

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

# HOUSE BILL 2332

## AN ACT

AMENDING SECTION 15-213.01, ARIZONA REVISED STATUTES; AMENDING SECTION 15-213.01, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-910.02; AMENDING SECTION 34-201, ARIZONA REVISED STATUTES; AMENDING SECTION 34-201, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 42-11054, 44-1375, 44-1375.01 AND 44-1375.02, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-213.01, Arizona Revised Statutes, is amended to  
3 read:

4 15-213.01. Procurement practices: guaranteed energy cost  
5 savings contracts: definitions

6 A. Notwithstanding section 15-213, subsection A, a school district may  
7 contract for the procurement of a guaranteed energy cost savings contract  
8 with a qualified provider through a competitive sealed proposal process as  
9 provided by the procurement practices adopted by the state board of  
10 education. ~~To the extent the qualified provider subcontracts with~~  
11 ~~contractors who will be involved in any construction associated with the~~  
12 ~~guaranteed energy cost savings contract, the qualified provider must follow~~  
13 ~~the provisions of section 41-2533 in selecting these contractors.~~

14 B. A school district may enter into a guaranteed energy cost savings  
15 contract with a qualified provider if it determines that the amount it would  
16 spend on the energy cost savings measures recommended in the proposal would  
17 not exceed the amount to be saved in energy and operational costs over the  
18 expected life of the energy cost savings measures implemented or within  
19 twenty-five years, whichever is shorter, after the date installation or  
20 implementation is complete, if the recommendations in the proposal are  
21 followed. **THE SCHOOL DISTRICT SHALL RETAIN THE COST SAVINGS ACHIEVED BY A**  
22 **GUARANTEED ENERGY COST SAVING CONTRACT, AND THESE COST SAVINGS MAY BE USED TO**  
23 **PAY FOR THE CONTRACT AND PROJECT IMPLEMENTATION. A SCHOOL DISTRICT SHALL NOT**  
24 **USE EXCESS UTILITIES MONIES FOR THE CONTRACT OR FOR PROJECT IMPLEMENTATION.**

25 C. The school district shall use objective criteria in selecting the  
26 qualified provider, including the cost of the contract, the energy and  
27 operational cost savings, the net projected energy savings, the quality of  
28 the technical approach, the quality of the project management plan, the  
29 financial solvency of the qualified provider and the experience of the  
30 qualified provider with projects of similar size and scope. The school  
31 district shall set forth each criterion with its respective numerical  
32 weighting in the request for proposal.

33 D. In selecting a contractor to perform any construction work related  
34 to performing the guaranteed energy cost savings contract, the qualified  
35 provider may develop and use a prequalification process for contractors  
36 ~~wishing to bid on this work.~~ These prequalifications may require the  
37 contractor to demonstrate that the contractor is adequately bonded to perform  
38 the work and that the contractor has not failed to perform on a prior job.  
39 ~~The qualified provider may use performance specifications in soliciting bids~~  
40 ~~from contractors.~~

41 ~~An in-depth feasibility~~ A study shall be performed by the selected  
42 qualified provider in order to establish the exact scope of the guaranteed  
43 energy cost savings contract, the fixed cost savings guarantee amount and the  
44 methodology for determining actual savings. This report shall be reviewed  
45 and approved by the school district ~~prior to~~ **BEFORE** the actual installation

1 of any equipment. The qualified provider shall transmit a copy of the  
2 approved ~~in depth feasibility~~ study to the ~~superintendent of public~~  
3 ~~instruction~~ SCHOOL FACILITIES BOARD AND THE DEPARTMENT OF COMMERCE ENERGY  
4 OFFICE.

5 F. The guaranteed energy COST savings contract shall require that  
6 ~~a qualified provider perform an energy audit of the facility or facilities~~  
7 ~~one year after the energy cost savings measures are installed or implemented~~  
8 ~~and every three years thereafter for the length of the contract. The~~  
9 ~~qualified provider shall transmit a copy of the audit to the superintendent~~  
10 ~~of public instruction. The qualified provider shall pay the cost of the~~  
11 ~~audit.~~ in determining whether the projected energy savings calculations have  
12 been met, the energy or operational cost savings shall be computed by  
13 comparing the energy baseline before installation or implementation of the  
14 energy cost savings measures with the energy consumed and operational costs  
15 avoided after installation or implementation of the energy cost savings  
16 measures. The qualified provider and the school district may agree to make  
17 modifications to the energy baseline only for any of the following:

- 18 1. Changes in utility rates.
- 19 2. Changes in the number of days in the utility billing cycle.
- 20 3. Changes in the square footage of the facility.
- 21 4. Changes in the operational schedule of the facility.
- 22 5. Changes in facility temperature.
- 23 6. Significant changes in the weather.
- 24 7. Significant changes in the amount of equipment or lighting utilized  
25 in the facility.

26 8. SIGNIFICANT CHANGES IN THE NATURE OR INTENSITY OF ENERGY USE SUCH  
27 AS THE CHANGE OF CLASSROOM SPACE TO LABORATORY SPACE.

28 G. The information to develop the energy baseline shall be derived  
29 from actual energy measurements or shall be calculated from energy  
30 measurements at the facility where energy cost savings measures are to be  
31 installed or implemented. The measurements shall be taken in the year  
32 preceding the installation or implementation of energy cost savings measures.

33 H. When submitting a proposal for the installation of equipment, the  
34 qualified provider shall include information on the projected energy savings  
35 associated with each proposed energy cost savings measure.

36 I. A school district, or two or more school districts, may enter into  
37 an installment payment contract or lease-purchase agreement with a qualified  
38 provider for the purchase and installation or implementation of energy cost  
39 savings measures. The guaranteed energy cost savings contract may provide  
40 for payments over a period of not more than the expected life of the energy  
41 cost savings measures implemented or twenty-five years, whichever is shorter.  
42 The contract shall provide that all payments, except obligations on  
43 termination of the contract before its expiration, shall be made over time.

44 J. The guaranteed energy cost savings contract shall include a written  
45 guarantee of the qualified provider that either the energy or operational

1 costs savings, or both, will meet or exceed the costs of the energy cost  
2 savings measures over the expected life of the energy cost savings measures  
3 implemented or within twenty-five years, whichever is shorter. The qualified  
4 provider shall:

5 1. FOR THE FIRST THREE YEARS OF SAVINGS, PREPARE A MEASUREMENT AND  
6 VERIFICATION REPORT ON AN ANNUAL BASIS IN ADDITION TO AN ANNUAL  
7 RECONCILIATION OF SAVINGS.

8 2. Reimburse the school district for any shortfall of guaranteed  
9 energy cost savings on an annual basis.

10 K. The school district may obtain any required financing as part of  
11 the original competitive sealed proposal process FROM THE QUALIFIED PROVIDER  
12 OR A THIRD-PARTY FINANCING INSTITUTION.

13 L. A qualified provider that is awarded the contract shall give a  
14 sufficient bond to the school district for its faithful performance of the  
15 equipment installment.

16 M. ~~When selecting subcontractors to perform construction work,~~ The  
17 qualified provider is required to make public information in the  
18 subcontractor's bids only if the qualified provider is awarded the guaranteed  
19 energy COST savings contract by the school district.

20 N. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DISTRICT SHALL  
21 REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE AND THE SCHOOL FACILITIES  
22 BOARD:

23 1. THE NAME OF THE PROJECT.

24 2. THE QUALIFIED PROVIDER.

25 3. THE TOTAL COST OF THE PROJECT.

26 4. THE EXPECTED ENERGY AND COST SAVINGS.

27 O. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DISTRICT SHALL  
28 REPORT TO THE SCHOOL FACILITIES BOARD, BY OCTOBER 15 EACH YEAR, THE ACTUAL  
29 ENERGY AND COST SAVINGS.

30 ~~N-~~ P. This section does not apply to the construction of new  
31 buildings.

32 Q. A SCHOOL DISTRICT MAY UTILIZE A SIMPLIFIED ENERGY PERFORMANCE  
33 CONTRACT FOR PROJECTS LESS THAN FIVE HUNDRED THOUSAND DOLLARS. SIMPLIFIED  
34 ENERGY PERFORMANCE CONTRACTS ARE NOT REQUIRED TO INCLUDE AN ENERGY SAVINGS  
35 GUARANTEE AND SHALL COMPLY WITH ALL REQUIREMENTS IN THIS SECTION EXCEPT FOR  
36 THE REQUIREMENTS THAT ARE SPECIFICALLY RELATED TO THE ENERGY SAVINGS  
37 GUARANTEE AND THE MEASUREMENT AND VERIFICATION OF THE GUARANTEED SAVINGS.

38 ~~Q-~~ R. For the purposes of this section:

39 1. "Construction" means the process of building, altering, repairing,  
40 improving or demolishing any school district structure or building, or other  
41 public improvements of any kind to any school district real property.  
42 Construction does not include the routine operation, routine repair or  
43 routine maintenance of existing structures, buildings or real property.

1           2. "Energy baseline" means a calculation of the amount of energy used  
2 in an existing facility before the installation or implementation of the  
3 energy cost savings measures.

4           3. "Energy cost savings measure" means a training program or facility  
5 alteration designed to reduce energy consumption or operating costs and may  
6 include one or more of the following, AND ANY RELATED METERS OR OTHER  
7 MEASURING DEVICES:

8           (a) Insulating the building structure or systems in the building.

9           (b) Storm windows or doors, caulking or weather stripping,  
10 ~~multi-glazed~~ MULTIGLAZED windows or door systems, additional glazing,  
11 reductions in glass area, or other window and door system modifications that  
12 reduce energy consumption.

13           (c) Automated or computerized energy control systems.

14           (d) Heating, ventilating or air conditioning system modifications or  
15 replacements.

16           (e) Replacing or modifying lighting fixtures to increase the energy  
17 efficiency of the lighting system without increasing the overall illumination  
18 of a facility unless an increase in illumination is necessary to conform to  
19 the applicable state or local building code for the lighting system after the  
20 proposed modifications are made.

21           (f) Indoor air quality improvements to increase air quality that  
22 conform to the applicable state or local building code requirements.

23           (g) Energy recovery systems.

24           (h) Installing a new or retrofitting an existing day lighting system.

25           (i) Any life safety measures that provide long-term operating cost  
26 reductions and that comply with state and local codes.

27           (j) Implementing operation programs through education, training and  
28 software that reduce the operating costs.

29           (k) PROCUREMENT OF LOW-COST UTILITY SUPPLIES OF ALL TYPES, INCLUDING  
30 ELECTRICITY, NATURAL GAS, PROPANE AND WATER.

31           (l) DEVICES THAT REDUCE WATER CONSUMPTION AND WATER COSTS OR THAT  
32 REDUCE SEWER CHARGES.

33           (m) RAINWATER HARVESTING SYSTEMS.

34           (n) COMBINED HEAT AND POWER SYSTEMS.

35           (o) RENEWABLE AND ALTERNATIVE ENERGY PROJECTS AND RENEWABLE ENERGY  
36 POWER SERVICE AGREEMENTS.

37           (p) SELF-GENERATION SYSTEMS.

38           (q) ANY ADDITIONAL BUILDING SYSTEMS AND INFRASTRUCTURE THAT PRODUCE  
39 ENERGY, OR THAT PROVIDE UTILITY OR OPERATIONAL COST SAVINGS NOT SPECIFICALLY  
40 MENTIONED IN THIS PARAGRAPH, IF THE IMPROVEMENTS MEET THE LIFE CYCLE COST  
41 REQUIREMENT AND ENHANCE BUILDING SYSTEM PERFORMANCE OR OCCUPANT COMFORT AND  
42 SAFETY.

43           4. "Guaranteed energy cost savings contract" means a contract for  
44 implementing one or more energy cost savings measures.

1           5. "LIFE CYCLE COST" MEANS THE SUM OF PRESENT VALUES OF INVESTMENT  
2 COSTS, CAPITAL COSTS, INSTALLATION COSTS, ENERGY COSTS, OPERATING COSTS,  
3 MAINTENANCE COSTS AND DISPOSAL COSTS OVER THE LIFE OF THE PROJECT, PRODUCT OR  
4 MEASURE AS PROVIDED BY FEDERAL LIFE CYCLE COST RULES, REGULATIONS AND  
5 CRITERIA CONTAINED IN THE UNITED STATES DEPARTMENT OF ENERGY FEDERAL ENERGY  
6 MANAGEMENT PROGRAM "GUIDANCE ON LIFE-CYCLE COST ANALYSIS" REQUIRED BY  
7 EXECUTIVE ORDER 13423, JANUARY 2007.

8           ~~5-~~ 6. "Operational savings" means reductions in actual budget line  
9 items currently being expended or savings realized from the implementation or  
10 installation of energy cost savings measures.

11           ~~6-~~ 7. "Qualified provider" means a person or a business experienced  
12 in designing, implementing or installing energy cost savings measures.

13           Sec. 2. Section 15-213.01, Arizona Revised Statutes, as amended by  
14 section 1 of this act, is amended to read:

15           15-213.01. Procurement practices; guaranteed energy cost  
16 savings contracts; definitions

17           A. Notwithstanding section 15-213, subsection A, a school district may  
18 contract for the procurement of a guaranteed energy cost savings contract  
19 with a qualified provider through a competitive sealed proposal process as  
20 provided by the procurement practices adopted by the state board of  
21 education. TO THE EXTENT THE QUALIFIED PROVIDER SUBCONTRACTS WITH  
22 CONTRACTORS WHO WILL BE INVOLVED IN ANY CONSTRUCTION ASSOCIATED WITH THE  
23 GUARANTEED ENERGY COST SAVINGS CONTRACT, THE QUALIFIED PROVIDER MUST FOLLOW  
24 THE PROVISIONS OF SECTION 41-2533 IN SELECTING THESE CONTRACTORS.

25           B. A school district may enter into a guaranteed energy cost savings  
26 contract with a qualified provider if it determines that the amount it would  
27 spend on the energy cost savings measures recommended in the proposal would  
28 not exceed the amount to be saved in energy and operational costs over the  
29 expected life of the energy cost savings measures implemented or within  
30 twenty-five years, whichever is shorter, after the date installation or  
31 implementation is complete, if the recommendations in the proposal are  
32 followed. ~~The school district shall retain the cost savings achieved by a~~  
33 ~~guaranteed energy cost saving contract, and these cost savings may be used to~~  
34 ~~pay for the contract and project implementation. A school district shall not~~  
35 ~~use excess utilities monies for the contract or for project implementation.~~

36           C. The school district shall use objective criteria in selecting the  
37 qualified provider, including the cost of the contract, the energy and  
38 operational cost savings, the net projected energy savings, the quality of  
39 the technical approach, the quality of the project management plan, the  
40 financial solvency of the qualified provider and the experience of the  
41 qualified provider with projects of similar size and scope. The school  
42 district shall set forth each criterion with its respective numerical  
43 weighting in the request for proposal.

