

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2337

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Title 9, chapter 4, article 6.4, Arizona Revised Statutes,
3 is amended by adding section 9-469, to read:

4 9-469. Energy efficiency construction; report; definition

5 A. BEGINNING JANUARY 1, 2012, A CITY OR TOWN SHALL REPORT TO THE
6 DEPARTMENT OF COMMERCE ENERGY OFFICE INFORMATION COLLECTED AS PART OF THE
7 MUNICIPAL BUILDING PERMIT APPLICATION AND APPROVAL PROCESS WHETHER THE
8 BUILDING WILL MEET THE REQUIREMENTS OF AN ENERGY EFFICIENT RESIDENTIAL OR
9 COMMERCIAL BUILDING AND SHALL REPORT THE ENERGY RATING SYSTEM VALUE FOR THE
10 BUILDING IF THE BUILDING RECEIVES AN ENERGY RATING.

11 B. ON OR BEFORE FEBRUARY 1, 2013 AND EACH YEAR THROUGH 2021, EACH CITY
12 AND TOWN SHALL REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

13 1. THE TOTAL NUMBER OF BUILDING PERMITS ISSUED IN THE CITY OR TOWN IN
14 THE PRECEDING CALENDAR YEAR FOR ALL NEW RESIDENTIAL BUILDINGS AND FOR ALL NEW
15 COMMERCIAL BUILDINGS.

16 2. THE NUMBER AND PERCENTAGE OF THOSE PERMITS THAT WERE ISSUED FOR NEW
17 ENERGY EFFICIENT RESIDENTIAL AND COMMERCIAL BUILDINGS AND THE ENERGY RATING
18 SYSTEM VALUES FOR NEW BUILDINGS FOR WHICH ENERGY RATINGS WERE PERFORMED.

19 C. FOR THE PURPOSES OF THIS SECTION AND FOR PURPOSES OF REPORTING
20 ENERGY EFFICIENT BUILDINGS PURSUANT TO SECTION 41-1511, "ENERGY EFFICIENT
21 BUILDING" MEANS NEW RESIDENTIAL AND COMMERCIAL BUILDINGS THAT MEET OR EXCEED
22 THE ENERGY EFFICIENCIES PRESCRIBED BY THE UNITED STATES ENVIRONMENTAL
23 PROTECTION AGENCY ENERGY STAR PROGRAM OR BY A LEADERSHIP IN ENERGY AND
24 ENVIRONMENTAL DESIGN GREEN BUILDING RATING STANDARD DEVELOPED BY THE UNITED
25 STATES GREEN BUILDING COUNCIL, OR AN EQUIVALENT GREEN BUILDING STANDARD, OR
26 THAT ARE AT LEAST FIFTEEN PER CENT MORE ENERGY EFFICIENT THAN THE
27 INTERNATIONAL ENERGY CONSERVATION CODE.

1 provided by the procurement practices adopted by the state board of
2 education. ~~To the extent the qualified provider subcontracts with~~
3 ~~contractors who will be involved in any construction associated with the~~
4 ~~guaranteed energy cost savings contract, the qualified provider must follow~~
5 ~~the provisions of section 41-2533 in selecting these contractors.~~

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

18 C. The school district shall use objective criteria in selecting the
19 qualified provider, including the ~~cost of the contract, the energy and~~
20 ~~operational cost savings, the net projected energy savings, the quality of~~
21 ~~the technical approach, the quality of the project management plan, the~~
22 financial solvency of the qualified provider and the experience of the
23 qualified provider with projects of similar size and scope, INCLUDING
24 MAINTENANCE, OPERATION, MONITORING AND DATA COLLECTION ASSOCIATED WITH THOSE
25 PROJECTS. The school district shall set forth each criterion with its
26 respective numerical weighting in the request for proposal, AND THE SCHOOL
27 DISTRICT MAY SEEK ASSISTANCE AND EXPERTISE FROM WATER AND POWER PROVIDERS.

28 D. In selecting a contractor to perform any construction work related
29 to performing the guaranteed energy cost savings contract, the qualified
30 provider may develop and use a prequalification process for contractors
31 ~~wishing to bid on this work.~~ These prequalifications may require the
32 contractor to demonstrate that the contractor is adequately bonded to perform
33 the work and that the contractor has not failed to perform on a prior job.

1 ~~The qualified provider may use performance specifications in soliciting bids~~
2 ~~from contractors.~~

3 E. ~~An in-depth feasibility~~ A study shall be performed by the selected
4 qualified provider in order to establish the exact scope of the guaranteed
5 energy cost savings contract, the fixed cost savings guarantee amount and the
6 methodology for determining actual savings. This report shall be reviewed
7 and approved by the school district ~~prior to~~ BEFORE the actual installation
8 of any equipment. The qualified provider shall transmit a copy of the
9 approved ~~in-depth feasibility~~ study to the superintendent of public
10 instruction.

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

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

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

1 G. The information to develop the energy baseline shall be derived
2 from actual energy measurements or shall be calculated from energy
3 measurements at the facility where energy cost savings measures are to be
4 installed or implemented. The measurements shall be taken in the year
5 preceding the installation or implementation of energy cost savings measures.

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

9 I. A school district, or two or more school districts, may enter into
10 an installment payment contract or lease-purchase agreement with a qualified
11 provider for the purchase and installation or implementation of energy cost
12 savings measures. The guaranteed energy cost savings contract may provide
13 for payments over a period of not more than the expected life of the
14 **AGGREGATED** energy cost savings measures implemented or twenty-five years,
15 whichever is shorter. The contract shall provide that all payments, except
16 obligations on termination of the contract before its expiration, shall be
17 made over time.

18 J. The guaranteed energy cost savings contract shall include a written
19 guarantee of the qualified provider that either the energy or operational
20 costs savings, or both, will meet or exceed the costs of the energy cost
21 savings measures over the expected life of the energy cost savings measures
22 implemented or within twenty-five years, whichever is shorter. The qualified
23 provider shall:

24 1. **FOR THE FIRST THREE YEARS AFTER INSTALLATION OF THE MEASURES,**
25 **PREPARE A MEASUREMENT AND VERIFICATION REPORT ON AN ANNUAL BASIS IN ADDITION**
26 **TO AN ANNUAL RECONCILIATION OF SAVINGS AND TRANSMIT A COPY OF THE REPORT TO**
27 **THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE DEPARTMENT OF COMMERCE**
28 **ENERGY OFFICE.**

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

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

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

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

8 N. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DISTRICT SHALL
9 REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

- 10 1. THE NAME OF THE PROJECT.
- 11 2. THE QUALIFIED PROVIDER.
- 12 3. THE TOTAL COST OF THE PROJECT.
- 13 4. THE EXPECTED ENERGY AND COST SAVINGS.

14 ~~N.~~ O. This section does not apply to the construction of new
15 buildings, EXCEPT THAT GUARANTEED ENERGY COST SAVINGS CONTRACTS MAY BE USED
16 TO FINANCE OR IMPLEMENT ENERGY COST SAVINGS MEASURES INSTALLED DURING
17 CONSTRUCTION OF NEW BUILDINGS.

18 P. A SCHOOL DISTRICT MAY USE A SIMPLIFIED ENERGY PERFORMANCE CONTRACT
19 FOR PROJECTS OF LESS THAN FIVE HUNDRED THOUSAND DOLLARS. SIMPLIFIED ENERGY
20 PERFORMANCE CONTRACTS ARE NOT REQUIRED TO INCLUDE AN ENERGY SAVINGS GUARANTEE
21 AND SHALL COMPLY WITH ALL REQUIREMENTS IN THIS SECTION EXCEPT FOR THE
22 REQUIREMENTS THAT SPECIFICALLY RELATE TO THE ENERGY SAVINGS GUARANTEE AND THE
23 MEASUREMENT AND VERIFICATION OF THE GUARANTEED SAVINGS.

24 ~~O.~~ Q. For the purposes of this section:

25 1. "Construction" means the process of building, altering, repairing,
26 improving or demolishing any school district structure or building, or other
27 public improvements of any kind to any school district real property.
28 Construction does not include the routine operation, routine repair or
29 routine maintenance of existing structures, buildings or real property.

