

REFERENCE TITLE: school facilities board revisions

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

SB 1102

Introduced by
Senators Yee: Begay, Bradley, Crandell, Farnsworth D, McGuire, Melvin,
Murphy, Ward; Representatives Lesko, Livingston

AN ACT

AMENDING SECTIONS 15-2002, 15-2011, 15-2032 AND 15-2041, ARIZONA REVISED
STATUTES; RELATING TO THE SCHOOL FACILITIES BOARD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-2002, Arizona Revised Statutes, is amended to
3 read:

4 15-2002. Powers and duties; executive director; staffing;
5 report

6 A. The school facilities board shall:

7 1. Make assessments of school facilities and equipment deficiencies
8 and approve the distribution of grants as appropriate.

9 2. ~~Inventory and inspect all school buildings in this state in order~~
10 ~~to develop~~ MAINTAIN a database OF SCHOOL FACILITIES to administer the
11 building renewal grant fund and new school facilities formula. THE
12 FACILITIES LISTED IN THE DATABASE MUST INCLUDE ALL BUILDINGS THAT ARE OWNED
13 BY SCHOOL DISTRICTS. The school facilities board shall ~~maintain the database~~
14 ~~and~~ ensure that the database is updated on at least an annual basis. Each
15 school district shall report to the school facilities board no later than
16 September 1 of each year information as required by the school facilities
17 board for the administration of the building renewal grant fund and
18 computation of new school facilities formula distributions, INCLUDING THE
19 NATURE AND COST OF MAJOR REPAIRS, RENOVATIONS OR PHYSICAL IMPROVEMENTS TO OR
20 REPLACEMENT OF BUILDING SYSTEMS OR EQUIPMENT THAT WERE MADE IN THE PREVIOUS
21 YEAR AND THAT WERE PAID FOR EITHER WITH LOCAL MONIES OR MONIES PROVIDED BY
22 THE SCHOOL FACILITIES BOARD FROM THE BUILDING RENEWAL GRANT FUND. EACH
23 SCHOOL DISTRICT SHALL REPORT ANY SCHOOL OR SCHOOL BUILDINGS THAT HAVE BEEN
24 CLOSED, THAT HAVE BEEN LEASED TO ANOTHER ENTITY OR THAT OPERATE AS A CHARTER
25 SCHOOL. The school facilities board may review or audit the information, or
26 both, to confirm the information submitted by a school district.
27 NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, IF A SCHOOL DISTRICT
28 CONVERTS SPACE THAT IS LISTED IN THE DATABASE MAINTAINED PURSUANT TO THIS
29 PARAGRAPH TO SPACE THAT WILL BE USED FOR ADMINISTRATIVE PURPOSES, THE SCHOOL
30 DISTRICT IS RESPONSIBLE FOR ANY COSTS ASSOCIATED WITH THE CONVERSION,
31 MAINTENANCE AND REPLACEMENT OF THAT SPACE. IF A BUILDING IS SIGNIFICANTLY
32 UPGRADED OR REMODELED, THE SCHOOL FACILITIES BOARD SHALL ADJUST THE AGE OF
33 THAT SCHOOL FACILITY IN THE DATABASE AS FOLLOWS:

34 (a) DETERMINE THE BUILDING CAPACITY VALUE AS FOLLOWS:

35 (i) MULTIPLY THE STUDENT CAPACITY OF THE BUILDING BY THE PER PUPIL
36 SQUARE FOOT CAPACITY ESTABLISHED BY SECTION 15-2041.

37 (ii) MULTIPLY THE PRODUCT DETERMINED IN ITEM (i) OF THIS SUBDIVISION
38 BY THE COST PER SQUARE FOOT ESTABLISHED BY SECTION 15-2041.

39 (b) DIVIDE THE COST OF THE RENOVATION BY THE BUILDING CAPACITY VALUE
40 DETERMINED IN SUBDIVISION (a) OF THIS PARAGRAPH.