44           D. In selecting a contractor to perform any construction work related  
45 to performing the guaranteed energy cost savings contract, the qualified

1 provider may develop and use a prequalification process for contractors  
2 WISHING TO BID ON THIS WORK. These prequalifications may require the  
3 contractor to demonstrate that the contractor is adequately bonded to perform  
4 the work and that the contractor has not failed to perform on a prior job.  
5 THE QUALIFIED PROVIDER MAY USE PERFORMANCE SPECIFICATIONS IN SOLICITING BIDS  
6 FROM CONTRACTORS.

7 E. ~~A~~ AN IN-DEPTH FEASIBILITY study shall be performed by the selected  
8 qualified provider in order to establish the exact scope of the guaranteed  
9 energy cost savings contract, the fixed cost savings guarantee amount and the  
10 methodology for determining actual savings. This report shall be reviewed  
11 and approved by the school district before the actual installation of any  
12 equipment. The qualified provider shall transmit a copy of the approved  
13 IN-DEPTH FEASIBILITY study to the ~~school facilities board and the department~~  
14 ~~of commerce energy office~~ SUPERINTENDENT OF PUBLIC INSTRUCTION.

15 F. The guaranteed energy cost savings contract shall require that  
16 A QUALIFIED PROVIDER PERFORM AN ENERGY AUDIT OF THE FACILITY OR FACILITIES  
17 ONE YEAR AFTER THE ENERGY COST SAVINGS MEASURES ARE INSTALLED OR IMPLEMENTED  
18 AND EVERY THREE YEARS THEREAFTER FOR THE LENGTH OF THE CONTRACT. THE  
19 QUALIFIED PROVIDER SHALL TRANSMIT A COPY OF THE AUDIT TO THE SUPERINTENDENT  
20 OF PUBLIC INSTRUCTION. THE QUALIFIED PROVIDER SHALL PAY THE COST OF THE  
21 AUDIT. In determining whether the projected energy savings calculations have  
22 been met, the energy or operational cost savings shall be computed by  
23 comparing the energy baseline before installation or implementation of the  
24 energy cost savings measures with the energy consumed and operational costs  
25 avoided after installation or implementation of the energy cost savings  
26 measures. The qualified provider and the school district may agree to make  
27 modifications to the energy baseline only for any of the following:

- 28 1. Changes in utility rates.
- 29 2. Changes in the number of days in the utility billing cycle.
- 30 3. Changes in the square footage of the facility.
- 31 4. Changes in the operational schedule of the facility.
- 32 5. Changes in facility temperature.
- 33 6. Significant changes in the weather.
- 34 7. Significant changes in the amount of equipment or lighting utilized  
35 in the facility.

36 ~~8. Significant changes in the nature or intensity of energy use such~~  
37 ~~as the change of classroom space to laboratory space.~~

38 G. The information to develop the energy baseline shall be derived  
39 from actual energy measurements or shall be calculated from energy  
40 measurements at the facility where energy cost savings measures are to be  
41 installed or implemented. The measurements shall be taken in the year  
42 preceding the installation or implementation of energy cost savings measures.

43 H. When submitting a proposal for the installation of equipment, the  
44 qualified provider shall include information on the projected energy savings  
45 associated with each proposed energy cost savings measure.

1 I. A school district, or two or more school districts, may enter into  
2 an installment payment contract or lease-purchase agreement with a qualified  
3 provider for the purchase and installation or implementation of energy cost  
4 savings measures. The guaranteed energy cost savings contract may provide  
5 for payments over a period of not more than the expected life of the energy  
6 cost savings measures implemented or twenty-five years, whichever is shorter.  
7 The contract shall provide that all payments, except obligations on  
8 termination of the contract before its expiration, shall be made over time.

9 J. The guaranteed energy cost savings contract shall include a written  
10 guarantee of the qualified provider that either the energy or operational  
11 costs savings, or both, will meet or exceed the costs of the energy cost  
12 savings measures over the expected life of the energy cost savings measures  
13 implemented or within twenty-five years, whichever is shorter. The qualified  
14 provider shall ~~:-~~

15 ~~1. For the first three years of savings, prepare a measurement and~~  
16 ~~verification report on an annual basis in addition to an annual~~  
17 ~~reconciliation of savings.~~

18 ~~2.~~ reimburse the school district for any shortfall of guaranteed  
19 energy cost savings on an annual basis.

20 K. The school district may obtain any required financing as part of  
21 the original competitive sealed proposal process ~~from the qualified provider~~  
22 ~~or a third-party financing institution.~~

23 L. A qualified provider that is awarded the contract shall give a  
24 sufficient bond to the school district for its faithful performance of the  
25 equipment installment.

26 M. **WHEN SELECTING SUBCONTRACTORS TO PERFORM CONSTRUCTION WORK**, the  
27 qualified provider is required to make public information in the  
28 subcontractor's bids only if the qualified provider is awarded the guaranteed  
29 energy **cost** savings contract by the school district.

30 ~~N. For all projects carried out under this section, the district shall~~  
31 ~~report to the department of commerce energy office:-~~

32 ~~1. The name of the project.~~

33 ~~2. The qualified provider.~~

34 ~~3. The total cost of the project.~~

35 ~~4. The expected energy and cost savings.~~

36 ~~O. For all projects carried out under this section, the district shall~~  
37 ~~report to the school facilities board:-~~

38 ~~1. The name of the project.~~

39 ~~2. The qualified provider.~~

40 ~~3. The total cost of the project.~~

41 ~~4. The expected energy and cost savings.~~

42 ~~P. For all projects carried out under this section, the district shall~~  
43 ~~report to the school facilities board, by October 15 each year, the actual~~  
44 ~~energy and cost savings.~~

1           ~~Q.~~ N. This section does not apply to the construction of new  
2 buildings.

3           ~~R. A school district may utilize a simplified energy performance~~  
4 ~~contract for projects less than five hundred thousand dollars. Simplified~~  
5 ~~energy performance contracts are not required to include an energy savings~~  
6 ~~guarantee and shall comply with all requirements in this section except for~~  
7 ~~the requirements that are specifically related to the energy savings~~  
8 ~~guarantee and the measurement and verification of the guaranteed savings.~~

9           ~~S.~~ O. For the purposes of this section:

10           1. "Construction" means the process of building, altering, repairing,  
11 improving or demolishing any school district structure or building, or other  
12 public improvements of any kind to any school district real property.  
13 Construction does not include the routine operation, routine repair or  
14 routine maintenance of existing structures, buildings or real property.

15           2. "Energy baseline" means a calculation of the amount of energy used  
16 in an existing facility before the installation or implementation of the  
17 energy cost savings measures.

18           3. "Energy cost savings measure" means a training program or facility  
19 alteration designed to reduce energy consumption or operating costs and may  
20 include one or more of the following, ~~and any related meters or other~~  
21 ~~measuring devices:~~

22           (a) Insulating the building structure or systems in the building.

23           (b) Storm windows or doors, caulking or weather stripping, multiglazed  
24 windows or door systems, additional glazing, reductions in glass area, or  
25 other window and door system modifications that reduce energy consumption.

26           (c) Automated or computerized energy control systems.

27           (d) Heating, ventilating or air conditioning system modifications or  
28 replacements.

29           (e) Replacing or modifying lighting fixtures to increase the energy  
30 efficiency of the lighting system without increasing the overall illumination  
31 of a facility unless an increase in illumination is necessary to conform to  
32 the applicable state or local building code for the lighting system after the  
33 proposed modifications are made.

34           (f) Indoor air quality improvements to increase air quality that  
35 conform to the applicable state or local building code requirements.

36           (g) Energy recovery systems.

37           (h) Installing a new or retrofitting an existing day lighting system.

38           (i) Any life safety measures that provide long-term operating cost  
39 reductions and that comply with state and local codes.

40           (j) Implementing operation programs through education, training and  
41 software that reduce the operating costs.

42           ~~(k) Procurement of low-cost utility supplies of all types, including~~  
43 ~~electricity, natural gas, propane and water.~~

44           ~~(l) Devices that reduce water consumption and water costs or that~~  
45 ~~reduce sewer charges.~~

1           ~~(m) Rainwater harvesting systems.~~  
2           ~~(n) Combined heat and power systems.~~  
3           ~~(o) Renewable and alternative energy projects and renewable energy~~  
4 ~~power service agreements.~~  
5           ~~(p) Self-generation systems.~~  
6           ~~(q) Any additional building systems and infrastructure that produce~~  
7 ~~energy, or that provide utility or operational cost savings not specifically~~  
8 ~~mentioned in this paragraph, if the improvements meet the life cycle cost~~  
9 ~~requirement and enhance building system performance or occupant comfort and~~  
10 ~~safety.~~  
11           4. "Guaranteed energy cost savings contract" means a contract for  
12 implementing one or more energy cost savings measures.  
13           ~~5. "Life cycle cost" means the sum of present values of investment~~  
14 ~~costs, capital costs, installation costs, energy costs, operating costs,~~  
15 ~~maintenance costs and disposal costs over the life of the project, product or~~  
16 ~~measure as provided by federal life cycle cost rules, regulations and~~  
17 ~~criteria contained in the United States department of energy federal energy~~  
18 ~~management program "guidance on life-cycle cost analysis" required by~~  
19 ~~executive order 13423, January 2007.~~  
20           ~~6.~~ 5. "Operational savings" means reductions in actual budget line  
21 items currently being expended or savings realized from the implementation or  
22 installation of energy cost savings measures.  
23           ~~7.~~ 6. "Qualified provider" means a person or a business experienced  
24 in designing, implementing or installing energy cost savings measures.  
25           Sec. 3. Section 15-342, Arizona Revised Statutes, is amended to read:  
26           15-342. Discretionary powers  
27           The governing board may:  
28           1. Expel pupils for misconduct.  
29           2. Exclude from grades one through eight children under six years of  
30 age.  
31           3. Make such separation of groups of pupils as it deems advisable.  
32           4. Maintain such special schools during vacation as deemed necessary  
33 for the benefit of the pupils of the school district.  
34           5. Permit a superintendent or principal or representatives of the  
35 superintendent or principal to travel for a school purpose, as determined by  
36 a majority vote of the board. The board may permit members and members-elect  
37 of the board to travel within or without the school district for a school  
38 purpose and receive reimbursement. Any expenditure for travel and  
39 subsistence pursuant to this paragraph shall be as provided in title 38,  
40 chapter 4, article 2. The designated post of duty referred to in section  
41 38-621 shall be construed, for school district governing board members, to be  
42 the member's actual place of residence, as opposed to the school district  
43 office or the school district boundaries. Such expenditures shall be a  
44 charge against the budgeted school district funds. The governing board of a  
45 school district shall prescribe procedures and amounts for reimbursement of

1 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
2 maximum amounts established pursuant to section 38-624, subsection C.

3 6. Construct or provide in rural districts housing facilities for  
4 teachers and other school employees which the board determines are necessary  
5 for the operation of the school.

6 7. Sell or lease to the state, a county, a city or a tribal government  
7 agency, ~~any~~ school property required for a public purpose, provided the sale  
8 or lease of the property will not affect the normal operations of a school  
9 within the school district.

10 8. Annually budget and expend funds for membership in an association  
11 of school districts within this state.

12 9. Enter into leases or lease-purchase agreements for school buildings  
13 or grounds, or both, as lessor or as lessee, for periods of less than five  
14 years subject to voter approval for construction of school buildings as  
15 prescribed in section 15-341, subsection A, paragraph 8.

16 10. Subject to chapter 16 of this title, sell school sites or enter  
17 into leases or lease-purchase agreements for school buildings and grounds, as  
18 lessor or as lessee, for a period of five years or more, but not to exceed  
19 ninety-nine years, if authorized by a vote of the school district electors in  
20 an election called by the governing board as provided in section 15-491,  
21 except that authorization by the school district electors in an election is  
22 not required if one of the following requirements is met:

23 (a) The market value of the school property is less than fifty  
24 thousand dollars **OR THE PROPERTY IS PROCURED THROUGH AN ENERGY PERFORMANCE**  
25 **CONTRACT, WHICH AMONG OTHER ITEMS INCLUDES A RENEWABLE ENERGY POWER SERVICE**  
26 **AGREEMENT, OR A SIMPLIFIED ENERGY PERFORMANCE CONTRACT PURSUANT TO SECTION**  
27 **15-213.01.**

28 (b) The buildings and sites are completely funded with monies  
29 distributed by the school facilities board.

30 (c) The transaction involves the sale of improved or unimproved  
31 property pursuant to an agreement with the school facilities board in which  
32 the school district agrees to sell the improved or unimproved property and  
33 transfer the proceeds of the sale to the school facilities board in exchange  
34 for monies from the school facilities board for the acquisition of a more  
35 suitable school site. For a sale of property acquired by a school district  
36 prior to July 9, 1998, a school district shall transfer to the school  
37 facilities board that portion of the proceeds that equals the cost of the  
38 acquisition of a more suitable school site. If there are any remaining  
39 proceeds after the transfer of monies to the school facilities board, a  
40 school district shall only use those remaining proceeds for future land  
41 purchases approved by the school facilities board, or for capital  
42 improvements not funded by the school facilities board for any existing or  
43 future facility.

44 (d) The transaction involves the sale of improved or unimproved  
45 property pursuant to a formally adopted plan and the school district uses the

1 proceeds of this sale to purchase other property that will be used for  
2 similar purposes as the property that was originally sold, provided that the  
3 sale proceeds of the improved or unimproved property are used within two  
4 years after the date of the original sale to purchase the replacement  
5 property. If the sale proceeds of the improved or unimproved property are  
6 not used within two years after the date of the original sale to purchase  
7 replacement property, the sale proceeds shall be used towards payment of any  
8 outstanding bonded indebtedness. If any sale proceeds remain after paying  
9 for outstanding bonded indebtedness, or if the district has no outstanding  
10 bonded indebtedness, sale proceeds shall be used to reduce the district's  
11 primary tax levy. A school district shall not use ~~the provisions of~~ this  
12 subdivision unless all of the following conditions exist:

13 (i) The school district is the sole owner of the improved or  
14 unimproved property that the school district intends to sell.