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

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

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

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

10 (c) Automated or computerized energy control systems.

11 (d) Heating, ventilating or air conditioning system modifications or
12 replacements.

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

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

20 (g) Energy recovery systems.

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

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

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

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

28 (l) **DEVICES THAT REDUCE WATER CONSUMPTION AND WATER COSTS OR THAT**
29 **REDUCE SEWER CHARGES.**

30 (m) **RAINWATER HARVESTING SYSTEMS.**

31 (n) **COMBINED HEAT AND POWER SYSTEMS.**

32 (o) **RENEWABLE AND ALTERNATIVE ENERGY PROJECTS AND RENEWABLE ENERGY**
33 **POWER SERVICE AGREEMENTS.**

1 (p) SELF-GENERATION SYSTEMS.

2 (q) ANY ADDITIONAL BUILDING SYSTEMS AND INFRASTRUCTURE THAT PRODUCE
3 ENERGY, OR THAT PROVIDE UTILITY OR OPERATIONAL COST SAVINGS NOT SPECIFICALLY
4 MENTIONED IN THIS PARAGRAPH, IF THE IMPROVEMENTS MEET THE LIFE CYCLE COST
5 REQUIREMENT AND ENHANCE BUILDING SYSTEM PERFORMANCE OR OCCUPANT COMFORT AND
6 SAFETY.

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

9 5. "LIFE CYCLE COST" MEANS THE SUM OF PRESENT VALUES OF INVESTMENT
10 COSTS, CAPITAL COSTS, INSTALLATION COSTS, ENERGY COSTS, OPERATING COSTS,
11 MAINTENANCE COSTS AND DISPOSAL COSTS OVER THE LIFE OF THE PROJECT, PRODUCT OR
12 MEASURE AS PROVIDED BY FEDERAL LIFE CYCLE COST RULES, REGULATIONS AND
13 CRITERIA CONTAINED IN THE UNITED STATES DEPARTMENT OF ENERGY FEDERAL ENERGY
14 MANAGEMENT PROGRAM "GUIDANCE ON LIFE-CYCLE COST ANALYSIS" REQUIRED BY
15 EXECUTIVE ORDER 13122, APRIL 2005.

16 ~~5.~~ 6. "Operational savings" means reductions in actual budget line
17 items currently being expended or savings realized from the implementation or
18 installation of energy cost savings measures.

19 ~~6.~~ 7. "Qualified provider" means a person or a business experienced
20 in PLANNING, designing, implementing, MONITORING or installing energy cost
21 savings measures.

22 Sec. 4. Section 15-342, Arizona Revised Statutes, is amended to read:

23 15-342. Discretionary powers

24 The governing board may:

- 25 1. Expel pupils for misconduct.
- 26 2. Exclude from grades one through eight children under six years of
27 age.
- 28 3. Make such separation of groups of pupils as it deems advisable.
- 29 4. Maintain such special schools during vacation as deemed necessary
30 for the benefit of the pupils of the school district.
- 31 5. Permit a superintendent or principal or representatives of the
32 superintendent or principal to travel for a school purpose, as determined by
33 a majority vote of the board. The board may permit members and members-elect

1 of the board to travel within or without the school district for a school
2 purpose and receive reimbursement. Any expenditure for travel and
3 subsistence pursuant to this paragraph shall be as provided in title 38,
4 chapter 4, article 2. The designated post of duty referred to in section
5 38-621 shall be construed, for school district governing board members, to be
6 the member's actual place of residence, as opposed to the school district
7 office or the school district boundaries. Such expenditures shall be a
8 charge against the budgeted school district funds. The governing board of a
9 school district shall prescribe procedures and amounts for reimbursement of
10 lodging and subsistence expenses. Reimbursement amounts shall not exceed the
11 maximum amounts established pursuant to section 38-624, subsection C.

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

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

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

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

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

32 (a) The market value of the school property is less than fifty
33 thousand dollars, **THE PROPERTY IS PROCURED THROUGH A GUARANTEED ENERGY COST**

1 SAVINGS CONTRACT, WHICH MAY INCLUDE A RENEWABLE ENERGY POWER SERVICE
2 AGREEMENT OR A SIMPLIFIED ENERGY PERFORMANCE CONTRACT, OR THE PROPERTY IS
3 PROCURED THROUGH AN ENERGY PERFORMANCE CONTRACT OR RENEWABLE ENERGY POWER
4 SERVICE AGREEMENT PURSUANT TO SECTION 15-213.01.

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

7 (c) The transaction involves the sale of improved or unimproved
8 property pursuant to an agreement with the school facilities board in which
9 the school district agrees to sell the improved or unimproved property and
10 transfer the proceeds of the sale to the school facilities board in exchange
11 for monies from the school facilities board for the acquisition of a more
12 suitable school site. For a sale of property acquired by a school district
13 prior to July 9, 1998, a school district shall transfer to the school
14 facilities board that portion of the proceeds that equals the cost of the
15 acquisition of a more suitable school site. If there are any remaining
16 proceeds after the transfer of monies to the school facilities board, a
17 school district shall only use those remaining proceeds for future land
18 purchases approved by the school facilities board, or for capital
19 improvements not funded by the school facilities board for any existing or
20 future facility.

21 (d) The transaction involves the sale of improved or unimproved
22 property pursuant to a formally adopted plan and the school district uses the
23 proceeds of this sale to purchase other property that will be used for
24 similar purposes as the property that was originally sold, provided that the
25 sale proceeds of the improved or unimproved property are used within two
26 years after the date of the original sale to purchase the replacement
27 property. If the sale proceeds of the improved or unimproved property are
28 not used within two years after the date of the original sale to purchase
29 replacement property, the sale proceeds shall be used towards payment of any
30 outstanding bonded indebtedness. If any sale proceeds remain after paying
31 for outstanding bonded indebtedness, or if the district has no outstanding
32 bonded indebtedness, sale proceeds shall be used to reduce the district's

1 primary tax levy. A school district shall not use ~~the provisions of~~ this
2 subdivision unless 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.

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

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

6 14. Include in the curricula which it prescribes for high schools in
7 the school district career and technical education, vocational education and
8 technology education programs and career and technical, vocational and
9 technology program improvement services for the high schools, subject to
10 approval by the state board of education. The governing board may contract
11 for the provision of career and technical, vocational and technology
12 education as provided in section 15-789.

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

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

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

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

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

26 18. Donate surplus or outdated learning materials to nonprofit
27 community organizations where the governing board determines that the
28 anticipated cost of selling the learning materials equals or exceeds the
29 estimated market value of the materials.

30 19. Prescribe policies for the assessment of reasonable fees for
31 students to use district-provided parking facilities. The fees are to be
32 applied by the district solely against costs incurred in operating or
33 securing the parking facilities. Any policy adopted by the governing board

1 pursuant to this paragraph shall include a fee waiver provision in
2 appropriate cases of need or economic hardship.

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

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

12 22. Require students to wear uniforms.

13 23. Exchange unimproved property or improved property, including school
14 sites, where the governing board determines that the improved property is
15 unnecessary for the continued operation of the school district without
16 requesting authorization by a vote of the school district electors if the
17 governing board determines that the exchange is necessary to protect the
18 health, safety or welfare of pupils or when the governing board determines
19 that the exchange is based on sound business principles for either:

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

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

24 24. For common and high school pupils, assess reasonable fees for
25 optional extracurricular activities and programs conducted when the common or
26 high school is not in session, except that no fees shall be charged for
27 pupils' access to or use of computers or related materials. For high school
28 pupils, the governing board may assess reasonable fees for fine arts and
29 vocational education courses and for optional services, equipment and
30 materials offered to the pupils beyond those required to successfully
31 complete the basic requirements of any other course, except that no fees
32 shall be charged for pupils' access to or use of computers or related
33 materials. Fees assessed pursuant to this paragraph shall be adopted at a

1 public meeting after notice has been given to all parents of pupils enrolled
2 at schools in the district and shall not exceed the actual costs of the
3 activities, programs, services, equipment or materials. The governing board
4 shall authorize principals to waive the assessment of all or part of a fee
5 assessed pursuant to this paragraph if it creates an economic hardship for a
6 pupil. For the purposes of this paragraph, "extracurricular activity" means
7 any optional, noncredit, educational or recreational activity which
8 supplements the education program of the school, whether offered before,
9 during or after regular school hours.