41 (c) MULTIPLY THE QUOTIENT DETERMINED IN SUBDIVISION (b) OF THIS
42 PARAGRAPH BY THE CURRENTLY LISTED AGE OF THE BUILDING IN THE DATABASE.

43 (d) SUBTRACT THE PRODUCT DETERMINED IN SUBDIVISION (c) OF THIS
44 PARAGRAPH FROM THE CURRENTLY LISTED AGE OF THE BUILDING IN THE DATABASE,

1 ROUNDED TO THE NEAREST WHOLE NUMBER. IF THE RESULT IS A NEGATIVE NUMBER, USE
2 ZERO.

3 3. Inspect school buildings at least once every five years to ensure
4 compliance with the building adequacy standards prescribed in section 15-2011
5 and routine preventative maintenance guidelines as prescribed in this section
6 with respect to construction of new buildings and maintenance of existing
7 buildings. The school facilities board shall randomly select twenty school
8 districts every thirty months and inspect them pursuant to this paragraph.

9 4. Review and approve student population projections submitted by
10 school districts to determine to what extent school districts are entitled to
11 monies to construct new facilities pursuant to section 15-2041. The board
12 shall make a final determination within six months of the receipt of an
13 application by a school district for monies from the new school facilities
14 fund.

15 5. Certify that plans for new school facilities meet the building
16 adequacy standards prescribed in section 15-2011.

17 6. Develop prototypical elementary and high school designs. The board
18 shall review the design differences between the schools with the highest
19 academic productivity scores and the schools with the lowest academic
20 productivity scores. The board shall also review the results of a valid and
21 reliable survey of parent quality rating in the highest performing schools
22 and the lowest performing schools in this state. The survey of parent
23 quality rating shall be administered by the department of education. The
24 board shall consider the design elements of the schools with the highest
25 academic productivity scores and parent quality ratings in the development of
26 elementary and high school designs. The board shall develop separate school
27 designs for elementary, middle and high schools with varying pupil
28 capacities.

29 7. Develop application forms, reporting forms and procedures to carry
30 out the requirements of this article.

31 8. Review and approve or reject requests submitted by school districts
32 to take actions pursuant to section 15-341, subsection G.

33 9. Submit electronically an annual report on or before December 15 to
34 the speaker of the house of representatives, the president of the senate, the
35 superintendent of public instruction, the secretary of state and the governor
36 that includes the following information:

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

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

43 (c) A summary of the findings and conclusions of the building
44 maintenance inspections conducted pursuant to this article during the
45 previous fiscal year.

1 (d) A summary of the findings of common design elements and
2 characteristics of the highest performing schools and the lowest performing
3 schools based on academic productivity, including the results of the parent
4 quality rating survey. For the purposes of this subdivision, "academic
5 productivity" means academic year advancement per calendar year as measured
6 with student-level data using the statewide nationally standardized
7 norm-referenced achievement test.

8 10. On or before December 1 of each year, report electronically to the
9 joint committee on capital review the amounts necessary to fulfill the
10 requirements of sections 15-2022 and 15-2041 for the following fiscal year
11 and the estimated amounts necessary to fulfill the requirements of sections
12 15-2022 and 15-2041 for the fiscal year following the next fiscal year. The
13 board shall provide copies of the report to the president of the senate, the
14 speaker of the house of representatives and the governor.

15 11. Adopt minimum school facility adequacy guidelines to provide the
16 minimum quality and quantity of school buildings and the facilities and
17 equipment necessary and appropriate to enable pupils to achieve the
18 educational goals of the Arizona state schools for the deaf and the blind.
19 The school facilities board shall establish minimum school facility adequacy
20 guidelines applicable to the Arizona state schools for the deaf and the
21 blind.

22 12. In each even-numbered year, report electronically to the joint
23 committee on capital review the amounts necessary to fulfill the requirements
24 of section 15-2041 for the Arizona state schools for the deaf and the blind
25 for the following two fiscal years. The Arizona state schools for the deaf
26 and the blind shall incorporate the findings of the report in any request for
27 new school facilities monies. Any monies provided to the Arizona state
28 schools for the deaf and the blind for new school facilities are subject to
29 legislative appropriation.