15 (ii) The school district did not purchase the improved or unimproved  
16 property that the school district intends to sell with monies that were  
17 distributed pursuant to chapter 16 of this title.

18 (iii) The transaction does not violate section 15-341, subsection G.

19 11. Review the decision of a teacher to promote a pupil to a grade or  
20 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
21 course in high school. The pupil has the burden of proof to overturn the  
22 decision of a teacher to promote, retain, pass or fail the pupil. In order  
23 to sustain the burden of proof, the pupil shall demonstrate to the governing  
24 board that the pupil has mastered the academic standards adopted by the state  
25 board of education pursuant to sections 15-701 and 15-701.01. If the  
26 governing board overturns the decision of a teacher pursuant to this  
27 paragraph, the governing board shall adopt a written finding that the pupil  
28 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
29 article 3.1, the governing board shall review the decision of a teacher to  
30 promote a pupil to a grade or retain a pupil in a grade in a common school or  
31 to pass or fail a pupil in a course in high school in executive session  
32 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
33 disagrees that the review should be conducted in executive session and then  
34 the review shall be conducted in an open meeting. If the review is conducted  
35 in executive session, the board shall notify the teacher of the date, time  
36 and place of the review and shall allow the teacher to be present at the  
37 review. If the teacher is not present at the review, the board shall consult  
38 with the teacher before making its decision. Any request, including the  
39 written request as provided in section 15-341, the written evidence presented  
40 at the review and the written record of the review, including the decision of  
41 the governing board to accept or reject the teacher's decision, shall be  
42 retained by the governing board as part of its permanent records.

43 12. Provide transportation or site transportation loading and unloading  
44 areas for any child or children if deemed for the best interest of the  
45 district, whether within or without the district, county or state.

- 1           13. Enter into intergovernmental agreements and contracts with school  
2 districts or other governing bodies as provided in section 11-952.
- 3           14. Include in the curricula which it prescribes for high schools in  
4 the school district career and technical education, vocational education and  
5 technology education programs and career and technical, vocational and  
6 technology program improvement services for the high schools, subject to  
7 approval by the state board of education. The governing board may contract  
8 for the provision of career and technical, vocational and technology  
9 education as provided in section 15-789.
- 10          15. Suspend a teacher or administrator from the teacher's or  
11 administrator's duties without pay for a period of time of not to exceed ten  
12 school days, if the board determines that suspension is warranted pursuant to  
13 section 15-341, subsection A, paragraphs 23 and 24.
- 14          16. Dedicate school property within an incorporated city or town to  
15 such city or town or within a county to that county for use as a public  
16 right-of-way if both of the following apply:
- 17           (a) Pursuant to an ordinance adopted by such city, town or county,  
18 there will be conferred upon the school district privileges and benefits  
19 which may include benefits related to zoning.
- 20           (b) The dedication will not affect the normal operation of any school  
21 within the district.
- 22          17. Enter into option agreements for the purchase of school sites.
- 23          18. Donate surplus or outdated learning materials to nonprofit  
24 community organizations where the governing board determines that the  
25 anticipated cost of selling the learning materials equals or exceeds the  
26 estimated market value of the materials.
- 27          19. Prescribe policies for the assessment of reasonable fees for  
28 students to use district-provided parking facilities. The fees are to be  
29 applied by the district solely against costs incurred in operating or  
30 securing the parking facilities. Any policy adopted by the governing board  
31 pursuant to this paragraph shall include a fee waiver provision in  
32 appropriate cases of need or economic hardship.
- 33          20. Establish alternative educational programs that are consistent with  
34 the laws of this state to educate pupils, including pupils who have been  
35 reassigned pursuant to section 15-841, subsection E or F.
- 36          21. Require a period of silence to be observed at the commencement of  
37 the first class of the day in the schools. If a governing board chooses to  
38 require a period of silence to be observed, the teacher in charge of the room  
39 in which the first class is held shall announce that a period of silence not  
40 to exceed one minute in duration will be observed for meditation, and during  
41 that time no activities shall take place and silence shall be maintained.
- 42          22. Require students to wear uniforms.
- 43          23. Exchange unimproved property or improved property, including school  
44 sites, where the governing board determines that the improved property is  
45 unnecessary for the continued operation of the school district without

1 requesting authorization by a vote of the school district electors if the  
2 governing board determines that the exchange is necessary to protect the  
3 health, safety or welfare of pupils or when the governing board determines  
4 that the exchange is based on sound business principles for either:

5 (a) Unimproved or improved property of equal or greater value.

6 (b) Unimproved property that the owner contracts to improve if the  
7 value of the property ultimately received by the school district is of equal  
8 or greater value.

9 24. For common and high school pupils, assess reasonable fees for  
10 optional extracurricular activities and programs conducted when the common or  
11 high school is not in session, except that no fees shall be charged for  
12 pupils' access to or use of computers or related materials. For high school  
13 pupils, the governing board may assess reasonable fees for fine arts and  
14 vocational education courses and for optional services, equipment and  
15 materials offered to the pupils beyond those required to successfully  
16 complete the basic requirements of any other course, except that no fees  
17 shall be charged for pupils' access to or use of computers or related  
18 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
19 public meeting after notice has been given to all parents of pupils enrolled  
20 at schools in the district and shall not exceed the actual costs of the  
21 activities, programs, services, equipment or materials. The governing board  
22 shall authorize principals to waive the assessment of all or part of a fee  
23 assessed pursuant to this paragraph if it creates an economic hardship for a  
24 pupil. For the purposes of this paragraph, "extracurricular activity" means  
25 any optional, noncredit, educational or recreational activity which  
26 supplements the education program of the school, whether offered before,  
27 during or after regular school hours.

28 25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,  
29 construct school buildings and purchase or lease school sites, without a vote  
30 of the school district electors, if the buildings and sites are totally  
31 funded from one or more of the following:

32 (a) Monies in the unrestricted capital outlay fund, except that the  
33 estimated cost shall not exceed two hundred fifty thousand dollars for a  
34 district that utilizes ~~the provisions of~~ section 15-949.

35 (b) Monies distributed from the school facilities board established by  
36 section 15-2001.

37 (c) Monies specifically donated for the purpose of constructing school  
38 buildings.

39 Nothing in this paragraph shall be construed to eliminate the requirement for  
40 an election to raise revenues for a capital outlay override pursuant to  
41 section 15-481 or a bond election pursuant to section 15-491.

42 26. Conduct a background investigation that includes a fingerprint  
43 check conducted pursuant to section 41-1750, subsection G for certificated  
44 personnel and personnel who are not paid employees of the school district, as  
45 a condition of employment. A school district may release the results of a

1 background check to another school district for employment purposes. The  
2 school district may charge the costs of fingerprint checks to its  
3 fingerprinted employee, except that the school district may not charge the  
4 costs of fingerprint checks for personnel who are not paid employees of the  
5 school district.

6 27. Sell advertising space on the exterior of school buses as  
7 follows:

8 (a) Advertisements shall be age appropriate and not contain promotion  
9 of any substance that is illegal for minors such as alcohol, tobacco and  
10 drugs or gambling. Advertisements shall comply with the state sex education  
11 policy of abstinence.

12 (b) Advertising approved by the governing board may appear only on the  
13 sides of the bus in the following areas:

14 (i) The signs shall be below the seat level rub rail and not extend  
15 above the bottom of the side windows.

16 (ii) The signs shall be at least three inches from any required  
17 lettering, lamp, wheel well or reflector behind the service door or stop  
18 signal arm.

19 (iii) The signs shall not extend from the body of the bus so as to  
20 allow a handhold or present a danger to pedestrians.

21 (iv) The signs shall not interfere with the operation of any door or  
22 window.

23 (v) The signs shall not be placed on any emergency doors.

24 (c) Establish a school bus advertisement fund that is comprised of  
25 revenues from the sale of advertising space on school buses. The monies in a  
26 school bus advertisement fund are not subject to reversion and shall be used  
27 for the following purposes:

28 (i) To comply with the energy conservation measures prescribed in  
29 section 15-349 in school districts that are in area A as defined in section  
30 49-541, and any remaining monies shall be used to purchase alternative fuel  
31 support vehicles and any other pupil related costs as determined by the  
32 governing board.

33 (ii) For any pupil related costs as determined by the governing board  
34 in school districts not subject to ~~the provisions of~~ item (i) of this  
35 subdivision.

36 28. Assess reasonable damage deposits to pupils in grades seven through  
37 twelve for the use of textbooks, musical instruments, band uniforms or other  
38 equipment required for academic courses. The governing board shall adopt  
39 policies on any damage deposits assessed pursuant to this paragraph at a  
40 public meeting called for this purpose after providing notice to all parents  
41 of pupils in grades seven through twelve in the school district. Principals  
42 of individual schools within the district may waive the damage deposit  
43 requirement for any textbook or other item if the payment of the damage  
44 deposit would create an economic hardship for the pupil. The school district  
45 shall return the full amount of the damage deposit for any textbook or other

1 item if the pupil returns the textbook or other item in reasonably good  
2 condition within the time period prescribed by the governing board. For the  
3 purposes of this paragraph, "in reasonably good condition" means the textbook  
4 or other item is in the same or a similar condition as it was when the pupil  
5 received it, plus ordinary wear and tear.

6 29. Notwithstanding section 15-1105, expend surplus monies in the civic  
7 center school fund for maintenance and operations or unrestricted capital  
8 outlay, if sufficient monies are available in the fund after meeting the  
9 needs of programs established pursuant to section 15-1105.

10 30. Notwithstanding section 15-1143, expend surplus monies in the  
11 community school program fund for maintenance and operations or unrestricted  
12 capital outlay, if sufficient monies are available in the fund after meeting  
13 the needs of programs established pursuant to section 15-1142.

14 31. Adopt guidelines for standardization of the format of the school  
15 report cards required by section 15-746 for schools within the district.

16 32. Adopt policies that require parental notification when a law  
17 enforcement officer interviews a pupil on school grounds. Policies adopted  
18 pursuant to this paragraph shall not impede a peace officer from the  
19 performance of the peace officer's duties. If the school district governing  
20 board adopts a policy that requires parental notification:

21 (a) The policy may provide reasonable exceptions to the parental  
22 notification requirement.

23 (b) The policy shall set forth whether and under what circumstances a  
24 parent may be present when a law enforcement officer interviews the pupil,  
25 including reasonable exceptions to the circumstances under which a parent may  
26 be present when a law enforcement officer interviews the pupil, and shall  
27 specify a reasonable maximum time after a parent is notified that an  
28 interview of a pupil by a law enforcement officer may be delayed to allow the  
29 parent to be present.

30 33. Enter into voluntary partnerships with any party to finance with  
31 funds other than school district funds and cooperatively design school  
32 facilities that comply with the adequacy standards prescribed in section  
33 15-2011 and the square footage per pupil requirements pursuant to section  
34 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
35 location of any such school facility shall be submitted to the school  
36 facilities board for approval pursuant to section 15-2041, subsection 0. If  
37 the school facilities board approves the design plans and location of any  
38 such school facility, the party in partnership with the school district may  
39 cause to be constructed and the district may begin operating the school  
40 facility before monies are distributed from the school facilities board  
41 pursuant to section 15-2041. Monies distributed from the new school  
42 facilities fund to a school district in a partnership with another party to  
43 finance and design the school facility shall be paid to the school district  
44 pursuant to section 15-2041. The school district shall reimburse the party  
45 in partnership with the school district from the monies paid to the school

1 district pursuant to section 15-2041, in accordance with the voluntary  
2 partnership agreement. Before the school facilities board distributes any  
3 monies pursuant to this subsection, the school district shall demonstrate to  
4 the school facilities board that the facilities to be funded pursuant to  
5 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
6 in section 15-2011. If the cost to construct the school facility exceeds the  
7 amount that the school district receives from the new school facilities fund,  
8 the partnership agreement between the school district and the other party  
9 shall specify that, except as otherwise provided by the other party, any such  
10 excess costs shall be the responsibility of the school district. The school  
11 district governing board shall adopt a resolution in a public meeting that AN  
12 analysis has been conducted on the prospective effects of the decision to  
13 operate a new school with existing monies from the school district's  
14 maintenance and operations budget and how this decision may affect other  
15 schools in the school district. If a school district acquires land by  
16 donation at an appropriate school site approved by the school facilities  
17 board and a school facility is financed and built on the land pursuant to  
18 this paragraph, the school facilities board shall distribute an amount equal  
19 to twenty per cent of the fair market value of the land that can be used for  
20 academic purposes. The school district shall place the monies in the  
21 unrestricted capital outlay fund and increase the unrestricted capital budget  
22 limit by the amount of the monies placed in the fund. Monies distributed  
23 under this paragraph shall be distributed from the new school facilities fund  
24 pursuant to section 15-2041. If a school district acquires land by donation  
25 at an appropriate school site approved by the school facilities board and a  
26 school facility is financed and built on the land pursuant to this paragraph,  
27 the school district shall not receive monies from the school facilities board  
28 for the donation of real property pursuant to section 15-2041, subsection F.  
29 It is unlawful for:

30 (a) A county, city or town to require as a condition of any land use  
31 approval that a landowner or landowners that entered into a partnership  
32 pursuant to this paragraph provide any contribution, donation or gift, other  
33 than a site donation, to a school district. This subdivision only applies to  
34 the property in the voluntary partnership agreement pursuant to this  
35 paragraph.

36 (b) A county, city or town to require as a condition of any land use  
37 approval that the landowner or landowners located within the geographic  
38 boundaries of the school subject to the voluntary partnership pursuant to  
39 this paragraph provide any donation or gift to the school district except as  
40 provided in the voluntary partnership agreement pursuant to this paragraph.

41 (c) A community facilities district established pursuant to title 48,  
42 chapter 4, article 6 to be used for reimbursement of financing the  
43 construction of a school pursuant to this paragraph.

44 (d) ~~For~~ A school district to enter into an agreement pursuant to this  
45 paragraph with any party other than a master planned community party. Any

1 land area consisting of at least three hundred twenty acres that is the  
2 subject of a development agreement with a county, city or town entered into  
3 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
4 planned community. For the purposes of this subdivision, "master planned  
5 community" means a land area consisting of at least three hundred twenty  
6 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
7 approved by the governing body of the county, city or town in which the land  
8 is located that establishes the use of the land area as a planned area  
9 development or district, planned community development or district, planned  
10 unit development or district or other land use category or district that is  
11 recognized in the local ordinance of such county, city or town and that  
12 specifies the use of such land is for a master planned development.