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

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

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

19 (c) Monies specifically donated for the purpose of constructing school
20 buildings.

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

24 26. Conduct a background investigation that includes a fingerprint
25 check conducted pursuant to section 41-1750, subsection G for certificated
26 personnel and personnel who are not paid employees of the school district, as
27 a condition of employment. A school district may release the results of a
28 background check to another school district for employment purposes. The
29 school district may charge the costs of fingerprint checks to its
30 fingerprinted employee, except that the school district may not charge the
31 costs of fingerprint checks for personnel who are not paid employees of the
32 school district.

1 27. Sell advertising space on the exterior of school buses as
2 follows:

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

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

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

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

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

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

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

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

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

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

31 28. Assess reasonable damage deposits to pupils in grades seven through
32 twelve for the use of textbooks, musical instruments, band uniforms or other
33 equipment required for academic courses. The governing board shall adopt

1 policies on any damage deposits assessed pursuant to this paragraph at a
2 public meeting called for this purpose after providing notice to all parents
3 of pupils in grades seven through twelve in the school district. Principals
4 of individual schools within the district may waive the damage deposit
5 requirement for any textbook or other item if the payment of the damage
6 deposit would create an economic hardship for the pupil. The school district
7 shall return the full amount of the damage deposit for any textbook or other
8 item if the pupil returns the textbook or other item in reasonably good
9 condition within the time period prescribed by the governing board. For the
10 purposes of this paragraph, "in reasonably good condition" means the textbook
11 or other item is in the same or a similar condition as it was when the pupil
12 received it, plus ordinary wear and tear.

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

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

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

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

28 (a) The policy may provide reasonable exceptions to the parental
29 notification requirement.

30 (b) The policy shall set forth whether and under what circumstances a
31 parent may be present when a law enforcement officer interviews the pupil,
32 including reasonable exceptions to the circumstances under which a parent may
33 be present when a law enforcement officer interviews the pupil, and shall

1 specify a reasonable maximum time after a parent is notified that an
2 interview of a pupil by a law enforcement officer may be delayed to allow the
3 parent to be present.

4 33. Enter into voluntary partnerships with any party to finance with
5 funds other than school district funds and cooperatively design school
6 facilities that comply with the adequacy standards prescribed in section
7 15-2011 and the square footage per pupil requirements pursuant to section
8 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and
9 location of any such school facility shall be submitted to the school
10 facilities board for approval pursuant to section 15-2041, subsection 0. If
11 the school facilities board approves the design plans and location of any
12 such school facility, the party in partnership with the school district may
13 cause to be constructed and the district may begin operating the school
14 facility before monies are distributed from the school facilities board
15 pursuant to section 15-2041. Monies distributed from the new school
16 facilities fund to a school district in a partnership with another party to
17 finance and design the school facility shall be paid to the school district
18 pursuant to section 15-2041. The school district shall reimburse the party
19 in partnership with the school district from the monies paid to the school
20 district pursuant to section 15-2041, in accordance with the voluntary
21 partnership agreement. Before the school facilities board distributes any
22 monies pursuant to this subsection, the school district shall demonstrate to
23 the school facilities board that the facilities to be funded pursuant to
24 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed
25 in section 15-2011. If the cost to construct the school facility exceeds the
26 amount that the school district receives from the new school facilities fund,
27 the partnership agreement between the school district and the other party
28 shall specify that, except as otherwise provided by the other party, any such
29 excess costs shall be the responsibility of the school district. The school
30 district governing board shall adopt a resolution in a public meeting that AN
31 analysis has been conducted on the prospective effects of the decision to
32 operate a new school with existing monies from the school district's
33 maintenance and operations budget and how this decision may affect other

1 schools in the school district. If a school district acquires land by
2 donation at an appropriate school site approved by the school facilities
3 board and a school facility is financed and built on the land pursuant to
4 this paragraph, the school facilities board shall distribute an amount equal
5 to twenty per cent of the fair market value of the land that can be used for
6 academic purposes. The school district shall place the monies in the
7 unrestricted capital outlay fund and increase the unrestricted capital budget
8 limit by the amount of the monies placed in the fund. Monies distributed
9 under this paragraph shall be distributed from the new school facilities fund
10 pursuant to section 15-2041. If a school district acquires land by donation
11 at an appropriate school site approved by the school facilities board and a
12 school facility is financed and built on the land pursuant to this paragraph,
13 the school district shall not receive monies from the school facilities board
14 for the donation of real property pursuant to section 15-2041, subsection F.
15 It is unlawful for:

16 (a) A county, city or town to require as a condition of any land use
17 approval that a landowner or landowners that entered into a partnership
18 pursuant to this paragraph provide any contribution, donation or gift, other
19 than a site donation, to a school district. This subdivision only applies to
20 the property in the voluntary partnership agreement pursuant to this
21 paragraph.

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

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

30 (d) ~~For~~ A school district to enter into an agreement pursuant to this
31 paragraph with any party other than a master planned community party. Any
32 land area consisting of at least three hundred twenty acres that is the
33 subject of a development agreement with a county, city or town entered into

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

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

13 15-910.02. Energy and water savings accounts; definition

14 A. EACH SCHOOL DISTRICT AND CHARTER SCHOOL MAY ESTABLISH AN ENERGY AND
15 WATER SAVINGS ACCOUNT THAT CONSISTS OF A DESIGNATED POOL OF CAPITAL
16 INVESTMENT MONIES TO FUND ENERGY OR WATER SAVING PROJECTS IN SCHOOL
17 FACILITIES. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY DEPOSIT IN THE ACCOUNT
18 MONIES FROM ONE OR MORE QUALIFIED PROVIDERS OR COMPANIES THAT PROVIDE
19 UTILITY, ENERGY OR WATER SERVICES TO THE SCHOOL DISTRICT OR CHARTER SCHOOL
20 PURSUANT TO CONTRACTS THAT ARE EXECUTED BETWEEN THE COMPANIES AND THE SCHOOL
21 DISTRICT OR CHARTER SCHOOL AND THAT ARE DESIGNED TO SAVE ENERGY OR WATER IN
22 SCHOOL FACILITIES. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY USE MONIES IN THE
23 ENERGY AND WATER SAVINGS ACCOUNT FOR PAYMENTS UNDER AN ENERGY COST SAVINGS
24 CONTRACT, WHICH MAY INCLUDE A RENEWABLE ENERGY POWER SERVICE AGREEMENT OR A
25 SIMPLIFIED ENERGY PERFORMANCE CONTRACT, ENTERED INTO PURSUANT TO SECTION
26 15-213.01 OR FOR A CONTRACT ENTERED INTO PURSUANT TO THIS SECTION BETWEEN THE
27 QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY AND THE
28 SCHOOL DISTRICT OR CHARTER SCHOOL.

29 B. THE AUDITOR GENERAL AND THE DEPARTMENT OF EDUCATION SHALL PRESCRIBE
30 THE APPROPRIATE DESIGNATION OF THE ENERGY AND WATER SAVINGS ACCOUNTS IN THE
31 UNIFORM SYSTEM OF FINANCIAL RECORDS AND SHALL PRESCRIBE REPORTING
32 REQUIREMENTS ON THE APPROPRIATE BUDGET FORMS AND ANNUAL FINANCIAL REPORT
33 FORMS.

1 C. MONIES DEPOSITED IN AN ENERGY AND WATER SAVINGS ACCOUNT SHALL BE
2 USED AS A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO PAY FOR THE
3 INCREMENTAL COST OF ENERGY OR WATER SAVINGS MEASURES IN SCHOOL FACILITIES
4 THAT ARE OWNED OR OPERATED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL. ANY
5 CONTRACT ENTERED INTO PURSUANT TO THIS SECTION SHALL CONTAIN AN AGREEMENT
6 BETWEEN THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY
7 AND THE SCHOOL DISTRICT OR CHARTER SCHOOL THAT EACH PARTY HAS PERFORMED A
8 REASONABLE INVESTIGATION TO DETERMINE THAT THE MEASURES CONTEMPLATED BY THE
9 CONTRACT WILL RESULT IN STATED ENERGY OR WATER SAVINGS. CONTRACT TERMS MAY
10 EXTEND THE PERIOD OF THE CAPITAL INVESTMENT REPAYMENT SCHEDULE PRESCRIBED IN
11 SUBSECTION G OF THIS SECTION UP TO THE EXPECTED LIFE OF THE ENERGY OR WATER
12 SAVINGS MEASURES, OR TWENTY-FIVE YEARS, WHICHEVER IS SHORTER.