30 13. On or before June 15 of each year, submit electronically detailed
31 information regarding demographic assumptions, a proposed construction
32 schedule and new school construction cost estimates for individual projects
33 approved in the current fiscal year and expected project approvals for the
34 upcoming fiscal year to the joint committee on capital review for its
35 review. A copy of the report shall also be submitted electronically to the
36 governor's office of strategic planning and budgeting. The joint legislative
37 budget committee staff, the governor's office of strategic planning and
38 budgeting staff and the school facilities board staff shall agree on the
39 format of the report.

40 14. Every two years, provide school districts with information on
41 improving and maintaining the indoor environmental quality in school
42 buildings.

43 B. The school facilities board may contract for the following services
44 in compliance with the procurement practices prescribed in title 41,
45 chapter 23:

- 1 1. Private services.
- 2 2. Construction project management services.
- 3 3. Assessments for school buildings to determine if the buildings have
- 4 outlived their useful life pursuant to section 15-2041, subsection G.
- 5 4. Services related to land acquisition and development of a school
- 6 site.
- 7 C. The governor shall appoint an executive director of the school
- 8 facilities board pursuant to section 38-211. The executive director is
- 9 eligible to receive compensation as determined pursuant to section 38-611 and
- 10 may hire and fire necessary staff subject to title 41, chapter 4, article 4
- 11 and as approved by the legislature in the budget. The executive director
- 12 shall have demonstrated competency in school finance, facilities design or
- 13 facilities management, either in private business or government service. The
- 14 executive director serves at the pleasure of the governor. The staff of the
- 15 school facilities board is exempt from title 41, chapter 4, articles 5 and 6.
- 16 The executive director:
- 17 1. Shall analyze applications for monies submitted to the board by
- 18 school districts.
- 19 2. Shall assist the board in developing forms and procedures for the
- 20 distribution and review of applications and the distribution of monies to
- 21 school districts.
- 22 3. May review or audit, or both, the expenditure of monies by a school
- 23 district for deficiencies corrections and new school facilities.
- 24 4. Shall assist the board in the preparation of the board's annual
- 25 report.
- 26 5. Shall research and provide reports on issues of general interest to
- 27 the board.
- 28 6. May aid school districts in the development of reasonable and
- 29 cost-effective school designs in order to avoid statewide duplicated efforts
- 30 and unwarranted expenditures in the area of school design.
- 31 7. May assist school districts in facilitating the development of
- 32 multijurisdictional facilities.
- 33 8. Shall assist the board in any other appropriate matter or method as
- 34 directed by the members of the board.
- 35 9. Shall establish procedures to ensure compliance with the notice and
- 36 hearing requirements prescribed in section 15-905. The notice and hearing
- 37 procedures adopted by the board shall include the requirement, with respect
- 38 to the board's consideration of any application filed after July 1, 2001 or
- 39 after December 31 of the year in which the property becomes territory in the
- 40 vicinity of a military airport or ancillary military facility as defined in
- 41 section 28-8461 for monies to fund the construction of new school facilities
- 42 proposed to be located in territory in the vicinity of a military airport or
- 43 ancillary military facility, that the military airport receive notification
- 44 of the application by first class mail at least thirty days before any
- 45 hearing concerning the application.

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

4 11. Shall expedite any request for monies in which the school district
5 governing board submits an application that shows an immediate need for a new
6 school facility.

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

10 13. Shall provide technical support to school districts as requested by
11 school districts in connection with the construction of new school facilities
12 and the maintenance of existing school facilities and may contract directly
13 with construction project managers pursuant to subsection B of this section.
14 This paragraph does not restrict a school district from contracting with a
15 construction project manager using district or state resources.