13 Sec. 4. Section 15-342, Arizona Revised Statutes, as amended by  
14 section 3 of this act, is amended to read:

15 15-342. Discretionary powers

16 The governing board may:

- 17 1. Expel pupils for misconduct.
- 18 2. Exclude from grades one through eight children under six years of  
19 age.
- 20 3. Make such separation of groups of pupils as it deems advisable.
- 21 4. Maintain such special schools during vacation as deemed necessary  
22 for the benefit of the pupils of the school district.
- 23 5. Permit a superintendent or principal or representatives of the  
24 superintendent or principal to travel for a school purpose, as determined by  
25 a majority vote of the board. The board may permit members and members-elect  
26 of the board to travel within or without the school district for a school  
27 purpose and receive reimbursement. Any expenditure for travel and  
28 subsistence pursuant to this paragraph shall be as provided in title 38,  
29 chapter 4, article 2. The designated post of duty referred to in section  
30 38-621 shall be construed, for school district governing board members, to be  
31 the member's actual place of residence, as opposed to the school district  
32 office or the school district boundaries. Such expenditures shall be a  
33 charge against the budgeted school district funds. The governing board of a  
34 school district shall prescribe procedures and amounts for reimbursement of  
35 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
36 maximum amounts established pursuant to section 38-624, subsection C.
- 37 6. Construct or provide in rural districts housing facilities for  
38 teachers and other school employees which the board determines are necessary  
39 for the operation of the school.
- 40 7. Sell or lease to the state, a county, a city or a tribal government  
41 agency any school property required for a public purpose, provided the sale  
42 or lease of the property will not affect the normal operations of a school  
43 within the school district.
- 44 8. Annually budget and expend funds for membership in an association  
45 of school districts within this state.

1           9. Enter into leases or lease-purchase agreements for school buildings  
2 or grounds, or both, as lessor or as lessee, for periods of less than five  
3 years subject to voter approval for construction of school buildings as  
4 prescribed in section 15-341, subsection A, paragraph 8.

5           10. Subject to chapter 16 of this title, sell school sites or enter  
6 into leases or lease-purchase agreements for school buildings and grounds, as  
7 lessor or as lessee, for a period of five years or more, but not to exceed  
8 ninety-nine years, if authorized by a vote of the school district electors in  
9 an election called by the governing board as provided in section 15-491,  
10 except that authorization by the school district electors in an election is  
11 not required if one of the following requirements is met:

12           (a) The market value of the school property is less than fifty  
13 thousand dollars ~~or the property is procured through an energy performance~~  
14 ~~contract, which among other items includes a renewable energy power service~~  
15 ~~agreement, or a simplified energy performance contract pursuant to section~~  
16 ~~15-213.01.~~

17           (b) The buildings and sites are completely funded with monies  
18 distributed by the school facilities board.

19           (c) The transaction involves the sale of improved or unimproved  
20 property pursuant to an agreement with the school facilities board in which  
21 the school district agrees to sell the improved or unimproved property and  
22 transfer the proceeds of the sale to the school facilities board in exchange  
23 for monies from the school facilities board for the acquisition of a more  
24 suitable school site. For a sale of property acquired by a school district  
25 prior to July 9, 1998, a school district shall transfer to the school  
26 facilities board that portion of the proceeds that equals the cost of the  
27 acquisition of a more suitable school site. If there are any remaining  
28 proceeds after the transfer of monies to the school facilities board, a  
29 school district shall only use those remaining proceeds for future land  
30 purchases approved by the school facilities board, or for capital  
31 improvements not funded by the school facilities board for any existing or  
32 future facility.

33           (d) The transaction involves the sale of improved or unimproved  
34 property pursuant to a formally adopted plan and the school district uses the  
35 proceeds of this sale to purchase other property that will be used for  
36 similar purposes as the property that was originally sold, provided that the  
37 sale proceeds of the improved or unimproved property are used within two  
38 years after the date of the original sale to purchase the replacement  
39 property. If the sale proceeds of the improved or unimproved property are  
40 not used within two years after the date of the original sale to purchase  
41 replacement property, the sale proceeds shall be used towards payment of any  
42 outstanding bonded indebtedness. If any sale proceeds remain after paying  
43 for outstanding bonded indebtedness, or if the district has no outstanding  
44 bonded indebtedness, sale proceeds shall be used to reduce the district's

1 primary tax levy. A school district shall not use this subdivision unless  
2 all of the following conditions exist:

3 (i) The school district is the sole owner of the improved or  
4 unimproved property that the school district intends to sell.

5 (ii) The school district did not purchase the improved or unimproved  
6 property that the school district intends to sell with monies that were  
7 distributed pursuant to chapter 16 of this title.

8 (iii) The transaction does not violate section 15-341, subsection G.

9 11. Review the decision of a teacher to promote a pupil to a grade or  
10 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
11 course in high school. The pupil has the burden of proof to overturn the  
12 decision of a teacher to promote, retain, pass or fail the pupil. In order  
13 to sustain the burden of proof, the pupil shall demonstrate to the governing  
14 board that the pupil has mastered the academic standards adopted by the state  
15 board of education pursuant to sections 15-701 and 15-701.01. If the  
16 governing board overturns the decision of a teacher pursuant to this  
17 paragraph, the governing board shall adopt a written finding that the pupil  
18 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
19 article 3.1, the governing board shall review the decision of a teacher to  
20 promote a pupil to a grade or retain a pupil in a grade in a common school or  
21 to pass or fail a pupil in a course in high school in executive session  
22 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
23 disagrees that the review should be conducted in executive session and then  
24 the review shall be conducted in an open meeting. If the review is conducted  
25 in executive session, the board shall notify the teacher of the date, time  
26 and place of the review and shall allow the teacher to be present at the  
27 review. If the teacher is not present at the review, the board shall consult  
28 with the teacher before making its decision. Any request, including the  
29 written request as provided in section 15-341, the written evidence presented  
30 at the review and the written record of the review, including the decision of  
31 the governing board to accept or reject the teacher's decision, shall be  
32 retained by the governing board as part of its permanent records.

33 12. Provide transportation or site transportation loading and unloading  
34 areas for any child or children if deemed for the best interest of the  
35 district, whether within or without the district, county or state.

36 13. Enter into intergovernmental agreements and contracts with school  
37 districts or other governing bodies as provided in section 11-952.

38 14. Include in the curricula which it prescribes for high schools in  
39 the school district career and technical education, vocational education and  
40 technology education programs and career and technical, vocational and  
41 technology program improvement services for the high schools, subject to  
42 approval by the state board of education. The governing board may contract  
43 for the provision of career and technical, vocational and technology  
44 education as provided in section 15-789.

1           15. Suspend a teacher or administrator from the teacher's or  
2 administrator's duties without pay for a period of time of not to exceed ten  
3 school days, if the board determines that suspension is warranted pursuant to  
4 section 15-341, subsection A, paragraphs 23 and 24.

5           16. Dedicate school property within an incorporated city or town to  
6 such city or town or within a county to that county for use as a public  
7 right-of-way if both of the following apply:

8           (a) Pursuant to an ordinance adopted by such city, town or county,  
9 there will be conferred upon the school district privileges and benefits  
10 which may include benefits related to zoning.

11           (b) The dedication will not affect the normal operation of any school  
12 within the district.

13           17. Enter into option agreements for the purchase of school sites.

14           18. Donate surplus or outdated learning materials to nonprofit  
15 community organizations where the governing board determines that the  
16 anticipated cost of selling the learning materials equals or exceeds the  
17 estimated market value of the materials.

18           19. Prescribe policies for the assessment of reasonable fees for  
19 students to use district-provided parking facilities. The fees are to be  
20 applied by the district solely against costs incurred in operating or  
21 securing the parking facilities. Any policy adopted by the governing board  
22 pursuant to this paragraph shall include a fee waiver provision in  
23 appropriate cases of need or economic hardship.

24           20. Establish alternative educational programs that are consistent with  
25 the laws of this state to educate pupils, including pupils who have been  
26 reassigned pursuant to section 15-841, subsection E or F.

27           21. Require a period of silence to be observed at the commencement of  
28 the first class of the day in the schools. If a governing board chooses to  
29 require a period of silence to be observed, the teacher in charge of the room  
30 in which the first class is held shall announce that a period of silence not  
31 to exceed one minute in duration will be observed for meditation, and during  
32 that time no activities shall take place and silence shall be maintained.

33           22. Require students to wear uniforms.

34           23. Exchange unimproved property or improved property, including school  
35 sites, where the governing board determines that the improved property is  
36 unnecessary for the continued operation of the school district without  
37 requesting authorization by a vote of the school district electors if the  
38 governing board determines that the exchange is necessary to protect the  
39 health, safety or welfare of pupils or when the governing board determines  
40 that the exchange is based on sound business principles for either:

41           (a) Unimproved or improved property of equal or greater value.

42           (b) Unimproved property that the owner contracts to improve if the  
43 value of the property ultimately received by the school district is of equal  
44 or greater value.

1           24. For common and high school pupils, assess reasonable fees for  
2 optional extracurricular activities and programs conducted when the common or  
3 high school is not in session, except that no fees shall be charged for  
4 pupils' access to or use of computers or related materials. For high school  
5 pupils, the governing board may assess reasonable fees for fine arts and  
6 vocational education courses and for optional services, equipment and  
7 materials offered to the pupils beyond those required to successfully  
8 complete the basic requirements of any other course, except that no fees  
9 shall be charged for pupils' access to or use of computers or related  
10 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
11 public meeting after notice has been given to all parents of pupils enrolled  
12 at schools in the district and shall not exceed the actual costs of the  
13 activities, programs, services, equipment or materials. The governing board  
14 shall authorize principals to waive the assessment of all or part of a fee  
15 assessed pursuant to this paragraph if it creates an economic hardship for a  
16 pupil. For the purposes of this paragraph, "extracurricular activity" means  
17 any optional, noncredit, educational or recreational activity which  
18 supplements the education program of the school, whether offered before,  
19 during or after regular school hours.

20           25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,  
21 construct school buildings and purchase or lease school sites, without a vote  
22 of the school district electors, if the buildings and sites are totally  
23 funded from one or more of the following:

24           (a) Monies in the unrestricted capital outlay fund, except that the  
25 estimated cost shall not exceed two hundred fifty thousand dollars for a  
26 district that utilizes section 15-949.

27           (b) Monies distributed from the school facilities board established by  
28 section 15-2001.

29           (c) Monies specifically donated for the purpose of constructing school  
30 buildings.

31 Nothing in this paragraph shall be construed to eliminate the requirement for  
32 an election to raise revenues for a capital outlay override pursuant to  
33 section 15-481 or a bond election pursuant to section 15-491.

34           26. Conduct a background investigation that includes a fingerprint  
35 check conducted pursuant to section 41-1750, subsection G for certificated  
36 personnel and personnel who are not paid employees of the school district, as  
37 a condition of employment. A school district may release the results of a  
38 background check to another school district for employment purposes. The  
39 school district may charge the costs of fingerprint checks to its  
40 fingerprinted employee, except that the school district may not charge the  
41 costs of fingerprint checks for personnel who are not paid employees of the  
42 school district.

43           27. Sell advertising space on the exterior of school buses as  
44 follows:

1 (a) Advertisements shall be age appropriate and not contain promotion  
2 of any substance that is illegal for minors such as alcohol, tobacco and  
3 drugs or gambling. Advertisements shall comply with the state sex education  
4 policy of abstinence.

5 (b) Advertising approved by the governing board may appear only on the  
6 sides of the bus in the following areas:

7 (i) The signs shall be below the seat level rub rail and not extend  
8 above the bottom of the side windows.

9 (ii) The signs shall be at least three inches from any required  
10 lettering, lamp, wheel well or reflector behind the service door or stop  
11 signal arm.

12 (iii) The signs shall not extend from the body of the bus so as to  
13 allow a handhold or present a danger to pedestrians.

14 (iv) The signs shall not interfere with the operation of any door or  
15 window.

16 (v) The signs shall not be placed on any emergency doors.

17 (c) Establish a school bus advertisement fund that is comprised of  
18 revenues from the sale of advertising space on school buses. The monies in a  
19 school bus advertisement fund are not subject to reversion and shall be used  
20 for the following purposes:

21 (i) To comply with the energy conservation measures prescribed in  
22 section 15-349 in school districts that are in area A as defined in section  
23 49-541, and any remaining monies shall be used to purchase alternative fuel  
24 support vehicles and any other pupil related costs as determined by the  
25 governing board.

26 (ii) For any pupil related costs as determined by the governing board  
27 in school districts not subject to item (i) of this subdivision.

28 28. Assess reasonable damage deposits to pupils in grades seven through  
29 twelve for the use of textbooks, musical instruments, band uniforms or other  
30 equipment required for academic courses. The governing board shall adopt  
31 policies on any damage deposits assessed pursuant to this paragraph at a  
32 public meeting called for this purpose after providing notice to all parents  
33 of pupils in grades seven through twelve in the school district. Principals  
34 of individual schools within the district may waive the damage deposit  
35 requirement for any textbook or other item if the payment of the damage  
36 deposit would create an economic hardship for the pupil. The school district  
37 shall return the full amount of the damage deposit for any textbook or other  
38 item if the pupil returns the textbook or other item in reasonably good  
39 condition within the time period prescribed by the governing board. For the  
40 purposes of this paragraph, "in reasonably good condition" means the textbook  
41 or other item is in the same or a similar condition as it was when the pupil  
42 received it, plus ordinary wear and tear.

43 29. Notwithstanding section 15-1105, expend surplus monies in the civic  
44 center school fund for maintenance and operations or unrestricted capital

1 outlay, if sufficient monies are available in the fund after meeting the  
2 needs of programs established pursuant to section 15-1105.

3 30. Notwithstanding section 15-1143, expend surplus monies in the  
4 community school program fund for maintenance and operations or unrestricted  
5 capital outlay, if sufficient monies are available in the fund after meeting  
6 the needs of programs established pursuant to section 15-1142.

7 31. Adopt guidelines for standardization of the format of the school  
8 report cards required by section 15-746 for schools within the district.

9 32. Adopt policies that require parental notification when a law  
10 enforcement officer interviews a pupil on school grounds. Policies adopted  
11 pursuant to this paragraph shall not impede a peace officer from the  
12 performance of the peace officer's duties. If the school district governing  
13 board adopts a policy that requires parental notification:

14 (a) The policy may provide reasonable exceptions to the parental  
15 notification requirement.