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

15 1. GUARANTEED ENERGY COST SAVINGS CONTRACTS, WHICH MAY INCLUDE
16 RENEWABLE ENERGY POWER SERVICE AGREEMENTS AND SIMPLIFIED ENERGY PERFORMANCE
17 CONTRACTS PURSUANT TO SECTION 15-213.01.

18 2. ENERGY PERFORMANCE CONTRACTS AND RENEWABLE ENERGY POWER SERVICE
19 AGREEMENTS PURSUANT TO SECTION 15-213.01.

20 3. PROJECTS OR MEASURES PURSUANT TO A CONTRACT PURSUANT TO THIS
21 SECTION THAT SAVE ENERGY OR WATER IN SCHOOL FACILITIES THAT ARE OWNED OR
22 OPERATED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL. MONIES MAY BE USED
23 PURSUANT TO THIS PARAGRAPH TO PROVIDE TECHNICAL ASSISTANCE REGARDING ENERGY
24 OR WATER SAVINGS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS BY A QUALIFIED
25 PROVIDER OR A UTILITY, ENERGY OR WATER SERVICES COMPANY.

26 4. THE REPAYMENT TO THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
27 SERVICES COMPANY OF CAPITAL INVESTMENT MONIES DEPOSITED IN THE ACCOUNT PLUS
28 REASONABLE CARRYING CHARGES PURSUANT TO THE TERMS OF THE CONTRACT. THE
29 INTEREST RATE FOR REASONABLE CARRYING CHARGES FOR INVESTOR OWNED UTILITY
30 COMPANIES SHALL BE EQUAL TO OR LESS THAN THE MOST RECENT AUTHORIZED RATE OF
31 RETURN APPROVED BY THE ARIZONA CORPORATION COMMISSION.

1 E. SCHOOL DISTRICTS AND CHARTER SCHOOLS SHALL PROCURE ENERGY OR WATER
2 SAVINGS MEASURES OR SERVICES WITH MONIES DISTRIBUTED FROM THE ENERGY AND
3 WATER SAVINGS ACCOUNTS.

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

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

26 H. THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL TRANSFER ON A MONTHLY
27 BASIS THE AMOUNT OF THE MONTHLY PAYMENT PRESCRIBED PURSUANT TO SUBSECTION G
28 OF THIS SECTION TO THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE MAINTENANCE
29 AND OPERATION PORTION OF THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S BUDGET TO
30 REPAY ANY UNPAID BALANCE OF THE CAPITAL INVESTMENT PREVIOUSLY DEPOSITED IN
31 THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE QUALIFIED PROVIDER OR UTILITY,
32 ENERGY OR WATER SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE. FOR THE
33 PERIOD OF TIME THAT THE COMPANY'S CAPITAL INVESTMENT MONIES AND REASONABLE

1 CARRYING CHARGE REMAIN UNPAID, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
2 WATER SERVICES COMPANY SHALL PROVIDE A SEPARATE BILLING OR BILLING COMPONENT
3 TO REPAY THE CAPITAL INVESTMENT ON A MONTHLY BASIS, PURSUANT TO THE REPAYMENT
4 SCHEDULE PRESCRIBED PURSUANT TO SUBSECTION G OF THIS SECTION, WHICH SHALL BE
5 PAID BY THE SCHOOL DISTRICT OR CHARTER SCHOOL FROM THE ENERGY AND WATER
6 SAVINGS ACCOUNT. THE SCHOOL DISTRICT'S GENERAL BUDGET LIMIT SHALL BE REDUCED
7 BY THE AMOUNT OF MONIES TRANSFERRED TO THE ENERGY AND WATER SAVINGS ACCOUNT
8 PURSUANT TO THIS SECTION.

9 I. AFTER THE BALANCE OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
10 WATER SERVICES COMPANY'S CAPITAL INVESTMENT MONIES DEPOSITED IN THE ENERGY
11 AND WATER SAVINGS ACCOUNT PLUS A REASONABLE CARRYING CHARGE ARE REPAID IN
12 FULL BY THE SCHOOL DISTRICT OR CHARTER SCHOOL, THE SCHOOL DISTRICT OR CHARTER
13 SCHOOL MAY DISCONTINUE THE DEPOSIT IN THE ENERGY AND WATER SAVINGS ACCOUNT OF
14 AMOUNTS THAT ARE PRESCRIBED IN SUBSECTION H OF THIS SECTION.

15 J. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY RETAIN AND TRANSFER UP TO
16 FIFTEEN PER CENT OF THE ENERGY OR WATER COST SAVINGS FROM AN ENERGY OR WATER
17 SAVINGS PROJECT TO THE MAINTENANCE AND OPERATION PORTION OF THE SCHOOL
18 DISTRICT'S OR CHARTER SCHOOL'S BUDGET, AND THE GENERAL BUDGET LIMIT MAY BE
19 INCREASED BY THE AMOUNT TRANSFERRED.

20 K. ANY MONIES ASSOCIATED WITH AN ENERGY OR WATER SAVINGS PROJECT
21 REMAINING IN THE ENERGY AND WATER SAVINGS ACCOUNT AFTER THE CAPITAL
22 INVESTMENT MONIES OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
23 SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE ARE REPAID IN FULL MAY BE
24 TRANSFERRED TO THE MAINTENANCE AND OPERATION PORTION OF THE SCHOOL DISTRICT'S
25 OR CHARTER SCHOOL'S BUDGET, AND THE GENERAL BUDGET LIMIT MAY BE INCREASED BY
26 THE AMOUNT TRANSFERRED.

27 L. SCHOOL DISTRICTS OR CHARTER SCHOOLS MAY DEPOSIT ENERGY-RELATED
28 REBATE OR GRANT MONIES IN THE ENERGY AND WATER SAVINGS ACCOUNT TO ASSIST IN
29 FUNDING ENERGY OR WATER SAVINGS PROJECTS. THESE REBATE OR GRANT MONIES SHALL
30 BE USED TO REDUCE THE TOTAL COST OF ENERGY OR WATER SAVINGS PROJECTS AND TO
31 REDUCE THE AMOUNT OF CAPITAL INVESTMENT MONIES RECEIVED FROM AND REPAID TO
32 QUALIFIED PROVIDERS OR UTILITY, ENERGY OR WATER SERVICES COMPANIES. SCHOOL
33 DISTRICTS OR CHARTER SCHOOLS ARE NOT REQUIRED TO REPAY THE REBATE OR GRANT

1 MONIES IN THE MANNER DESCRIBED IN SUBSECTION H OF THIS SECTION, PURSUANT TO
2 THE AGREEMENTS WITH THE PROVIDERS OF REBATE OR GRANT FUNDS.

3 M. SCHOOL DISTRICTS SHALL NOT USE OR DEPOSIT ANY EXCESS UTILITIES
4 MONIES BUDGETED PURSUANT TO SECTION 15-910 OR 15-910.04 IN THE ENERGY AND
5 WATER SAVINGS ACCOUNT.

6 N. SCHOOL DISTRICTS OR CHARTER SCHOOLS MAY DEPOSIT MONIES FROM OTHER
7 FUNDING SOURCES, INCLUDING FROM CLEAN RENEWABLE ENERGY BONDS, IN THE ENERGY
8 AND WATER SAVINGS ACCOUNT TO FUND ENERGY OR WATER SAVING PROJECTS IN SCHOOL
9 FACILITIES. THESE MONIES SHALL BE REPAID IN A MANNER CONSISTENT WITH THIS
10 SECTION AND PURSUANT TO THE CONTRACT BETWEEN THE SCHOOL DISTRICT OR CHARTER
11 SCHOOL AND THE PROVIDER OF THE FUNDING.

