at each school in the previous fiscal year with monies from
11 the district building renewal fund, **INCLUDING THE AMOUNT OF EXPENDITURES**
12 **DEDICATED TO PRIMARY PROJECTS AND TO SECONDARY PROJECTS. ON RECEIPT OF THESE**
13 **REPORTS, THE SCHOOL FACILITIES BOARD SHALL FORWARD THIS INFORMATION TO THE**
14 **JOINT LEGISLATIVE BUDGET COMMITTEE STAFF. EACH SCHOOL DISTRICT SHALL ALSO**
15 **REPORT TO THE SCHOOL FACILITIES BOARD** an accounting of the monies remaining
16 in the district building renewal fund at the end of the previous fiscal year
17 and a comprehensive three year plan that details the proposed use of building
18 renewal monies. If a school district fails to submit the report by October
19 15, the school facilities board shall withhold building renewal monies from
20 the school district until the school facilities board determines that the
21 school district has complied with the reporting requirement. When the school
22 facilities board determines that the school district has complied with the
23 reporting requirement, the school facilities board shall restore the full
24 amount of withheld building renewal monies to the school district.

25 ~~G.~~ I. Notwithstanding any other provision of this chapter, if a
26 school district converts space that is listed in the database maintained
27 pursuant to this section to space that will be used for administrative
28 purposes, the school district is responsible for any costs associated with
29 the conversion, maintenance and replacement of that space. The building
30 renewal amount for each school building shall be computed as follows:

31 1. Divide the age of the building as computed pursuant to subsection
32 ~~D- F~~ of this section by one thousand two hundred seventy-five ~~or, in the case~~
33 ~~of modular or portable buildings, by two hundred ten.~~

34 2. Multiply the quotient determined in paragraph 1 of this subsection
35 by 0.67.

36 3. Determine the building capacity value as follows:

37 (a) Multiply the student capacity of the building by the ~~per-student~~
38 ~~square-foot capacity~~ **SQUARE FOOTAGE PER PUPIL REQUIREMENTS** established by
39 section ~~15-2041~~ **15-2011**.

40 (b) Multiply the product determined in subdivision (a) by the
41 **REPLACEMENT** cost per square foot established by section 15-2041.

42 4. Multiply the product determined in paragraph 2 of this subsection
43 by the product determined in paragraph 3, subdivision (b) of this subsection.

44 ~~H.~~ J. If the school facilities board determines that a school
45 district has spent monies from the building renewal fund for purposes other

1 than those prescribed in subsection B of this section, the school facilities
2 board shall notify the superintendent of public instruction. Notwithstanding
3 any other law, the superintendent of public instruction shall withhold a
4 corresponding amount from the monies that would otherwise be due the school
5 district under the capital outlay revenue limit until these monies are
6 repaid.

7 ~~I.~~ K. Beginning on July 1, 2002, a school district is not entitled to
8 receive monies from the building renewal fund for any buildings that are to
9 be replaced with new buildings that are funded with deficiencies corrections
10 monies ~~pursuant to section 15-2021~~. The replacement buildings are not
11 eligible to receive building renewal funding until the fiscal year following
12 the completion of the building.

13 ~~J.~~ L. Notwithstanding subsections B and ~~G.~~ E of this section, a
14 school district may use eight per cent of the building renewal amount
15 computed pursuant to subsection ~~G.~~ I of this section for routine preventative
16 maintenance. The board, after consultation with maintenance specialists in
17 school districts, shall provide examples of recommended services that are
18 routine preventative maintenance.

19 ~~K.~~ M. A school district that uses building renewal monies for routine
20 preventative maintenance shall use the building renewal monies to supplement
21 and not supplant expenditures from other funds for the maintenance of school
22 buildings. The auditor general shall prescribe a method for determining
23 compliance with the requirements of this subsection. A school district, in
24 connection with any audit conducted by a certified public accountant, shall
25 also contract for an independent audit to determine whether the school
26 district used building renewal monies to reduce the school district's
27 existing level of routine preventative maintenance funding. The auditor
28 general may conduct discretionary reviews of a school district that is not
29 required to contract for an independent audit.

30 ~~L.~~ N. For the purposes of this section:

31 1. "PRIMARY PROJECTS" MEANS PROJECTS THAT ARE OWNED BY SCHOOL
32 DISTRICTS THAT ARE REQUIRED TO MEET THE ACADEMIC STANDARDS LISTED IN THE
33 DATABASE MAINTAINED PURSUANT TO SUBSECTION F OF THIS SECTION AND THAT FALL
34 BELOW THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES, AS ADOPTED BY THE
35 SCHOOL FACILITIES BOARD PURSUANT TO SECTION 15-2011.

36 2. "REPLACEMENT COST" MEANS EIGHTY-FIVE PER CENT OF THE COST PER
37 SQUARE FOOT FOR NEW SCHOOL CONSTRUCTION FOR THE SPECIFIC GRADE CONFIGURATION
38 PRESCRIBED IN SECTION 15-2041.

39 ~~I.~~ 3. "Routine preventative maintenance" means services that are
40 performed on a regular schedule at intervals ranging from four times a year
41 to once every three years and that are intended to extend the useful life of
42 a building system and reduce the need for major repairs.

43 4. "SECONDARY PROJECTS" MEANS ALL PROJECTS THAT ARE NOT PRIMARY
44 PROJECTS.

1 ~~2.~~ 5. "Student capacity" has the same meaning prescribed in section
2 15-2011.

3 Sec. 4. Arizona energy and water savings pilot program; fund;
4 definitions

5 A. The Arizona energy and water savings pilot program is established.
6 The Arizona energy and water savings grant fund is established consisting of
7 appropriations, grants, gifts, donations, interest and other income received
8 on unobligated monies in the fund.