16 (b) The policy shall set forth whether and under what circumstances a  
17 parent may be present when a law enforcement officer interviews the pupil,  
18 including reasonable exceptions to the circumstances under which a parent may  
19 be present when a law enforcement officer interviews the pupil, and shall  
20 specify a reasonable maximum time after a parent is notified that an  
21 interview of a pupil by a law enforcement officer may be delayed to allow the  
22 parent to be present.

23 33. Enter into voluntary partnerships with any party to finance with  
24 funds other than school district funds and cooperatively design school  
25 facilities that comply with the adequacy standards prescribed in section  
26 15-2011 and the square footage per pupil requirements pursuant to section  
27 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
28 location of any such school facility shall be submitted to the school  
29 facilities board for approval pursuant to section 15-2041, subsection 0. If  
30 the school facilities board approves the design plans and location of any  
31 such school facility, the party in partnership with the school district may  
32 cause to be constructed and the district may begin operating the school  
33 facility before monies are distributed from the school facilities board  
34 pursuant to section 15-2041. Monies distributed from the new school  
35 facilities fund to a school district in a partnership with another party to  
36 finance and design the school facility shall be paid to the school district  
37 pursuant to section 15-2041. The school district shall reimburse the party  
38 in partnership with the school district from the monies paid to the school  
39 district pursuant to section 15-2041, in accordance with the voluntary  
40 partnership agreement. Before the school facilities board distributes any  
41 monies pursuant to this subsection, the school district shall demonstrate to  
42 the school facilities board that the facilities to be funded pursuant to  
43 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
44 in section 15-2011. If the cost to construct the school facility exceeds the  
45 amount that the school district receives from the new school facilities fund,

1 the partnership agreement between the school district and the other party  
2 shall specify that, except as otherwise provided by the other party, any such  
3 excess costs shall be the responsibility of the school district. The school  
4 district governing board shall adopt a resolution in a public meeting that an  
5 analysis has been conducted on the prospective effects of the decision to  
6 operate a new school with existing monies from the school district's  
7 maintenance and operations budget and how this decision may affect other  
8 schools in the school district. If a school district acquires land by  
9 donation at an appropriate school site approved by the school facilities  
10 board and a school facility is financed and built on the land pursuant to  
11 this paragraph, the school facilities board shall distribute an amount equal  
12 to twenty per cent of the fair market value of the land that can be used for  
13 academic purposes. The school district shall place the monies in the  
14 unrestricted capital outlay fund and increase the unrestricted capital budget  
15 limit by the amount of the monies placed in the fund. Monies distributed  
16 under this paragraph shall be distributed from the new school facilities fund  
17 pursuant to section 15-2041. If a school district acquires land by donation  
18 at an appropriate school site approved by the school facilities board and a  
19 school facility is financed and built on the land pursuant to this paragraph,  
20 the school district shall not receive monies from the school facilities board  
21 for the donation of real property pursuant to section 15-2041, subsection F.  
22 It is unlawful for:

23 (a) A county, city or town to require as a condition of any land use  
24 approval that a landowner or landowners that entered into a partnership  
25 pursuant to this paragraph provide any contribution, donation or gift, other  
26 than a site donation, to a school district. This subdivision only applies to  
27 the property in the voluntary partnership agreement pursuant to this  
28 paragraph.

29 (b) A county, city or town to require as a condition of any land use  
30 approval that the landowner or landowners located within the geographic  
31 boundaries of the school subject to the voluntary partnership pursuant to  
32 this paragraph provide any donation or gift to the school district except as  
33 provided in the voluntary partnership agreement pursuant to this paragraph.

34 (c) A community facilities district established pursuant to title 48,  
35 chapter 4, article 6 to be used for reimbursement of financing the  
36 construction of a school pursuant to this paragraph.

37 (d) A school district to enter into an agreement pursuant to this  
38 paragraph with any party other than a master planned community party. Any  
39 land area consisting of at least three hundred twenty acres that is the  
40 subject of a development agreement with a county, city or town entered into  
41 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
42 planned community. For the purposes of this subdivision, "master planned  
43 community" means a land area consisting of at least three hundred twenty  
44 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
45 approved by the governing body of the county, city or town in which the land

1 is located that establishes the use of the land area as a planned area  
2 development or district, planned community development or district, planned  
3 unit development or district or other land use category or district that is  
4 recognized in the local ordinance of such county, city or town and that  
5 specifies the use of such land is for a master planned development.

6 Sec. 5. Title 15, chapter 9, article 1, Arizona Revised Statutes, is  
7 amended by adding section 15-910.02, to read:

8 15-910.02. Energy and water savings accounts

9 A. EACH SCHOOL DISTRICT MAY ESTABLISH AN ENERGY AND WATER SAVINGS  
10 ACCOUNT THAT CONSISTS OF A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO  
11 FUND ENERGY OR WATER SAVING PROJECTS IN SCHOOL FACILITIES. A SCHOOL DISTRICT  
12 MAY DEPOSIT IN THE ACCOUNT MONIES FROM ONE OR MORE COMPANIES THAT PROVIDE  
13 UTILITY, ENERGY OR WATER SERVICES TO THE SCHOOL DISTRICT PURSUANT TO  
14 CONTRACTS THAT ARE EXECUTED BETWEEN THE COMPANIES AND THE SCHOOL DISTRICT AND  
15 THAT ARE DESIGNED TO SAVE ENERGY OR WATER IN SCHOOL FACILITIES. A SCHOOL  
16 DISTRICT MAY USE MONIES IN THE ENERGY AND WATER SAVINGS ACCOUNT FOR PAYMENTS  
17 UNDER A PERFORMANCE CONTRACT ENTERED INTO PURSUANT TO SECTION 15-213 OR  
18 15-213.01.

19 B. THE AUDITOR GENERAL AND THE DEPARTMENT OF EDUCATION SHALL PRESCRIBE  
20 THE APPROPRIATE DESIGNATION OF THE ENERGY AND WATER SAVINGS ACCOUNTS IN THE  
21 UNIFORM SYSTEM OF FINANCIAL RECORDS AND SHALL PRESCRIBE REPORTING  
22 REQUIREMENTS ON THE APPROPRIATE BUDGET FORMS AND ANNUAL FINANCIAL REPORT  
23 FORMS.

24 C. MONIES DEPOSITED IN AN ENERGY AND WATER SAVINGS ACCOUNT SHALL BE  
25 USED AS A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO PAY FOR THE  
26 INCREMENTAL COST OF ENERGY OR WATER SAVINGS MEASURES IN SCHOOL FACILITIES  
27 THAT ARE OWNED OR OPERATED BY THE SCHOOL DISTRICT. ANY CONTRACT ENTERED INTO  
28 PURSUANT TO THIS SECTION SHALL CONTAIN AN AGREEMENT BETWEEN THE QUALIFIED  
29 PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY AND THE SCHOOL DISTRICT  
30 THAT EACH PARTY HAS PERFORMED A REASONABLE INVESTIGATION TO DETERMINE THAT  
31 THE MEASURES CONTEMPLATED BY THE CONTRACT WILL RESULT IN STATED ENERGY OR  
32 WATER SAVINGS. CONTRACT TERMS MAY EXTEND THE PERIOD OF THE CAPITAL  
33 INVESTMENT REPAYMENT SCHEDULE PRESCRIBED IN SUBSECTION G OF THIS SECTION UP  
34 TO THE EXPECTED LIFE OF THE ENERGY OR WATER SAVINGS MEASURES, OR TWENTY-FIVE  
35 YEARS, WHICHEVER IS SHORTER.

36 D. EXPENDITURES FROM AN ENERGY AND WATER SAVINGS ACCOUNT SHALL BE USED  
37 ONLY FOR THE FOLLOWING:

38 1. PROJECTS OR MEASURES PURSUANT TO A CONTRACT PURSUANT TO THIS  
39 SECTION THAT SAVE ENERGY OR WATER IN SCHOOL FACILITIES THAT ARE OWNED OR  
40 OPERATED BY THE SCHOOL DISTRICT. MONIES MAY BE USED PURSUANT TO THIS  
41 PARAGRAPH TO PROVIDE TECHNICAL ASSISTANCE REGARDING ENERGY OR WATER SAVINGS  
42 TO SCHOOL DISTRICTS BY A QUALIFIED PROVIDER OR A UTILITY, ENERGY OR WATER  
43 SERVICES COMPANY.

44 2. THE REPAYMENT TO THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER  
45 SERVICES COMPANY OF CAPITAL INVESTMENT MONIES DEPOSITED IN THE ACCOUNT PLUS

1 REASONABLE CARRYING CHARGES PURSUANT TO THE TERMS OF THE CONTRACT.  
2 REASONABLE CARRYING CHARGES FOR INVESTOR OWNED UTILITIES WILL BE THE MOST  
3 RECENT AUTHORIZED RATE OF RETURN APPROVED BY THE ARIZONA CORPORATION  
4 COMMISSION.

5 E. SCHOOL DISTRICTS SHALL PROCURE ENERGY OR WATER SAVINGS MEASURES OR  
6 SERVICES WITH MONIES DISTRIBUTED FROM THE ENERGY AND WATER SAVINGS ACCOUNTS.

7 F. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES  
8 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES  
9 COMPANY SHALL COMPUTE, AND THE SCHOOL DISTRICT SHALL REVIEW AND APPROVE, THE  
10 ESTIMATED AMOUNT OF THE ENERGY OR WATER SAVINGS AND THE ASSOCIATED IMPACT ON  
11 ENERGY OR WATER COSTS TO BE ACHIEVED BY THE SCHOOL DISTRICT ON AN ANNUAL AND  
12 MONTHLY BASIS OVER THE EXPECTED LIFE OF THE MEASURES AND SHALL INCLUDE THESE  
13 ESTIMATES IN THE CONTRACT. THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR  
14 WATER SERVICES COMPANY AND THE SCHOOL DISTRICT SHALL UPDATE THE ANNUAL AND  
15 MONTHLY ENERGY OR WATER SAVINGS AND ASSOCIATED COST IMPACT ESTIMATES ANNUALLY  
16 BASED ON ACTUAL EXPERIENCE.

17 G. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES  
18 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES  
19 COMPANY AND THE SCHOOL DISTRICT SHALL JOINTLY DEVELOP A SCHEDULE OF MONTHLY  
20 PAYMENTS FOR REPAYMENT OF THE CAPITAL INVESTMENT MONIES TO THE QUALIFIED  
21 PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY. THE REPAYMENT  
22 SCHEDULE SHALL RESULT IN LOWER ENERGY OR WATER COSTS, WHICH SHALL INCLUDE THE  
23 COST OF THE INSTALLED ENERGY OR WATER SAVINGS MEASURES FOR THE SCHOOL  
24 DISTRICT OVER THE LIFE OF THE INSTALLED MEASURES THAT THE SCHOOL DISTRICT  
25 WOULD HAVE EXPERIENCED WITHOUT THE INSTALLATION OF THE MEASURES. THE  
26 REPAYMENT SCHEDULE SHALL BE INCLUDED IN THE CONTRACT.

27 H. THE SCHOOL DISTRICT SHALL TRANSFER ON A MONTHLY BASIS THE AMOUNT OF  
28 THE MONTHLY PAYMENT PRESCRIBED PURSUANT TO SUBSECTION G OF THIS SECTION TO  
29 THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE MAINTENANCE AND OPERATION  
30 PORTION OF THE SCHOOL DISTRICT'S BUDGET TO REPAY ANY UNPAID BALANCE OF THE  
31 CAPITAL INVESTMENT PREVIOUSLY DEPOSITED IN THE ENERGY AND WATER SAVINGS  
32 ACCOUNT FROM THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES  
33 COMPANY PLUS A REASONABLE CARRYING CHARGE. FOR THE PERIOD OF TIME THAT THE  
34 COMPANY'S CAPITAL INVESTMENT MONIES AND REASONABLE CARRYING CHARGE REMAIN  
35 UNPAID, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY  
36 SHALL PROVIDE A SEPARATE BILLING OR BILLING COMPONENT TO REPAY THE CAPITAL  
37 INVESTMENT ON A MONTHLY BASIS, PURSUANT TO THE REPAYMENT SCHEDULE PRESCRIBED  
38 PURSUANT TO SUBSECTION G OF THIS SECTION, WHICH SHALL BE PAID BY THE SCHOOL  
39 DISTRICT FROM THE ENERGY AND WATER SAVINGS ACCOUNT. THE SCHOOL DISTRICT'S  
40 GENERAL BUDGET LIMIT SHALL BE REDUCED BY THE AMOUNT OF MONIES TRANSFERRED TO  
41 THE ENERGY AND WATER SAVINGS ACCOUNT PURSUANT TO THIS SECTION.

42 I. AFTER THE BALANCE OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR  
43 WATER SERVICES COMPANY'S CAPITAL INVESTMENT MONIES DEPOSITED IN THE ENERGY  
44 AND WATER SAVINGS ACCOUNT PLUS A REASONABLE CARRYING CHARGE ARE REPAYED IN  
45 FULL BY THE SCHOOL DISTRICT, THE SCHOOL DISTRICT MAY DISCONTINUE THE DEPOSIT

1 IN THE ENERGY AND WATER SAVINGS ACCOUNT OF AMOUNTS THAT ARE PRESCRIBED IN  
2 SUBSECTION H OF THIS SECTION.

3 J. ANY MONIES ASSOCIATED WITH AN ENERGY OR WATER SAVINGS PROJECT  
4 REMAINING IN THE ENERGY AND WATER SAVINGS ACCOUNT AFTER THE CAPITAL  
5 INVESTMENT MONIES OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER  
6 SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE ARE REPAID IN FULL MAY BE  
7 TRANSFERRED TO THE MAINTENANCE AND OPERATION PORTION OF THE SCHOOL DISTRICT'S  
8 BUDGET, AND THE GENERAL BUDGET LIMIT MAY BE INCREASED BY THE AMOUNT  
9 TRANSFERRED.