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

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

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

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

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

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

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

5 K. Each school district shall develop routine preventative maintenance
6 guidelines for its facilities. The guidelines shall include plumbing
7 systems, electrical systems, heating, ventilation and air conditioning
8 systems, special equipment and other systems and for roofing systems shall
9 recommend visual inspections performed by district staff for signs of
10 structural stress and weakness. The guidelines shall be submitted to the
11 school facilities board for review and approval. If on inspection by the
12 school facilities board it is determined that a school district facility was
13 inadequately maintained pursuant to the school district's routine
14 preventative maintenance guidelines, the school district shall return the
15 building to compliance with the school district's routine preventative
16 maintenance guidelines.

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

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

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

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

29 M. After notifying each school district, and if a written objection
30 from the school district is not received by the school facilities board
31 within thirty days of the notification, the school facilities board may
32 access public utility company records of power, water, natural gas, telephone
33 and broadband usage to assemble consistent and accurate data on utility
34 consumption at school facilities to determine the effectiveness of facility
35 design, operation and maintenance measures intended to reduce energy and
36 water consumption and costs. Any public utility that provides service to a
37 school district in this state shall provide the data requested by the school
38 facilities board pursuant to this subsection.

39 N. The school facilities board shall not require a common school
40 district that provides instruction to pupils in grade nine to obtain approval
41 from the school facilities board to reconfigure its school facilities. A
42 common school district that provides instruction to pupils in grade nine is
43 not entitled to additional monies from the school facilities board for
44 facilities to educate pupils in grade nine.

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

4 A. The school facilities board, as determined and prescribed in this
5 chapter, shall provide funding to school districts for new construction as
6 the number of pupils in the district fills the existing school facilities and
7 requires more pupil space.

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

10 1. The buildings contain sufficient and appropriate space and
11 equipment that comply with the minimum school facility adequacy guidelines
12 established pursuant to subsection F of this section. The state shall not
13 fund facilities for elective courses that require the school district
14 facilities to exceed minimum school facility adequacy requirements. The
15 school facilities board shall determine whether a school building meets the
16 requirements of this paragraph by analyzing the total square footage that is
17 available for each pupil in conjunction with the need for specialized spaces
18 and equipment.

19 2. The buildings are in compliance with federal, state and local
20 building and fire codes and laws that are applicable to the particular
21 building. An existing school building is not required to comply with current
22 requirements for new buildings unless this compliance is specifically
23 mandated by law or by the building or fire code of the jurisdiction where the
24 building is located.

25 3. The building systems, including roofs, plumbing, telephone systems,
26 electrical systems, heating systems and cooling systems, are in working order
27 and are capable of being properly maintained.

28 4. The buildings are structurally sound.

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

32 1. For a school district that provides instruction to pupils in
33 programs for preschool children with disabilities, kindergarten programs and
34 grades one through six, eighty square feet per pupil in programs for
35 preschool children with disabilities, kindergarten programs and grades one
36 through six.

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

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

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

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

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

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

16 D. The school facilities board may modify the square footage
17 requirements prescribed in subsection C of this section or modify the amount
18 of monies awarded to cure the square footage deficiency pursuant to this
19 section for particular school districts based on extraordinary circumstances
20 for any of the following considerations:

21 1. The number of pupils served by the school district.

22 2. Geographic factors.

23 3. Grade configurations other than those prescribed in subsection C of
24 this section.

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

27 1. Use the most recent one hundredth day average daily membership.

28 2. For each school, use the lesser of either:

29 (a) Total gross square footage.

30 (b) Student capacity multiplied by the appropriate square footage per
31 pupil prescribed by subsection C of this section.

32 3. Consider the total space available in all schools in use in the
33 school district, except that the school facilities board shall allow an
34 exclusion of the square footage for certain schools and the pupils within the
35 schools' boundaries if the school district demonstrates to the board's
36 satisfaction unusual or excessive busing of pupils or unusual attendance
37 boundary changes between schools.

38 4. Compute the gross square footage of all buildings by measuring from
39 exterior wall to exterior wall. Square footage used solely for district
40 administration, storage of vehicles and other nonacademic purposes shall be
41 excluded from the ~~gross~~ NET square footage.

42 5. Include all portable and modular buildings.