9 B. The school facilities board shall administer the grant fund and the
10 grant program with technical assistance from the energy office. The school
11 facilities board may spend monies from the grant fund for the following
12 purposes:

13 1. Awarding grants to school districts under the grant program. Two
14 types of grants may be awarded:

15 (a) Project development grants for energy and water savings audits and
16 the development and preparation of grant applications. Up to ten per cent of
17 total legislative appropriations may be used for project development grants.
18 School districts may contract with a public or private entity to provide the
19 project development services.

20 (b) Project implementation grants for the implementation of energy or
21 water saving projects. School districts may contract with a public or
22 private entity to provide the project implementation services.

23 2. Providing technical assistance under the grant program. The
24 technical assistance prescribed in this paragraph shall be provided by the
25 energy office through an intergovernmental agreement with the school
26 facilities board. The energy office may contract with a public or private
27 entity to provide the technical assistance.

28 3. Administering the grant fund and grant program, which includes
29 prioritizing eligible projects, issuing grants, conducting project
30 inspections, publicizing grant and technical assistance programs and other
31 activities necessary for the effective administration of the grant fund and
32 grant program.

33 C. The school facilities board may spend up to two hundred fifty
34 thousand dollars for the purposes prescribed in subsection B, paragraphs 2
35 and 3 of this section. Of this amount, one hundred fifty thousand dollars
36 shall be provided to the energy office for technical assistance, and up to
37 one hundred thousand dollars may be spent by the school facilities board for
38 administering the grant fund and grant program. The school facilities board
39 shall use the other monies remaining in the grant fund to provide grants to
40 school districts for eligible projects through the grant program.

41 D. School districts may receive funding from utility companies and
42 other sources to provide monies for energy and water savings projects or
43 eligible projects.

44 E. The energy office, in cooperation with the school facilities board,
45 shall establish criteria for receiving grants from the fund.

- 1 F. The energy office shall review and evaluate grant applications and
2 submit recommendations for project approval and grant funding to the school
3 facilities board.
- 4 G. The school facilities board shall:
- 5 1. Determine the terms under which grants will be made.
- 6 2. Provide grants based on the merits of proposed projects and
7 criteria that include:
- 8 (a) The projected energy and water savings that are attributable to an
9 eligible project.
- 10 (b) The projected annual and life cycle energy and water cost savings
11 that are attributable to an eligible project.
- 12 (c) The environmental and other benefits to this state and the local
13 community that are attributable to an eligible project.
- 14 (d) The projected project costs and the energy and water cost payback
15 of an eligible project.
- 16 (e) Other factors as determined by the school facilities board.
- 17 3. Provide grants for eligible projects, including retrofits or
18 improvements to an existing school facility.
- 19 4. Establish and maintain records of grants from the grant fund.
- 20 5. Develop guidelines for school district reporting required under
21 this section. School districts that receive grant monies or program services
22 pursuant to this section shall comply with the reporting guidelines developed
23 by the school facilities board.
- 24 6. Submit a report to the governor, the president of the senate and
25 the speaker of the house of representatives on or before October 1, 2008 and
26 on or before October 1, 2009 that shows active grants made from the grant
27 fund, energy and water savings, cost savings and other benefits resulting
28 from eligible projects implemented by grant recipients. The school
29 facilities board shall provide a copy of this report to the secretary of
30 state and the director of the Arizona state library, archives and public
31 records.
- 32 H. Any interest or other income received by the school facilities
33 board on unobligated monies in the grant fund remain in the grant fund.
- 34 I. For the purposes of this section:
- 35 1. "Eligible project" means a project that saves electricity, natural
36 gas, other energy fuels or water, in a school facility built and occupied
37 before July 1, 1999, through any of the following:
- 38 (a) Improvements in the efficiency of energy or water use.
- 39 (b) On-site production and use of electricity and useful thermal
40 energy.
- 41 (c) Improvements in the operation of buildings and energy-consuming or
42 water-using equipment in buildings.
- 43 2. "Office" means the department of commerce energy office.

1 3. "Project development" means energy and water savings audits and
2 other services to identify potential energy or water savings measures and
3 estimate their projected savings, benefits and costs, and to assist school
4 districts in preparing grant applications.

5 4. "School facility" means a facility that is owned or leased by a
6 school district and that is occupied for the operation of the school district
7 or for the education of students in the school district.

8 5. "Technical assistance" means assisting school districts or the
9 school facilities board by assisting with energy or water audits, assisting
10 in developing, in conjunction with the energy office, the criteria for grant
11 awards and technical review of grant applications, assisting with preparation
12 of grant applications, assisting with project implementation, assisting with
13 the commissioning or recommissioning of building energy management and
14 control systems, training of school facilities managers and staff and other
15 activities that aid in the design, financing and implementation of eligible
16 projects.

17 Sec. 5. Delayed repeal

18 Section 4 of this act, relating to the Arizona energy and water savings
19 pilot program, is repealed from and after June 30, 2009.

20 Sec. 6. Appropriation; building renewal fund

21 The sum of \$101,642,000 is appropriated from the state general fund in
22 fiscal year 2007-2008 to the building renewal fund established by section
23 15-2031, Arizona Revised Statutes, as amended by this act.

24 Sec. 7. Retroactivity; applicability

25 A. Section 15-2031, Arizona Revised Statutes, as amended by this act,
26 applies retroactively to from and after June 30, 2007.

27 B. Notwithstanding any other law, the school facilities board shall
28 use the provisions of section 15-2031, Arizona Revised Statutes, as amended
29 by this act, to make calculations under the building renewal formula for
30 fiscal year 2007-2008.