12 O. THIS SECTION DOES NOT IMPOSE AN OBLIGATION ON ANY ENERGY UTILITY,
13 WATER UTILITY, PUBLIC SERVICE CORPORATION OR AGRICULTURAL IMPROVEMENT
14 DISTRICT TO INVEST MONIES OR CONTRACT WITH ANY SCHOOL DISTRICT OR CHARTER
15 SCHOOL.

16 P. FOR THE PURPOSES OF THIS SECTION, "QUALIFIED PROVIDER" HAS THE SAME
17 MEANING PRESCRIBED IN SECTION 15-213.01.

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

19 34-201. Notice of intention to receive bids and enter contract;
20 procedure; doing work without advertising for bids;
21 county compliance

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

30 1. The nature of the work required, the type, purpose and location of
31 the proposed building, ~~and~~ and where the plans, specifications and full
32 information as to the proposed work may be obtained.

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

6 3. That every proposal shall be accompanied by a certified check,
7 cashier's check or surety bond for ten per cent of the amount of the bid
8 included in the proposal as a guarantee that the contractor will enter into a
9 contract to perform the proposal in accordance with the plans and
10 specifications. Notwithstanding ~~the provisions of~~ any other statute, the
11 surety bond shall be executed solely by a surety company or companies holding
12 a certificate of authority to transact surety business in this state issued
13 by the director of the department of insurance pursuant to title 20, chapter
14 2, article 1. The surety bond shall not be executed by an individual surety
15 or sureties, even if the requirements of section 7-101 are satisfied. The
16 certified check, cashier's check or surety bond shall be returned to the
17 contractors whose proposals are not accepted, and to the successful
18 contractor ~~upon~~ **ON** the execution of a satisfactory bond and contract as
19 provided in this article. The conditions and provisions of the surety bid
20 bond regarding the surety's obligations shall follow the following form:

21 Now, therefore, if the obligee accepts the proposal of the
22 principal and the principal enters into a contract with the
23 obligee in accordance with the terms of the proposal and gives
24 the bonds and certificates of insurance as specified in the
25 standard specifications with good and sufficient surety for the
26 faithful performance of the contract and for the prompt payment
27 of labor and materials furnished in the prosecution of the
28 contract, or in the event of the failure of the principal to
29 enter into the contract and give the bonds and certificates of
30 insurance, if the principal pays to the obligee the difference
31 not to exceed the penalty of the bond between the amount
32 specified in the proposal and such larger amount for which the
33 obligee may in good faith contract with another party to perform

1 the work covered by the proposal then this obligation is void.
2 Otherwise it remains in full force and effect provided, however,
3 that this bond is executed pursuant to the provisions of section
4 34-201, Arizona Revised Statutes, and all liabilities on this
5 bond shall be determined in accordance with the provisions of the
6 section to the extent as if it were copied at length herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 builders, material and service suppliers, architects and engineers, owners,
2 developers and government agencies.

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

7 J. Any construction, building addition or alteration project ~~which~~
8 THAT is financed by monies of this state or its political subdivisions shall
9 not use endangered wood species unless an exemption is granted by the
10 director of the department of administration. The director shall only grant
11 an exemption if the use of endangered wood species is deemed necessary for
12 historical restoration or to repair existing facilities and the use of any
13 substitute material is not practical. Any lease-purchase agreement entered
14 into by this state or its political subdivisions for construction shall
15 specify that no endangered wood species may be used in the construction
16 unless an exemption is granted by the director. ~~As used in~~ FOR THE PURPOSES
17 OF this subsection, "endangered wood species" includes those listed in
18 appendix I of the convention on international trade in endangered species of
19 wild flora and fauna.

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

23 L. Any building, structure, addition or alteration may be constructed
24 without complying with this article if the construction, including
25 construction of buildings or structures on public or private property, is
26 required as a condition of development of private property and is authorized
27 by section 9-463.01 or 11-806.01. For the purposes of this subsection,
28 building does not include police, fire, school, library, ~~or~~ or other public
29 buildings.

30 M. Notwithstanding section 34-221, any agent may enter into a
31 guaranteed energy cost savings contract with a qualified provider, ~~as those~~
32 ~~terms are defined in section 15-213.01,~~ for the purchase of energy cost
33 savings measures without complying with this article and may procure a

1 guaranteed energy cost savings contract through the competitive sealed
2 proposal process prescribed in title 41, chapter 23, ~~article 3~~ or any similar
3 competitive proposal process adopted by the agent. ~~as long as the agent~~
4 ~~follows any additional requirements set forth in section 15-213.01.~~

5 Sec. 7. Section 34-451, Arizona Revised Statutes, is amended to read:

6 34-451. Energy conservation standards for public buildings:
7 energy sources

8 A. The department of commerce ENERGY OFFICE in consultation with
9 persons responsible for building systems shall adopt and publish energy
10 conservation standards for construction of all new capital projects as
11 defined in section 41-790, including buildings designed and constructed by
12 THE SCHOOL FACILITIES BOARD, school districts, community college districts
13 and universities. These standards shall be consistent with the recommended
14 energy conservation standards of the American society of heating,
15 refrigerating and air conditioning engineers and the international energy
16 conservation code.

17 B. The standards shall be adopted to achieve energy conservation and
18 shall allow for design flexibility.

19 C. The following state agencies THROUGH THE USE OF ENERGY PERFORMANCE
20 CONTRACTING, OTHER SIMILAR PROCUREMENT MECHANISMS OR OTHER MECHANISMS shall
21 reduce energy use in public buildings that they administer by ten per cent
22 per square foot of floor area on or before July 1, 2008, ~~and~~ by fifteen per
23 cent per square foot of floor area on or before July 1, 2011, BY TWENTY PER
24 CENT PER SQUARE FOOT OF FLOOR AREA ON OR BEFORE JULY 1, 2015 AND BY THIRTY
25 PER CENT PER SQUARE FOOT OF FLOOR AREA ON OR BEFORE JULY 1, 2020, using July
26 1, 2001 through June 30, 2002 as the baseline year:

- 27 1. The department of administration for its building systems.
- 28 2. The Arizona board of regents for its building systems.
- 29 3. The department of transportation for its building systems.

30 D. ALL SCHOOL DISTRICTS THROUGH THE USE OF ENERGY PERFORMANCE
31 CONTRACTING, OTHER SIMILAR PROCUREMENT MECHANISMS OR OTHER MECHANISMS SHALL
32 ACHIEVE THE GOAL OF REDUCING SCHOOL DISTRICT-WIDE AVERAGE ENERGY USE IN
33 BUILDINGS THAT THEY ADMINISTER BY TEN PER CENT PER SQUARE FOOT OF FLOOR AREA

1 ON OR BEFORE JULY 1, 2012, BY FIFTEEN PER CENT PER SQUARE FOOT OF FLOOR AREA
2 ON OR BEFORE JULY 1, 2016 AND BY TWENTY PER CENT PER SQUARE FOOT OF FLOOR
3 AREA ON OR BEFORE JULY 1, 2019, USING THE SCHOOL DISTRICT-WIDE AVERAGE FOR
4 JULY 1, 2001 THROUGH JUNE 30, 2002 AS THE BASELINE YEAR.

5 ~~D.~~ E. The ~~state~~ DEPARTMENT OF COMMERCE energy office shall provide
6 technical assistance to the state agencies prescribed in subsection C of this
7 section AND TO SCHOOL DISTRICTS. On or before ~~July~~ OCTOBER 1 of each year,
8 the ~~state~~ DEPARTMENT OF COMMERCE energy office shall measure compliance with
9 ~~subsection~~ SUBSECTIONS C AND D of this section, compile the results of that
10 monitoring and report to the speaker of the house of representatives and the
11 president of the senate as to the progress of attaining the goals prescribed
12 in ~~subsection~~ SUBSECTIONS C AND D of this section. The ~~state~~ DEPARTMENT OF
13 COMMERCE energy office shall include in its report an explanation of the
14 reasons for any failure to achieve energy reductions in specific building
15 systems as prescribed in ~~subsection~~ SUBSECTIONS C AND D of this section.