10 K. SCHOOL DISTRICTS MAY DEPOSIT ENERGY-RELATED REBATE OR GRANT MONIES  
11 IN THE ENERGY AND WATER SAVINGS ACCOUNT TO ASSIST IN FUNDING ENERGY OR WATER  
12 SAVINGS PROJECTS. THESE REBATE OR GRANT MONIES SHALL BE USED TO REDUCE THE  
13 TOTAL COST OF ENERGY OR WATER SAVINGS PROJECTS AND TO REDUCE THE AMOUNT OF  
14 CAPITAL INVESTMENT MONIES RECEIVED FROM AND REPAID TO UTILITY, ENERGY OR  
15 WATER SERVICES COMPANIES. SCHOOL DISTRICTS ARE NOT REQUIRED TO REPAY THE  
16 REBATE OR GRANT MONIES IN THE MANNER DESCRIBED IN SUBSECTION H OF THIS  
17 SECTION, PURSUANT TO THE AGREEMENTS WITH THE PROVIDERS OF REBATE OR GRANT  
18 FUNDS.

19 L. SCHOOL DISTRICTS SHALL NOT USE OR DEPOSIT ANY EXCESS UTILITIES  
20 MONIES BUDGETED PURSUANT TO SECTION 15-910 OR 15-910.04 IN THE ENERGY AND  
21 WATER SAVINGS ACCOUNT.

22 M. SCHOOL DISTRICTS MAY DEPOSIT MONIES FROM OTHER FUNDING SOURCES,  
23 INCLUDING FROM CLEAN RENEWABLE ENERGY BONDS AND THE AMERICAN RECOVERY AND  
24 REINVESTMENT ACT OF 2009 FUNDING, IN THE ENERGY AND WATER SAVINGS ACCOUNT TO  
25 FUND ENERGY OR WATER SAVING PROJECTS IN SCHOOL FACILITIES. THESE MONIES  
26 SHALL BE REPAID IN A MANNER CONSISTENT WITH THIS SECTION AND PURSUANT TO THE  
27 CONTRACT BETWEEN THE SCHOOL DISTRICT AND THE PROVIDER OF THE FUNDING.

28 N. THIS SECTION DOES NOT IMPOSE AN OBLIGATION ON ANY ENERGY UTILITY,  
29 WATER UTILITY, PUBLIC SERVICE CORPORATION OR AGRICULTURAL IMPROVEMENT  
30 DISTRICT TO INVEST MONIES OR CONTRACT WITH ANY SCHOOL DISTRICT.

31 O. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DISTRICT SHALL  
32 REPORT TO THE SCHOOL FACILITIES BOARD:

- 33 1. THE NAME OF THE PROJECT.
- 34 2. THE QUALIFIED PROVIDER.
- 35 3. THE TOTAL COST OF THE PROJECT.
- 36 4. THE EXPECTED ENERGY AND COST SAVINGS.

37 P. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DISTRICT SHALL  
38 REPORT TO THE SCHOOL FACILITIES BOARD, BY OCTOBER 15 EACH YEAR, THE ACTUAL  
39 ENERGY AND COST SAVINGS.

40 Sec. 6. Section 34-201, Arizona Revised Statutes, is amended to read:

41 34-201. Notice of intention to receive bids and enter contract;  
42 procedure; doing work without advertising for bids;  
43 county compliance

44 A. Except as provided in subsections B through G and L of this  
45 section, every agent ~~shall~~, ~~upon~~ ON acceptance and approval of the working

1 drawings and specifications, SHALL publish a notice to contractors of  
2 intention to receive bids and contract for the proposed work. This notice  
3 shall be published by advertising in a newspaper of general circulation in  
4 the county in which the agent is located for two consecutive publications if  
5 it is a weekly newspaper or for two publications that are at least six but no  
6 more than ten days apart if it is a daily newspaper. The notice shall state:

7 1. The nature of the work required, the type, purpose and location of  
8 the proposed building, and where the plans, specifications and full  
9 information as to the proposed work may be obtained.

10 2. That contractors desiring to submit proposals may obtain copies of  
11 full or partial sets of plans and specifications for estimate on request or  
12 by appointment. The return of such plans and specifications shall be  
13 guaranteed by a deposit of a designated amount which shall be refunded on  
14 return of the plans and specifications in good order.

15 3. That every proposal shall be accompanied by a certified check,  
16 cashier's check or surety bond for ten per cent of the amount of the bid  
17 included in the proposal as a guarantee that the contractor will enter into a  
18 contract to perform the proposal in accordance with the plans and  
19 specifications. Notwithstanding ~~the provisions of~~ any other statute, the  
20 surety bond shall be executed solely by a surety company or companies holding  
21 a certificate of authority to transact surety business in this state issued  
22 by the director of the department of insurance pursuant to title 20, chapter  
23 2, article 1. The surety bond shall not be executed by an individual surety  
24 or sureties, even if the requirements of section 7-101 are satisfied. The  
25 certified check, cashier's check or surety bond shall be returned to the  
26 contractors whose proposals are not accepted, and to the successful  
27 contractor ~~upon~~ ON the execution of a satisfactory bond and contract as  
28 provided in this article. The conditions and provisions of the surety bid  
29 bond regarding the surety's obligations shall follow the following form:

30 Now, therefore, if the obligee accepts the proposal of the  
31 principal and the principal enters into a contract with the  
32 obligee in accordance with the terms of the proposal and gives  
33 the bonds and certificates of insurance as specified in the  
34 standard specifications with good and sufficient surety for the  
35 faithful performance of the contract and for the prompt payment  
36 of labor and materials furnished in the prosecution of the  
37 contract, or in the event of the failure of the principal to  
38 enter into the contract and give the bonds and certificates of  
39 insurance, if the principal pays to the obligee the difference  
40 not to exceed the penalty of the bond between the amount  
41 specified in the proposal and such larger amount for which the  
42 obligee may in good faith contract with another party to perform  
43 the work covered by the proposal then this obligation is void.  
44 Otherwise it remains in full force and effect provided, however,  
45 that this bond is executed pursuant to the provisions of section

1 34-201, Arizona Revised Statutes, and all liabilities on this  
2 bond shall be determined in accordance with the provisions of  
3 the section to the extent as if it were copied at length herein.

4 4. That the right is reserved to reject any or all proposals or to  
5 withhold the award for any reason the agent determines.

6 B. If the agent believes that any construction, building addition or  
7 alteration contemplated at a public institution can be advantageously done by  
8 the inmates of the public institution and regularly employed help, the agent  
9 may cause the work to be done without advertising for bids.

10 C. Any building, structure, addition or alteration may be constructed  
11 either with or without the use of the agent's regularly employed personnel  
12 without advertising for bids, provided that the total cost of the work,  
13 excluding materials and equipment previously acquired by bid, does not  
14 exceed:

15 1. In fiscal year 1994-1995, fourteen thousand dollars.

16 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
17 amount provided in paragraph 1 of this subsection adjusted by the annual  
18 percentage change in the GDP price deflator as defined in section 41-563.

19 D. Notwithstanding ~~the provisions of~~ subsection C of this section, any  
20 street, road, bridge, water or sewer work, other than a water or sewer  
21 treatment plant or building, may be constructed either with or without the  
22 use of the agent's regularly employed personnel without advertising for bids,  
23 provided that the total cost of the work does not exceed:

24 1. In fiscal year 1994-1995, one hundred fifty thousand dollars.

25 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
26 amount provided in paragraph 1 of this subsection adjusted by the annual  
27 percentage change in the GDP price deflator as defined in section 41-563.

28 E. For the purposes of subsection D of this section, the total cost of  
29 water or sewer work does not include services provided by volunteers or  
30 donations made for the water or sewer project.

31 F. Notwithstanding ~~the provisions of~~ this section, an agent may:

32 1. Construct, reconstruct, install or repair a natural gas or electric  
33 utility and distribution system, owned or operated by such agent, with  
34 regularly employed personnel of the agent without advertising for bids,  
35 unless otherwise prohibited by charter or ordinance.

36 2. Construct recreational projects, including trails, playgrounds,  
37 ballparks and other similar facilities and excluding buildings, structures,  
38 building additions and alterations to buildings, structures and building  
39 additions, with volunteer workers or workers provided by a nonprofit  
40 organization without advertising for bids for labor and materials, provided  
41 that the total cost of the work does not exceed:

42 (a) In fiscal year 2001-2002, one hundred fifty thousand dollars.

43 (b) In fiscal year 2002-2003 and each fiscal year thereafter, the  
44 amount provided in subdivision (a) ~~of this paragraph~~ adjusted by the annual  
45 percentage change in the GDP price deflator as defined in section 41-563.

1 G. A contribution by an agent for the financing of public  
2 infrastructure made pursuant to a development agreement is exempt from ~~the~~  
3 ~~provisions of~~ this section if such contribution for any single development  
4 does not exceed:

5 1. In fiscal year 1994-1995, one hundred thousand dollars.

6 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
7 amount provided in paragraph 1 of this subsection adjusted by the annual  
8 percentage change in the GDP price deflator as defined in section 41-563.

9 H. In addition to other state or local requirements relating to the  
10 publication of bids, each agent shall provide at least one set of all plans  
11 and specifications to any construction news reporting service that files an  
12 annual request with the agent. For the purposes of this subsection,  
13 "construction news reporting service" means a service that researches,  
14 gathers and disseminates news and reports either in print or electronically,  
15 on at least a weekly basis for building projects, construction bids, the  
16 purchasing of materials, supplies or services and other construction bidding  
17 or planned activity to the allied construction industry. The allied  
18 construction industry includes both general and specialty contractors,  
19 builders, material and service suppliers, architects and engineers, owners,  
20 developers and government agencies.

21 I. Any construction by a county under this section shall comply with  
22 the uniform accounting system prescribed for counties by the auditor general  
23 under section 41-1279.21. Any construction by a city or town under this  
24 section shall comply with generally accepted accounting principles.

25 J. Any construction, building addition or alteration project ~~which~~  
26 ~~THAT~~ is financed by monies of this state or its political subdivisions shall  
27 not use endangered wood species unless an exemption is granted by the  
28 director of the department of administration. The director shall only grant  
29 an exemption if the use of endangered wood species is deemed necessary for  
30 historical restoration or to repair existing facilities and the use of any  
31 substitute material is not practical. Any lease-purchase agreement entered  
32 into by this state or its political subdivisions for construction shall  
33 specify that no endangered wood species may be used in the construction  
34 unless an exemption is granted by the director. ~~As used in~~ FOR THE PURPOSES  
35 OF this subsection, "endangered wood species" includes those listed in  
36 appendix I of the convention on international trade in endangered species of  
37 wild flora and fauna.

38 K. All bonds given by a contractor and surety pursuant to ~~the~~  
39 ~~provisions of~~ this article, regardless of their actual form, will be deemed  
40 by law to be the form required and set forth in this article and no other.

41 L. Any building, structure, addition or alteration may be constructed  
42 without complying with this article if the construction, including  
43 construction of buildings or structures on public or private property, is  
44 required as a condition of development of private property and is authorized  
45 by section 9-463.01 or 11-806.01. For the purposes of this subsection,

1 building does not include police, fire, school, library, ~~or other public~~  
2 buildings.

3 M. Notwithstanding section 34-221, any agent may enter into a  
4 guaranteed energy cost savings contract with a qualified provider, ~~as those~~  
5 ~~terms are defined in section 15-213.01,~~ for the purchase of energy cost  
6 savings measures without complying with this article and may procure a  
7 guaranteed energy cost savings contract through the competitive sealed  
8 proposal process prescribed in title 41, chapter 23, ~~article 3~~ or any similar  
9 competitive proposal process adopted by the agent. ~~as long as the agent~~  
10 ~~follows any additional requirements set forth in section 15-213.01.~~

11 Sec. 7. Section 34-201, Arizona Revised Statutes, as amended by  
12 section 6 of this act, is amended to read:

13 34-201. Notice of intention to receive bids and enter contract;  
14 procedure; doing work without advertising for bids;  
15 county compliance

16 A. Except as provided in subsections B through G and L of this  
17 section, every agent on acceptance and approval of the working drawings and  
18 specifications, shall publish a notice to contractors of intention to receive  
19 bids and contract for the proposed work. This notice shall be published by  
20 advertising in a newspaper of general circulation in the county in which the  
21 agent is located for two consecutive publications if it is a weekly newspaper  
22 or for two publications that are at least six but no more than ten days apart  
23 if it is a daily newspaper. The notice shall state:

24 1. The nature of the work required, the type, purpose and location of  
25 the proposed building and where the plans, specifications and full  
26 information as to the proposed work may be obtained.

27 2. That contractors desiring to submit proposals may obtain copies of  
28 full or partial sets of plans and specifications for estimate on request or  
29 by appointment. The return of such plans and specifications shall be  
30 guaranteed by a deposit of a designated amount which shall be refunded on  
31 return of the plans and specifications in good order.

32 3. That every proposal shall be accompanied by a certified check,  
33 cashier's check or surety bond for ten per cent of the amount of the bid  
34 included in the proposal as a guarantee that the contractor will enter into a  
35 contract to perform the proposal in accordance with the plans and  
36 specifications. Notwithstanding any other statute, the surety bond shall be  
37 executed solely by a surety company or companies holding a certificate of  
38 authority to transact surety business in this state issued by the director of  
39 the department of insurance pursuant to title 20, chapter 2, article 1. The  
40 surety bond shall not be executed by an individual surety or sureties, even  
41 if the requirements of section 7-101 are satisfied. The certified check,  
42 cashier's check or surety bond shall be returned to the contractors whose  
43 proposals are not accepted, and to the successful contractor on the execution  
44 of a satisfactory bond and contract as provided in this article. The

1 conditions and provisions of the surety bid bond regarding the surety's  
2 obligations shall follow the following form:

3 Now, therefore, if the obligee accepts the proposal of the  
4 principal and the principal enters into a contract with the  
5 obligee in accordance with the terms of the proposal and gives  
6 the bonds and certificates of insurance as specified in the  
7 standard specifications with good and sufficient surety for the  
8 faithful performance of the contract and for the prompt payment  
9 of labor and materials furnished in the prosecution of the  
10 contract, or in the event of the failure of the principal to  
11 enter into the contract and give the bonds and certificates of  
12 insurance, if the principal pays to the obligee the difference  
13 not to exceed the penalty of the bond between the amount  
14 specified in the proposal and such larger amount for which the  
15 obligee may in good faith contract with another party to perform  
16 the work covered by the proposal then this obligation is void.  
17 Otherwise it remains in full force and effect provided, however,  
18 that this bond is executed pursuant to the provisions of section  
19 34-201, Arizona Revised Statutes, and all liabilities on this  
20 bond shall be determined in accordance with the provisions of  
21 the section to the extent as if it were copied at length herein.

22 4. That the right is reserved to reject any or all proposals or to  
23 withhold the award for any reason the agent determines.