16 ~~E.~~ F. All state agencies, SCHOOL DISTRICTS, COMMUNITY COLLEGES AND
17 UNIVERSITIES shall procure energy efficient products that ~~are certified by~~
18 MEET OR EXCEED THE CERTIFICATIONS OF the United States department of energy,
19 ~~or~~ the United States environmental protection agency ~~as~~ energy star
20 CERTIFICATION or ~~that are certified under~~ the federal energy management
21 program in all categories that are available unless the products are shown
22 not to be cost-effective on a life cycle cost basis.

23 G. ON OR BEFORE JULY 1, 2015, THROUGH THE USE OF RENEWABLE ENERGY
24 POWER SERVICE AGREEMENTS OR OTHER MECHANISMS, ALL STATE AGENCIES,
25 UNIVERSITIES AND SCHOOL DISTRICTS SHALL USE OR PURCHASE AT LEAST TEN PER CENT
26 OF THEIR AGGREGATE ENERGY REQUIREMENTS IN PUBLIC BUILDINGS THAT THEY
27 ADMINISTER FROM RENEWABLE ENERGY SOURCES THAT INCLUDE SOLAR, WIND, BIOMASS,
28 GEOTHERMAL, AGRICULTURAL WASTE, BIOGAS AND LOW IMPACT HYDROELECTRIC
29 GENERATION PLANTS AND COMBINED HEAT AND POWER SYSTEMS. THE DEPARTMENT OF
30 COMMERCE ENERGY OFFICE SHALL INCLUDE IN ITS REPORT PRESCRIBED BY SUBSECTION E
31 OF THIS SECTION AN EXPLANATION OF THE REASONS FOR ANY FAILURE TO ACHIEVE THE
32 ENERGY REQUIREMENTS IN SPECIFIC BUILDING SYSTEMS AS PRESCRIBED IN THIS
33 SUBSECTION.

1 H. ALL STATE AGENCY BUILDINGS COMMENCING CONSTRUCTION ON OR AFTER JULY
2 1, 2010 SHALL CONFORM TO THE LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN
3 GREEN BUILDING RATING STANDARDS DEVELOPED BY THE UNITED STATES GREEN BUILDING
4 COUNCIL OR AN EQUIVALENT GREEN BUILDING RATING STANDARD IN A MANNER
5 PRESCRIBED BY THE DEPARTMENT OF COMMERCE ENERGY OFFICE, UNLESS THE STANDARD
6 CAN BE SHOWN NOT TO BE COST-EFFECTIVE ON A LIFE CYCLE COST BASIS. THE
7 DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL MONITOR THE UNITED STATES GREEN
8 BUILDING COUNCIL AND DEVELOPERS OF EQUIVALENT GREEN BUILDING RATING STANDARDS
9 FOR CHANGES TO THE RATING STANDARDS THAT IMPACT STATE BUILDINGS.

10 Sec. 8. Repeal

11 Section 34-453, Arizona Revised Statutes, is repealed.

12 Sec. 9. Section 34-454, Arizona Revised Statutes, is amended to read:

13 34-454. Establishment and use of life cycle cost methods and
14 procedures; definition

15 A. The director of the department of administration, in consultation
16 with the department of commerce ENERGY OFFICE, shall establish practical and
17 effective present value methods for estimating and comparing life cycle costs
18 for state capital projects, ~~using~~ the sum of all capital and operating
19 expenses associated with the energy system of the building involved over the
20 expected life of the system or during a period of twenty-five years,
21 whichever is shorter, and using average fuel costs and a discount rate
22 determined by the director. The director shall develop and prescribe the
23 procedures to be followed in applying and implementing the methods and
24 procedures established by this subsection.

25 B. THE DIRECTOR OF THE SCHOOL FACILITIES BOARD, IN CONSULTATION WITH
26 THE DEPARTMENT OF COMMERCE ENERGY OFFICE, SHALL USE THE LIFE CYCLE COST
27 METHODS ESTABLISHED IN SUBSECTION A, OR SHALL ESTABLISH PRACTICAL AND
28 EFFECTIVE METHODS FOR ESTIMATING AND COMPARING LIFE CYCLE COSTS CONSISTENT
29 WITH THE STANDARDS PRESCRIBED IN SUBSECTION A, FOR CAPITAL PROJECTS FOR THE
30 SCHOOL FACILITIES BOARD UNDER TITLE 15, CHAPTER 16 SOLELY FOR PURPOSES OF
31 SCHOOL DISTRICTS ENTERING INTO GUARANTEED ENERGY COST SAVINGS CONTRACTS UNDER
32 TITLE 15.

1 ~~B.~~ C. The design of new capital projects and the application of
2 energy ~~conservation~~ SAVINGS AND RENEWABLE ENERGY measures to existing capital
3 projects shall be made using life cycle cost methods and procedures
4 established pursuant to subsection A.

5 ~~C.~~ D. In leasing buildings preference shall be given to buildings
6 ~~which~~ THAT minimize life cycle costs.

7 ~~D.~~ E. For the purposes of this section, "life cycle cost" means the
8 total cost of owning, operating and maintaining a building over its useful
9 life, including such costs as fuel, energy, labor and replacement components
10 determined on the basis of a systematic evaluation and comparison of
11 alternative building systems, except that in the case of leased buildings,
12 the life cycle costs shall be calculated over the effective remaining term of
13 the lease.

14 Sec. 10. Section 34-455, Arizona Revised Statutes, is amended to read:

15 34-455. Performance contracting; definitions

16 A. The department of administration, WITH TECHNICAL SUPPORT FROM THE
17 DEPARTMENT OF COMMERCE ENERGY OFFICE, shall develop and implement a program
18 to enter into ENERGY performance contracts ~~solely~~ for the purpose of
19 achieving energy OR COST savings as measured in dollars and benefits
20 ancillary to that purpose AND FOR THE PURPOSE OF IMPLEMENTING RENEWABLE
21 ENERGY PROJECTS OR RENEWABLE POWER SERVICE AGREEMENTS. PERFORMANCE CONTRACTS
22 MAY ALSO BE USED TO REDUCE WATER CONSUMPTION AND WATER COSTS, TO REDUCE SEWER
23 COSTS AND FOR RAINWATER HARVESTING SYSTEMS. WATER AND SEWER MEASURES MAY BE
24 COMBINED WITH ENERGY MEASURES IN THE SAME PERFORMANCE CONTRACT, OR WATER AND
25 SEWER MEASURES MAY BE INCLUDED IN A SEPARATE WATER SAVINGS PERFORMANCE
26 CONTRACT.

27 B. PURSUANT TO TITLE 41, CHAPTER 23, each contract may be for a period
28 of not more than the expected life of the energy savings OR RENEWABLE ENERGY
29 measures implemented or twenty-five years, whichever is shorter. The
30 contract shall provide that the energy and operational savings generated
31 cover all costs, after accounting for any financial incentives or assistance
32 provided by utilities, associated with implementation of energy ~~conservation~~
33 SAVINGS OR RENEWABLE ENERGY measures to include audits, design equipment,

1 purchase and installation, metering, interest on monies borrowed and
2 training, and the contract shall include contractor profit. ~~The contractor~~
3 ~~shall recover an amount not to exceed the summation of these costs and the~~
4 ~~agreed upon profit. Energy dollar savings realized as a result of a~~
5 ~~performance contract under this section shall be shared at a negotiated rate~~
6 ~~between the state and the contractor, until such time as the contractor has~~
7 ~~recovered the amount specified in the contract, at which time all savings~~
8 ~~shall accrue to the state. Interest rates charged on each contract shall be~~
9 ~~mutually agreed upon by the department of administration and the contractor.~~
10 ~~Contracts shall contain contingency provisions agreed upon by the department~~
11 ~~and the contractor for cases where measured energy dollar savings do not meet~~
12 ~~predicted energy dollar savings.~~

13 ~~B.~~ C. For the purposes of this section:

14 1. "Combined heat and power" means any system that simultaneously or
15 sequentially generates both electric or mechanical energy and useful thermal
16 energy using the same unit of fuel.