24 B. If the agent believes that any construction, building addition or  
25 alteration contemplated at a public institution can be advantageously done by  
26 the inmates of the public institution and regularly employed help, the agent  
27 may cause the work to be done without advertising for bids.

28 C. Any building, structure, addition or alteration may be constructed  
29 either with or without the use of the agent's regularly employed personnel  
30 without advertising for bids, provided that the total cost of the work,  
31 excluding materials and equipment previously acquired by bid, does not  
32 exceed:

33 1. In fiscal year 1994-1995, fourteen thousand dollars.

34 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
35 amount provided in paragraph 1 of this subsection adjusted by the annual  
36 percentage change in the GDP price deflator as defined in section 41-563.

37 D. Notwithstanding subsection C of this section, any street, road,  
38 bridge, water or sewer work, other than a water or sewer treatment plant or  
39 building, may be constructed either with or without the use of the agent's  
40 regularly employed personnel without advertising for bids, provided that the  
41 total cost of the work does not exceed:

42 1. In fiscal year 1994-1995, one hundred fifty thousand dollars.

43 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
44 amount provided in paragraph 1 of this subsection adjusted by the annual  
45 percentage change in the GDP price deflator as defined in section 41-563.

1 E. For the purposes of subsection D of this section, the total cost of  
2 water or sewer work does not include services provided by volunteers or  
3 donations made for the water or sewer project.

4 F. Notwithstanding this section, an agent may:

5 1. Construct, reconstruct, install or repair a natural gas or electric  
6 utility and distribution system, owned or operated by such agent, with  
7 regularly employed personnel of the agent without advertising for bids,  
8 unless otherwise prohibited by charter or ordinance.

9 2. Construct recreational projects, including trails, playgrounds,  
10 ballparks and other similar facilities and excluding buildings, structures,  
11 building additions and alterations to buildings, structures and building  
12 additions, with volunteer workers or workers provided by a nonprofit  
13 organization without advertising for bids for labor and materials, provided  
14 that the total cost of the work does not exceed:

15 (a) In fiscal year 2001-2002, one hundred fifty thousand dollars.

16 (b) In fiscal year 2002-2003 and each fiscal year thereafter, the  
17 amount provided in subdivision (a) adjusted by the annual percentage change  
18 in the GDP price deflator as defined in section 41-563.

19 G. A contribution by an agent for the financing of public  
20 infrastructure made pursuant to a development agreement is exempt from this  
21 section if such contribution for any single development does not exceed:

22 1. In fiscal year 1994-1995, one hundred thousand dollars.

23 2. In fiscal year 1995-1996 and each fiscal year thereafter, the  
24 amount provided in paragraph 1 of this subsection adjusted by the annual  
25 percentage change in the GDP price deflator as defined in section 41-563.

26 H. In addition to other state or local requirements relating to the  
27 publication of bids, each agent shall provide at least one set of all plans  
28 and specifications to any construction news reporting service that files an  
29 annual request with the agent. For the purposes of this subsection,  
30 "construction news reporting service" means a service that researches,  
31 gathers and disseminates news and reports either in print or electronically,  
32 on at least a weekly basis for building projects, construction bids, the  
33 purchasing of materials, supplies or services and other construction bidding  
34 or planned activity to the allied construction industry. The allied  
35 construction industry includes both general and specialty contractors,  
36 builders, material and service suppliers, architects and engineers, owners,  
37 developers and government agencies.

38 I. Any construction by a county under this section shall comply with  
39 the uniform accounting system prescribed for counties by the auditor general  
40 under section 41-1279.21. Any construction by a city or town under this  
41 section shall comply with generally accepted accounting principles.

42 J. Any construction, building addition or alteration project that is  
43 financed by monies of this state or its political subdivisions shall not use  
44 endangered wood species unless an exemption is granted by the director of the  
45 department of administration. The director shall only grant an exemption if

1 the use of endangered wood species is deemed necessary for historical  
2 restoration or to repair existing facilities and the use of any substitute  
3 material is not practical. Any lease-purchase agreement entered into by this  
4 state or its political subdivisions for construction shall specify that no  
5 endangered wood species may be used in the construction unless an exemption  
6 is granted by the director. For the purposes of this subsection, "endangered  
7 wood species" includes those listed in appendix I of the convention on  
8 international trade in endangered species of wild flora and fauna.

9 K. All bonds given by a contractor and surety pursuant to this  
10 article, regardless of their actual form, will be deemed by law to be the  
11 form required and set forth in this article and no other.

12 L. Any building, structure, addition or alteration may be constructed  
13 without complying with this article if the construction, including  
14 construction of buildings or structures on public or private property, is  
15 required as a condition of development of private property and is authorized  
16 by section 9-463.01 or 11-806.01. For the purposes of this subsection,  
17 building does not include police, fire, school, library or other public  
18 buildings.

19 M. Notwithstanding section 34-221, any agent may enter into a  
20 guaranteed energy cost savings contract with a qualified provider, **AS THOSE**  
21 **TERMS ARE DEFINED IN SECTION 15-213.01**, for the purchase of energy cost  
22 savings measures without complying with this article and may procure a  
23 guaranteed energy cost savings contract through the competitive sealed  
24 proposal process prescribed in title 41, chapter 23, **ARTICLE 3** or any similar  
25 competitive proposal process adopted by the agent **AS LONG AS THE AGENT**  
26 **FOLLOWS ANY ADDITIONAL REQUIREMENTS SET FORTH IN SECTION 15-213.01**.

27 Sec. 8. Section 42-11054, Arizona Revised Statutes, is amended to  
28 read:

29 **42-11054. Standard appraisal methods and techniques**

30 A. Subject to subsection B of this section, the department shall:

31 1. Prescribe guidelines for applying standard appraisal methods and  
32 techniques that shall be used by the department and county assessors in  
33 determining the valuation of property.

34 2. Prepare and maintain manuals and other necessary guidelines,  
35 consistent with this section, reflecting the standard methods and techniques  
36 to perpetuate a current inventory of taxable property and the valuation of  
37 that property.

38 B. Before they are adopted, the department shall submit each  
39 substantive proposed guideline, table and manual that is developed, amended  
40 or otherwise modified from and after December 31, 2006 to the joint  
41 legislative oversight committee on property tax assessment and appeals. The  
42 department shall not finally adopt, amend or otherwise modify a substantive  
43 guideline, table or manual for at least thirty days after submitting the  
44 measure to the committee. The committee may hold one or more informational  
45 hearings on the proposed measure within thirty days after submission. In

1 adopting, amending or modifying the measure the department shall consider the  
2 committee's comments. If the committee fails to hold a hearing within thirty  
3 days after submission, the department may adopt, amend or modify the measure  
4 without further consideration.

5 C. In applying prescribed standard appraisal methods and techniques:

6 1. Current usage shall be included in the formula for reaching a  
7 determination of full cash value.

8 2. Solar energy devices, as defined in section 44-1761, **GRID-TIED**  
9 **PHOTOVOLTAIC SYSTEMS** and any other device or system designed for the  
10 production of solar energy **PRIMARILY** for on-site consumption are considered  
11 to **HAVE NO VALUE AND TO** add no value to the property **ON WHICH SUCH DEVICE OR**  
12 **SYSTEM IS INSTALLED.**

13 3. **ENERGY EFFICIENT BUILDING COMPONENTS, RENEWABLE ENERGY EQUIPMENT**  
14 **AND COMBINED HEAT AND POWER SYSTEMS ARE CONSIDERED TO ADD NO VALUE TO THE**  
15 **PROPERTY, IF THE PROPERTY OWNER PROVIDES THE COUNTY ASSESSOR WITH**  
16 **DOCUMENTATION OF ALL ELEMENTS THAT QUALIFY PURSUANT TO THIS PARAGRAPH,**  
17 **INCLUDING DOCUMENTS SHOWING ACTUAL ACQUISITION AND INSTALLATION COSTS. THE**  
18 **DOCUMENTATION MUST BE SUBMITTED TO THE COUNTY ASSESSOR NO LATER THAN SIX**  
19 **MONTHS BEFORE THE NOTICE OF FULL CASH VALUE IS ISSUED FOR THE INITIAL**  
20 **EVALUATION YEAR PURSUANT TO SECTION 42-15101 OR, IF THE COMPONENT IS ADDED**  
21 **AFTER SEPTEMBER 30 OF THE PRECEDING YEAR, NO LATER THAN MARCH 31 OF THE**  
22 **INITIAL VALUATION YEAR. FOR THE PURPOSES OF THIS PARAGRAPH:**

23 (a) **"COMBINED HEAT AND POWER SYSTEM" MEANS A SYSTEM THAT GENERATES**  
24 **ELECTRICITY OR MECHANICAL POWER AND USEFUL THERMAL ENERGY IN A SINGLE,**  
25 **INTEGRATED SYSTEM SUCH THAT THE USEFUL POWER OUTPUT OF THE FACILITY PLUS**  
26 **ONE-HALF THE USEFUL THERMAL OUTPUT DURING ANY 12-MONTH PERIOD IS NO LESS THAN**  
27 **42.5 PER CENT OF THE TOTAL ENERGY INPUT OF FUEL TO THE FACILITY.**

28 (b) **"ENERGY EFFICIENT BUILDING COMPONENTS" MEANS HIGH PERFORMANCE**  
29 **SUSTAINABLE BUILDING COMPONENTS INSTALLED SO THAT THE BUILDINGS OR BUILDING**  
30 **COMPONENTS MEET OR EXCEED THE ENERGY EFFICIENCIES PRESCRIBED BY THE UNITED**  
31 **STATES ENVIRONMENTAL PROTECTION AGENCY ENERGY STAR PROGRAM OR BY A LEADERSHIP**  
32 **IN ENERGY AND ENVIRONMENTAL DESIGN GREEN BUILDING RATING STANDARD DEVELOPED**  
33 **BY THE UNITED STATES GREEN BUILDING COUNCIL, OR AN EQUIVALENT GREEN BUILDING**  
34 **STANDARD, OR THAT ARE AT LEAST FIFTEEN PER CENT MORE ENERGY EFFICIENT THAN**  
35 **THE INTERNATIONAL ENERGY CONSERVATION CODE IN EFFECT AT THE TIME OF BUILDING**  
36 **PERMIT ISSUANCE.**

37 (c) **"RENEWABLE ENERGY EQUIPMENT" MEANS EQUIPMENT THAT IS USED TO**  
38 **PRODUCE ENERGY PRIMARILY FOR ON-SITE CONSUMPTION FROM RENEWABLE RESOURCES,**  
39 **INCLUDING WIND, FOREST THINNINGS, AGRICULTURAL WASTE, BIOGAS, BIOMASS,**  
40 **GEOHERMAL, LOW-IMPACT HYDROPOWER AND SOLAR ENERGY NOT INCLUDED UNDER**  
41 **PARAGRAPH 2 OF THIS SUBSECTION.**

42 D. If the methods and techniques prescribe using market data as an  
43 indication of market value, the price paid for future anticipated property  
44 value increments shall be excluded.

1 E. For purposes of determining full cash value the department and  
2 county assessors shall use and apply the ratio standard guidelines issued by  
3 the department for tax year 1993 in the same manner as they were applied in  
4 tax year 1993. This subsection does not apply to property that is valued  
5 according to prescribed statutory methods or to property for which values are  
6 determined in the year after an appeal pursuant to section 42-16002.

7 Sec. 9. Section 44-1375, Arizona Revised Statutes, is amended to read:  
8 44-1375. Definitions

9 In this article, unless the context otherwise requires:

10 1. "Automatic commercial icemaker" means a factory made assembly that  
11 is shipped in one or more packages, that consists of a condensing unit and  
12 icemaking section operating as an integrated unit, that makes and harvests  
13 ice cubes and that may store or dispense ice. Automatic commercial icemaker  
14 includes machines with capacities between fifty and two thousand five hundred  
15 pounds per twenty-four hours.

16 2. "Ballast" means a device used with an electric discharge lamp to  
17 obtain necessary circuit conditions such as voltage, current and waveform for  
18 starting and operating the lamp.

19 3. "Commercial clothes washer" means a soft mount horizontal or  
20 vertical axis clothes washer that both:

21 (a) Has a clothes container compartment no greater than three and  
22 one-half cubic feet in the case of a horizontal axis product or no greater  
23 than four cubic feet in the case of a vertical axis product.

24 (b) Is designed for use by more than one household, such as in  
25 multifamily housing, apartments or coin laundries.

26 4. "Commercial prerinse spray valve" means a handheld device designed  
27 to spray water on dishes, flatware and other food service items for the  
28 purpose of removing food residue prior to cleaning.

29 5. "Commercial refrigerator, freezer and refrigerator freezer" means  
30 self-contained refrigeration equipment that:

31 (a) Is not a consumer product as regulated pursuant to 42 United  
32 States Code chapter 77.

33 (b) Operates at a chilled, frozen, combination chilled-frozen or  
34 variable temperature for the purpose of storing or merchandising food,  
35 beverages or ice.

36 (c) May have transparent or solid or both transparent and solid hinged  
37 doors, sliding doors or a combination of hinged and sliding doors.

38 (d) Incorporates most components involved in the vapor-compression  
39 cycle and the refrigerated compartment in a single cabinet.

40 (e) Does not include:

41 (i) Units with eighty-five cubic feet or more of internal volume.

42 (ii) Walk-in refrigerators or freezers.

43 (iii) Units with no doors.

44 (iv) Freezers specifically designed for ice cream.

1           6. "High-intensity discharge lamp" means a lamp in which light is  
2 produced by the passage of an electric current through a vapor or gas and in  
3 which the light producing arc is stabilized by bulb wall temperature and the  
4 arc tube has a bulb wall loading in excess of three watts per square  
5 centimeter.

6           7. "Illuminated exit sign" means an internally illuminated sign that  
7 is designed to be permanently fixed in place to identify a building exit and  
8 that consists of an electrically powered integral light source that both  
9 illuminates the legend "exit" and any directional indicators and provides  
10 contrast between the legend, any directional indicators and the background.

11           8. "Large packaged air conditioning equipment" means electrically  
12 operated, air cooled air conditioning and air conditioning heat pump  
13 equipment that has cooling capacity greater than or equal to two hundred  
14 forty thousand Btu per hour but less than seven hundred sixty thousand BTU  
15 per hour and that is built as a package and shipped as a whole to end user  
16 sites.

17           9. "Low voltage dry type distribution transformer" means a transformer  
18 to which all of the following apply:

19           (a) Has an input voltage of six hundred volts or less.

20           (b) Is air cooled.

21           (c) Does not use oil as a coolant.

22           (d) Is rated for operation at a frequency of sixty hertz.

23           10. "Metal halide lamp" means a high intensity discharge lamp in which  
24 the major portion of the light is produced by radiation of metal halides and  
25 their products of dissociation, possibly in combination with metallic vapors.

26           11. "Metal halide lamp fixture" means a light fixture designed to be  
27 operated with a metal halide lamp and a ballast for a metal halide lamp.

28           12. "PORTABLE ELECTRIC SPA" MEANS A FACTORY-BUILT ELECTRIC SPA OR HOT  
29 TUB THAT IS SUPPLIED WITH EQUIPMENT FOR HEATING AND CIRCULATING WATER.

30           ~~12.~~ 13. "Probe start metal halide ballast" means a ballast used to  
31 operate metal halide lamps that does not contain an ignitor and which instead  
32 starts lamps by using a third starting electrode probe in the arc tube.

33           ~~13.~~ 14. "Pulldown refrigerator" means a commercial refrigerator  
34 specifically designed to rapidly reduce all integrated product temperatures  
35 from ninety degrees fahrenheit to thirty-eight degrees fahrenheit over a  
36 twelve hour period when fully loaded with beverage containers.

37           15. "RESIDENTIAL POOL PUMP" MEANS A PUMP THAT IS USED TO CIRCULATE AND  
38 FILTER RESIDENTIAL SWIMMING POOL WATER IN ORDER TO MAINTAIN CLARITY AND  
39 SANITATION AND THAT CONSISTS, IN PART, OF A MOTOR AND AN IMPELLER AND  
40 HOUSING.

41           16. "RESIDENTIAL POOL PUMP MOTOR" MEANS A DEFINITE PURPOSE MOTOR  
42 DESIGNED FOR USE IN A RESIDENTIAL POOL PUMP.

43           ~~14.~~ 17. "Single voltage external AC to DC power supply" means a device  
44 that:

- 1 (a) Is designed to convert line voltage AC input into lower voltage DC  
2 output.
- 3 (b) Is able to convert to only one DC output voltage at a time.
- 4 (c) Is sold with, or intended to be used with, a separate end use  
5 product that constitutes the primary power load.
- 6 (d) Is contained within a separate physical enclosure from the end use  
7 product.
- 8 (e) Is connected to the end use product via a removable or hard wired  
9 male/female electrical connection, cable, cord or other wiring.
- 10 (f) Does not have batteries or battery packs, including those that are  
11 removable and that physically attach directly to the power supply unit.
- 12 (g) Does not have a battery chemistry or type selector switch and  
13 indicator light or does not have a battery chemistry or type selector switch  
14 and a state of charge meter.
- 15 (h) Has a nameplate output power less than or equal to two hundred  
16 fifty watts.
- 17 ~~15-~~ 18. "Torchiere" means a portable electric lighting fixture with a  
18 reflective bowl that directs light upward onto a ceiling so as to produce  
19 indirect illumination on the surfaces below. A torchiere may include  
20 downward directed lamps in addition to the upward, indirect illumination.
- 21 ~~16-~~ 19. "Traffic signal module" means a standard eight inch or twelve  
22 inch traffic signal indication, consisting of a light source, a lens and all  
23 other parts necessary for operation.
- 24 ~~17-~~ 20. "Transformer" means a device that consists of two or more  
25 coils of insulated wire and that is designed to transfer alternating current  
26 by electromagnetic induction from one coil to another to change the original  
27 voltage or current value. Transformer does not include:
- 28 (a) Transformers with multiple voltage taps, with the highest voltage  
29 tap equaling at least twenty per cent more than the lowest voltage tap.
- 30 (b) Transformers, such as those commonly known as drive transformers,  
31 rectifier transformers, auto transformers, uninterruptible power system  
32 transformers, impedance transformers, regulating transformers, sealed and  
33 nonventilating transformers, machine tool transformers, welding transformers,  
34 grounding transformers or testing transformers, that are designed to be used  
35 in a special purpose application and that are unlikely to be used in general  
36 purpose applications.
- 37 ~~18-~~ 21. "Unit heater" means a self-contained, vented fan type  
38 commercial space heater that uses natural gas or propane and that is designed  
39 to be installed without ducts within a heated space, except that unit heater  
40 does not include any products covered by federal standards established  
41 pursuant to 42 United States Code chapter 77 or any product that is a direct  
42 vent, forced flue heater with a sealed combustion burner.

1           Sec. 10. Section 44-1375.01, Arizona Revised Statutes, is amended to  
2 read:

3           44-1375.01. Applicability

4           A. This article applies to the following types of new products sold,  
5 offered for sale or installed in this state:

- 6           1. Automatic commercial icemakers.
- 7           2. Commercial clothes washers.
- 8           3. Commercial prerinse spray valves.
- 9           4. Commercial refrigerators, freezers and refrigerator freezers.
- 10          5. Illuminated exit signs.
- 11          6. Large packaged air conditioning equipment.
- 12          7. Low voltage dry type distribution transformers.
- 13          8. Metal halide lamp fixtures.
- 14          9. Single voltage external AC to DC power supplies.
- 15          10. Torchieres.
- 16          11. Traffic signal modules.
- 17          12. Unit heaters.
- 18          13. PORTABLE ELECTRIC SPAS.
- 19          14. RESIDENTIAL POOL PUMPS AND RESIDENTIAL POOL PUMP MOTORS.

20          B. This article does not apply to:

- 21          1. New products manufactured in this state and sold outside this  
22 state.
- 23          2. New products manufactured outside this state and sold at wholesale  
24 inside this state for final retail sale and installation outside this state.
- 25          3. Products installed in mobile manufactured homes at the time of  
26 construction.
- 27          4. Products designed expressly for installation and use in  
28 recreational vehicles.
- 29          5. Products installed in a laundry facility located within an  
30 apartment complex or mobile home park at the time of construction or  
31 replacement. For the purposes of this paragraph, "apartment complex" means  
32 any real property that has one or more structures and that contains four or  
33 more dwelling units for rent or lease that are subject to the Arizona  
34 residential landlord and tenant act prescribed by title 33, chapter 10.

35           Sec. 11. Section 44-1375.02, Arizona Revised Statutes, is amended to  
36 read:

37           44-1375.02. Standards

38           A. Except as provided in subsection ~~B~~ C, the following standards  
39 apply beginning January 1, 2008:

- 40           1. Automatic commercial icemakers shall meet the requirements of  
41 section 1605.3 of the California Code of Regulations, title 20: division 2,  
42 chapter 4, article 4, in effect on ~~the effective date of this article~~ AUGUST  
43 12, 2005.
- 44           2. Commercial clothes washers shall meet the requirements of section  
45 1605.3 of the California Code of Regulations, title 20: division 2, chapter

1 4, article 4, in effect on ~~the effective date of this article~~ AUGUST 12,  
2 2005.

3 3. Commercial prerinse spray valves shall have a flow rate equal to or  
4 less than 1.6 gallons per minute.

5 4. Commercial refrigerators, freezers and refrigerator freezers shall  
6 meet the requirements of section 1605.3 of the California Code of  
7 Regulations, title 20: division 2, chapter 4, article 4, in effect on ~~the~~  
8 ~~effective date of this article~~ AUGUST 12, 2005, except that pulldown  
9 refrigerators with transparent doors shall meet a requirement five per cent  
10 less stringent than shown in the California regulations.

11 5. Illuminated exit signs shall have an input power demand of five  
12 watts or less per illuminated face and shall either have a power factor of at  
13 least 0.70 or meet the power factor product specification of the energy star  
14 program requirements, whichever is higher.

15 6. Large packaged air conditioning equipment shall meet a minimum  
16 energy efficiency ratio of 10.0 for air conditioning without an integrated  
17 heating component or with electric resistance heating integrated into the  
18 unit, 9.8 for air conditioning with heating other than electric resistance  
19 integrated into the unit, 9.5 for air conditioning heat pumps without an  
20 integrated heating component or with electric resistance heating integrated  
21 into the unit and 9.3 for air conditioning heat pump equipment with heating  
22 other than electric resistance integrated into the unit. Large packaged air  
23 conditioning heat pumps shall meet a minimum coefficient of performance in  
24 the heating mode of 3.2 measured at a high temperature rating of forty-seven  
25 degrees Fahrenheit.

26 7. ~~THROUGH DECEMBER 31, 2010,~~ low voltage dry type distribution  
27 transformers shall meet the class 1 efficiency levels for low voltage  
28 distribution transformers specified in table 4-2 of the guide for determining  
29 energy efficiency for distribution transformers, published by the national  
30 electrical manufacturers association (NEMA standard TP-1-2002), in effect on  
31 ~~the effective date of this article~~ AUGUST 12, 2005.

32 8. Metal halide lamp fixtures designed to be operated with lamps rated  
33 greater than or equal to one hundred fifty watts but less than or equal to  
34 five hundred watts shall not contain a probe start metal ~~halid~~ HALIDE lamp  
35 ballast.

36 9. Single voltage external AC to DC power supplies shall meet the tier  
37 one energy efficiency requirements of section 1605.3 of the California Code  
38 of Regulations, title 20: division 2, chapter 4, article 4, in effect on ~~the~~  
39 ~~effective date of this article~~ AUGUST 12, 2005. This standard applies to  
40 single voltage AC to DC power supplies that are sold individually and to  
41 those that are sold as a component of or in conjunction with another product.

42 10. Torchiere shall not use more than one hundred ninety watts. A  
43 torchiere shall be deemed to use more than one hundred ninety watts if any  
44 commercially available lamp or combination of lamps can be inserted in its

1 socket and cause the torchiere to draw more than one hundred ninety watts  
2 when operated at full brightness.

3 11. Traffic signal modules shall meet the product specification of the  
4 energy star program requirements for traffic signals developed by the United  
5 States environmental protection agency that took effect in February 2001,  
6 shall have a power factor of at least 0.90 and shall be installed with  
7 compatible, electrically connected signal control interface devices and  
8 conflict monitoring systems.

9 12. Unit heaters shall be equipped with an intermittent ignition device  
10 and shall have either power venting or an automatic flue damper.

11 B. BEGINNING JANUARY 1, 2012, THE FOLLOWING STANDARDS APPLY:

12 1. PORTABLE ELECTRIC SPAS SHALL NOT HAVE A NORMALIZED STANDBY POWER  
13 GREATER THAN FIVE TIMES THE SPA'S FILL VOLUME IN GALLONS RAISED TO THE  
14 TWO-THIRDS POWER.

15 2. RESIDENTIAL POOL PUMPS AND RESIDENTIAL POOL PUMP MOTORS SHALL  
16 COMPLY WITH BOTH OF THE FOLLOWING:

17 (a) MOTORS SHALL NOT BE SPLIT-PHASE OR CAPACITOR START-INDUCTION RUN  
18 TYPE MOTORS, EXCEPT FOR THE FOLLOWING:

19 (i) THE LOW-SPEED SECTION OF TWO-SPEED MOTORS MAY BE CAPACITOR  
20 START-INDUCTION RUN TYPE.

21 (ii) FORTY-EIGHT-FRAME MOTORS DESIGNED FOR USE WITH ABOVE-GROUND POOLS  
22 ARE EXEMPT FROM THIS REQUIREMENT.

23 (b) MOTORS WITH A TOTAL HORSEPOWER CAPACITY OF ONE OR MORE SHALL HAVE  
24 THE CAPABILITY OF OPERATING AT TWO OR MORE SPEEDS WITH A LOW SPEED HAVING A  
25 ROTATION RATE THAT IS NO MORE THAN ONE-HALF OF THE MOTOR'S MAXIMUM ROTATION  
26 RATE AND SHALL BE OPERATED WITH A PUMP CONTROL WITH THE CAPABILITY OF  
27 OPERATING THE PUMP AT TWO OR MORE SPEEDS. RESIDENTIAL POOL PUMP MOTOR  
28 CONTROLS THAT ARE SOLD FOR USE WITH A TWO OR MORE SPEED MOTOR SHALL HAVE A  
29 DEFAULT CIRCULATION SPEED SETTING NO MORE THAN ONE-HALF OF THE MOTOR'S  
30 MAXIMUM ROTATION RATE. ANY HIGH SPEED OVERRIDE CAPABILITY SHALL BE FOR A  
31 TEMPORARY PERIOD NOT TO EXCEED ONE TWENTY-FOUR HOUR CYCLE WITHOUT RESETTING  
32 TO THE DEFAULT SETTING.

33 ~~B.~~ C. The standards prescribed by subsection A apply beginning  
34 January 1, 2010, if the product is a commercial refrigerator, freezer or  
35 refrigerator freezer or large packaged air conditioning equipment.

36 ~~C.~~ D. Beginning on May 31, 2008, and every three years thereafter,  
37 the department of commerce energy office shall conduct a comparative review  
38 and assessment of the standards prescribed by subsection A and energy  
39 efficiency standards adopted in other states. The department of commerce  
40 energy office shall:

41 1. Submit a report of its findings and recommendations to the speaker  
42 of the house of representatives and president of the senate.

43 2. Provide a copy of the report to the director of the Arizona state  
44 library, archives and public records.

1           Sec. 12. School facilities board; annual report

2           A. The school facilities board shall submit an annual report to the  
3 governor, the president of the senate, the speaker of the house of  
4 representatives, and the joint legislative budget committee not later than  
5 December 31 each year that shows projects entered into by school districts  
6 pursuant to sections 15-213.01 and 15-910.02, Arizona Revised Statutes. The  
7 report shall include:

- 8           1. The name of the project.
- 9           2. The qualified provider.
- 10          3. The total cost of the project.
- 11          4. The amount financed through the guaranteed energy and water savings  
12 created by the installed improvements.
- 13          5. The baseline energy consumption data.
- 14          6. The projected energy and cost savings.
- 15          7. The actual energy and cost savings.

16          B. The school facilities board shall provide copies of the report to  
17 the department of commerce energy office and the Arizona state library,  
18 archives and public records.

19           Sec. 13. Effective date

20           Section 15-213.01, Arizona Revised Statutes, as amended by section 2 of  
21 this act, section 15-342, Arizona Revised Statutes, as amended by section 4  
22 of this act and section 34-201, Arizona Revised Statutes, as amended by  
23 section 7 of this act are effective from and after June 30, 2013.

24           Sec. 14. Delayed repeal

25           Section 12 of this act, relating to school facilities board annual  
26 report, is repealed effective from and after June 30, 2013.