17 2. "Energy ~~dollar~~ OR COST savings" means a reduction in the cost of
18 energy, from a base energy cost established through a methodology set forth
19 in the contract, utilized in an existing or new state owned or leased
20 building as a result of ~~either~~ ANY OF THE FOLLOWING:

21 (a) The lease or purchase of operating equipment by the state or
22 contractor, improvements made, altered operation and maintenance, technical
23 services provided or renewable energy sources utilized.

24 (b) The increased efficient use of existing energy sources by
25 cogeneration or combined heat and power.

26 (c) RENEWABLE ENERGY CONTRACTS OR RENEWABLE POWER SERVICE AGREEMENTS.

27 Sec. 11. Repeal

28 Section 34-456, Arizona Revised Statutes, is repealed.

29 Sec. 12. Title 41, chapter 10, article 1, Arizona Revised Statutes, is
30 amended by adding section 41-1511, to read:

31 41-1511. Energy efficient buildings; report; definition

32 A. IT IS THE POLICY OF THIS STATE TO PROMOTE THE CONSTRUCTION OF
33 ENERGY EFFICIENT BUILDINGS. IN ORDER TO ACCOMPLISH THE CONSTRUCTION OF

1 ENERGY EFFICIENT RESIDENTIAL AND COMMERCIAL BUILDINGS, THE FOLLOWING
2 VOLUNTARY STATEWIDE GOALS ARE ESTABLISHED:

3 YEAR	PERCENTAGE BY WHICH NEW
4	BUILDINGS ON AVERAGE ARE
5	MORE ENERGY EFFICIENT
6	THAN THE 2006 INTERNATIONAL
7	ENERGY CONSERVATION CODE
8 2012	15%
9 2016	30%
10 2020	50%

11 B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL TRACK THE NUMBER OF
12 ENERGY EFFICIENT BUILDINGS THAT ARE CONSTRUCTED IN THIS STATE.

13 C. MUNICIPALITIES AND COUNTIES THAT COMPILE DATA ON ENERGY EFFICIENT
14 BUILDINGS PURSUANT TO SECTIONS 9-469 AND 11-324 SHALL PROVIDE THAT
15 INFORMATION TO THE ENERGY OFFICE ON OR BEFORE FEBRUARY 1 OF EACH YEAR AS
16 PRESCRIBED BY THE ENERGY OFFICE.

17 D. BEGINNING IN 2010, THE ENERGY OFFICE SHALL SUBMIT TO THE
18 LEGISLATURE AN ANNUAL REPORT OF INFORMATION COLLECTED PURSUANT TO SUBSECTIONS
19 B AND C OF THIS SECTION, A DETERMINATION OF THE NUMBER AND PERCENTAGE OF
20 ENERGY EFFICIENT BUILDINGS CONSTRUCTED IN THE PRECEDING YEAR AND AN ESTIMATE
21 OF THE PERCENTAGE THAT ALL NEW RESIDENTIAL BUILDINGS IN THE AGGREGATE ON
22 AVERAGE WERE MORE ENERGY EFFICIENT AND AN ESTIMATE OF THE PERCENTAGE THAT ALL
23 NEW COMMERCIAL BUILDINGS IN THE AGGREGATE ON AVERAGE WERE MORE ENERGY
24 EFFICIENT THAN THE INTERNATIONAL ENERGY CONSERVATION CODE. THE REPORT MAY
25 INCLUDE ONLY AGGREGATE INFORMATION WITH RESPECT TO SPECIFIC BUILDERS.

26 E. IN ADDITION TO THE REPORT REQUIRED BY SUBSECTION D OF THIS SECTION,
27 THE ENERGY OFFICE SHALL MAKE AN ANNUAL PRESENTATION TO THE HOUSE OF
28 REPRESENTATIVES COMMITTEE ON WATER AND ENERGY AND THE SENATE COMMITTEE ON
29 NATURAL RESOURCES, INFRASTRUCTURE AND PUBLIC DEBT, OR THEIR SUCCESSOR
30 COMMITTEES.

31 F. FOR THE PURPOSES OF THIS SECTION, "ENERGY EFFICIENT BUILDINGS"
32 MEANS NEW RESIDENTIAL AND COMMERCIAL BUILDINGS THAT MEET OR EXCEED THE ENERGY
33 EFFICIENCIES PRESCRIBED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

1 ENERGY STAR PROGRAM OR BY A LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN
2 GREEN BUILDING RATING STANDARD DEVELOPED BY THE UNITED STATES GREEN BUILDING
3 COUNCIL, OR AN EQUIVALENT GREEN BUILDING STANDARD, OR THAT ARE AT LEAST
4 FIFTEEN PER CENT MORE ENERGY EFFICIENT THAN THE INTERNATIONAL ENERGY
5 CONSERVATION CODE.

6 Sec. 13. Title 41, chapter 23, article 3, Arizona Revised Statutes, is
7 amended by adding section 41-2560, to read:

8 41-2560. Energy performance contracts

9 A. THE DIRECTOR SHALL ENTER INTO ENERGY PERFORMANCE CONTRACTS TO
10 FINANCE ENERGY EFFICIENCY AND RENEWABLE ENERGY PROJECTS OR CONTRACTS FOR THE
11 PURCHASING AGENCY PURSUANT TO SECTION 34-455. ENERGY EFFICIENT AND RENEWABLE
12 ENERGY PROJECTS OR CONTRACTS TO BE FUNDED UNDER THIS SECTION SHALL USE
13 GENERALLY AVAILABLE AND MARKET PROVEN COMMERCIAL TECHNOLOGIES AS DEFINED
14 PROGRAMMATICALLY BY THE DEPARTMENT OF COMMERCE ENERGY OFFICE. THE FUNDING
15 FOR SERVICES UNDER AN ENERGY PERFORMANCE CONTRACT ENTERED INTO PURSUANT TO
16 THIS SECTION MAY INCLUDE APPROPRIATE LEASE-PURCHASE OR OTHER THIRD-PARTY
17 AGREEMENTS. FUNDING FOR AN ENERGY PERFORMANCE CONTRACT ENTERED INTO PURSUANT
18 TO THIS SECTION MAY INCLUDE APPROPRIATE LEASE-PURCHASE FINANCING AGREEMENTS
19 OR THIRD-PARTY AGREEMENTS. THE QUALIFIED PROVIDER OR QUALIFIED ENERGY
20 SERVICE COMPANY SHALL GUARANTEE THAT THE ENERGY OR COST SAVINGS TO BE
21 GENERATED WILL BE AT LEAST SUFFICIENT TO COVER ANY DEBT SERVICE AND FEES
22 ASSOCIATED WITH THE PROJECT FINANCING.

23 B. IF AN ENERGY PERFORMANCE CONTRACT HAS BEEN EXECUTED, OPERATING AND
24 UTILITIES APPROPRIATIONS FOR A STATE AGENCY TO FUND ENERGY PERFORMANCE
25 CONTRACTS SHALL NOT BE DECREASED OVER THE CONTRACT TERM ON THE EXCLUSIVE
26 BASIS THAT THE PROJECT HAS BEEN IMPLEMENTED.

27 Sec. 14. 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.

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

5 B. Before they are adopted, the department shall submit each
6 substantive proposed guideline, table and manual that is developed, amended
7 or otherwise modified from and after December 31, 2006 to the joint
8 legislative oversight committee on property tax assessment and appeals. The
9 department shall not finally adopt, amend or otherwise modify a substantive
10 guideline, table or manual for at least thirty days after submitting the
11 measure to the committee. The committee may hold one or more informational
12 hearings on the proposed measure within thirty days after submission. In
13 adopting, amending or modifying the measure the department shall consider the
14 committee's comments. If the committee fails to hold a hearing within thirty
15 days after submission, the department may adopt, amend or modify the measure
16 without further consideration.

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

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

20 2. Solar energy devices, as defined in section 44-1761, **GRID-TIED**
21 **SOLAR PHOTOVOLTAIC SYSTEMS** and any other device or system designed for the
22 production of solar energy **PRIMARILY** for on-site consumption are considered
23 to add no value to the property.

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

1 (a) "COMBINED HEAT AND POWER SYSTEM" MEANS A PROCESS FOR THE
2 SIMULTANEOUS OR SEQUENTIAL GENERATION OF ELECTRICAL OR MECHANICAL ENERGY AND
3 USEFUL THERMAL ENERGY USING THE SAME UNIT OF FUEL, WITH A TOTAL FUEL
4 EFFICIENCY OF SEVENTY PER CENT OR GREATER. THE EQUIPMENT OR SYSTEM MUST
5 DEMONSTRATE, OR BE CERTIFIED TO BE CAPABLE OF, AT LEAST SEVENTY PER CENT
6 TOTAL FUEL EFFICIENCY CAPABILITY.

7 (b) "ENERGY EFFICIENT BUILDING COMPONENTS" MEANS HIGH PERFORMANCE
8 SUSTAINABLE BUILDING COMPONENTS INSTALLED SO THAT THE BUILDINGS OR BUILDING
9 COMPONENTS MEET OR EXCEED THE ENERGY EFFICIENCIES PRESCRIBED BY THE UNITED
10 STATES ENVIRONMENTAL PROTECTION AGENCY ENERGY STAR PROGRAM OR BY A LEADERSHIP
11 IN ENERGY AND ENVIRONMENTAL DESIGN GREEN BUILDING RATING STANDARD DEVELOPED
12 BY THE UNITED STATES GREEN BUILDING COUNCIL, OR AN EQUIVALENT GREEN BUILDING
13 STANDARD, OR THAT ARE AT LEAST FIFTEEN PER CENT MORE ENERGY EFFICIENT THAN
14 THE INTERNATIONAL ENERGY CONSERVATION CODE IN EFFECT AT THE TIME OF BUILDING
15 PERMIT ISSUANCE.

16 (c) "RENEWABLE ENERGY EQUIPMENT" MEANS EQUIPMENT THAT IS USED TO
17 PRODUCE ENERGY PRIMARILY FOR ON-SITE CONSUMPTION FROM RENEWABLE RESOURCES,
18 INCLUDING WIND, FOREST THINNINGS, AGRICULTURAL WASTE, BIOGAS, BIOMASS,
19 GEOTHERMAL, LOW-IMPACT HYDROPOWER AND SOLAR ENERGY NOT INCLUDED UNDER
20 PARAGRAPH 2 OF THIS SUBSECTION.

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

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

30 Sec. 15. Repeal

31 Section 42-12056, Arizona Revised Statutes, is repealed.

1 Sec. 16. Section 44-1375, Arizona Revised Statutes, is amended to
2 read:

3 44-1375. Definitions

4 In this article, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

3 (e) Does not include:

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

5 (ii) Walk-in refrigerators or freezers.

6 (iii) Units with no doors.

7 (iv) Freezers specifically designed for ice cream.

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

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

18 8. "Large packaged air conditioning equipment" means electrically
19 operated, air cooled air conditioning and air conditioning heat pump
20 equipment that has cooling capacity greater than or equal to two hundred
21 forty thousand Btu per hour but less than seven hundred sixty thousand BTU
22 per hour and that is built as a package and shipped as a whole to end user
23 sites.

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

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

27 (b) Is air cooled.

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

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

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

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

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

5 ~~12.~~ 13. "Probe start metal halide ballast" means a ballast used to
6 operate metal halide lamps that does not contain an ignitor and which instead
7 starts lamps by using a third starting electrode probe in the arc tube.

8 ~~13.~~ 14. "Pulldown refrigerator" means a commercial refrigerator
9 specifically designed to rapidly reduce all integrated product temperatures
10 from ninety degrees fahrenheit to thirty-eight degrees fahrenheit over a
11 twelve hour period when fully loaded with beverage containers.

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

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

18 ~~14.~~ 17. "Single voltage external AC to DC power supply" means a device
19 that:

20 (a) Is designed to convert line voltage AC input into lower voltage DC
21 output.

22 (b) Is able to convert to only one DC output voltage at a time.

23 (c) Is sold with, or intended to be used with, a separate end use
24 product that constitutes the primary power load.

25 (d) Is contained within a separate physical enclosure from the end use
26 product.

27 (e) Is connected to the end use product via a removable or hard wired
28 male/female electrical connection, cable, cord or other wiring.

29 (f) Does not have batteries or battery packs, including those that are
30 removable and that physically attach directly to the power supply unit.

1 (g) Does not have a battery chemistry or type selector switch and
2 indicator light or does not have a battery chemistry or type selector switch
3 and a state of charge meter.

4 (h) Has a nameplate output power less than or equal to two hundred
5 fifty watts.

6 ~~15.~~ 18. "Torchiere" means a portable electric lighting fixture with a
7 reflective bowl that directs light upward onto a ceiling so as to produce
8 indirect illumination on the surfaces below. A torchiere may include
9 downward directed lamps in addition to the upward, indirect illumination.

10 ~~16.~~ 19. "Traffic signal module" means a standard eight inch or twelve
11 inch traffic signal indication, consisting of a light source, a lens and all
12 other parts necessary for operation.

13 ~~17.~~ 20. "Transformer" means a device that consists of two or more
14 coils of insulated wire and that is designed to transfer alternating current
15 by electromagnetic induction from one coil to another to change the original
16 voltage or current value. Transformer does not include:

17 (a) Transformers with multiple voltage taps, with the highest voltage
18 tap equaling at least twenty per cent more than the lowest voltage tap.

19 (b) Transformers, such as those commonly known as drive transformers,
20 rectifier transformers, auto transformers, uninterruptible power system
21 transformers, impedance transformers, regulating transformers, sealed and
22 nonventilating transformers, machine tool transformers, welding transformers,
23 grounding transformers or testing transformers, that are designed to be used
24 in a special purpose application and that are unlikely to be used in general
25 purpose applications.

26 ~~18.~~ 21. "Unit heater" means a self-contained, vented fan type
27 commercial space heater that uses natural gas or propane and that is designed
28 to be installed without ducts within a heated space, except that unit heater
29 does not include any products covered by federal standards established
30 pursuant to 42 United States Code chapter 77 or any product that is a direct
31 vent, forced flue heater with a sealed combustion burner.

1 Sec. 17. 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

1 more dwelling units for rent or lease that are subject to the Arizona
2 residential landlord and tenant act prescribed by title 33, chapter 10.

3 Sec. 18. Section 44-1375.02, Arizona Revised Statutes, is amended to
4 read:

5 44-1375.02. Standards

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

8 1. Automatic commercial icemakers shall meet the requirements of
9 section 1605.3 of the California Code of Regulations, title 20: division 2,
10 chapter 4, article 4, in effect on ~~the effective date of this article~~ AUGUST
11 12, 2005.

12 2. Commercial clothes washers shall meet the requirements of section
13 1605.3 of the California Code of Regulations, title 20: division 2, chapter
14 4, article 4, in effect on ~~the effective date of this article~~ AUGUST 12,
15 2005.

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

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

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

28 6. Large packaged air conditioning equipment shall meet a minimum
29 energy efficiency ratio of 10.0 for air conditioning without an integrated
30 heating component or with electric resistance heating integrated into the
31 unit, 9.8 for air conditioning with heating other than electric resistance
32 integrated into the unit, 9.5 for air conditioning heat pumps without an
33 integrated heating component or with electric resistance heating integrated

1 into the unit and 9.3 for air conditioning heat pump equipment with heating
2 other than electric resistance integrated into the unit. Large packaged air
3 conditioning heat pumps shall meet a minimum coefficient of performance in
4 the heating mode of 3.2 measured at a high temperature rating of forty-seven
5 degrees Fahrenheit.

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

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

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

22 10. Torchieres shall not use more than one hundred ninety watts. A
23 torchiere shall be deemed to use more than one hundred ninety watts if any
24 commercially available lamp or combination of lamps can be inserted in its
25 socket and cause the torchiere to draw more than one hundred ninety watts
26 when operated at full brightness.

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

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

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

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

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

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

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

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

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

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

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

House Amendments to H.B. 2337

- 1 1. Submit a report of its findings and recommendations to the speaker
- 2 of the house of representatives and president of the senate.
- 3 2. Provide a copy of the report to the director of the Arizona state
- 4 library, archives and public records."
- 5 Amend title to conform

LUCY MASON

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