43 6. Include in the net square footage new construction funded wholly or
44 partially by the school facilities board based on the square footage funded
45 by the school facilities board. If the new construction is to exceed the

1 square footage funded by the school facilities board, the excess square
2 footage shall not be included in the net square footage if any of the
3 following applies:

4 (a) The excess square footage was constructed before July 1, 2002 or
5 funded by a class B bond, impact aid revenue bond or capital outlay override
6 approved by the voters after August 1, 1998 and before June 30, 2002 or
7 funded from unrestricted capital outlay expended before June 30, 2002.

8 (b) The excess square footage of new school facilities does not exceed
9 twenty-five per cent of the minimum square footage requirements pursuant to
10 subsection C of this section.

11 (c) The excess square footage of expansions to school facilities does
12 not exceed twenty-five per cent of the minimum square footage requirements
13 pursuant to subsection C of this section.

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

17 8. Include square footage that a school district has leased to another
18 entity, including square footage leased to a charter school that is sponsored
19 by a school district pursuant to section 15-183.

20 F. The school facilities board shall adopt rules establishing minimum
21 school facility adequacy guidelines. The guidelines shall provide the
22 minimum quality and quantity of school buildings and facilities and equipment
23 necessary and appropriate to enable pupils to achieve the academic standards
24 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections
25 15-701 and 15-701.01. At a minimum, the school facilities board shall
26 address all of the following in developing these guidelines:

- 27 1. School sites.
- 28 2. Classrooms.
- 29 3. Libraries and media centers, or both.
- 30 4. Cafeterias.
- 31 5. Auditoriums, multipurpose rooms or other multiuse space.
- 32 6. Technology.
- 33 7. Transportation.
- 34 8. Facilities for science, arts and physical education.
- 35 9. Other facilities and equipment that are necessary and appropriate
36 to achieve the academic standards prescribed pursuant to section 15-203,
37 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 38 10. Appropriate combinations of facilities or uses listed in this
39 section.

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

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

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

14 Sec. 3. Section 15-2032, Arizona Revised Statutes, is amended to read:
15 15-2032. School facilities board building renewal grant fund;
16 definitions

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

23 B. The school facilities board shall distribute monies from the fund
24 based on grant requests from school districts to fund primary building
25 renewal projects. Project requests shall be prioritized by the school
26 facilities board, with priority given to school districts that have provided
27 routine preventative maintenance on the facility, and to school districts
28 that can provide a match of monies provided by the fund. The school
29 facilities board shall approve only projects that will be completed within
30 twelve months, unless similar projects on average take longer to complete.

31 C. School districts that receive monies from the fund shall use these
32 monies on projects for buildings or any part of a building in the school
33 facilities board's database for any of the following:

- 34 1. Major renovations and repairs to a building.
- 35 2. Upgrading systems and areas that will maintain or extend the useful
36 life of the building.
- 37 3. Infrastructure costs.

38 D. Monies received from the fund shall not be used for any of the
39 following purposes:

- 40 1. New construction.
- 41 2. Remodeling interior space for aesthetic or preferential reasons.
- 42 3. Exterior beautification.
- 43 4. Demolition.
- 44 5. Routine preventative maintenance.

1 6. Any project in a building, or part of a building, that is being
2 leased to another entity, including a charter school that is sponsored by a
3 school district pursuant to section 15-183.

4 E. Accommodation schools are not eligible for monies from the building
5 renewal grant fund.

6 F. For the purposes of this section:

7 1. "Primary building renewal projects" means projects that are
8 necessary for buildings owned by school districts that are required to meet
9 the minimum adequacy standards for student capacity and that fall below the
10 minimum school facility adequacy guidelines, as adopted by the school
11 facilities board pursuant to section 15-2011, for school districts that have
12 provided routine preventative maintenance to the school facility.

13 2. "Routine preventative maintenance" means services that are
14 performed on a regular schedule at intervals ranging from four times a year
15 to once every three years, **OR ON THE SCHEDULE OF SERVICES RECOMMENDED BY THE**
16 **MANUFACTURER OF THE SPECIFIC BUILDING SYSTEM OR EQUIPMENT, and** that are
17 intended to extend the useful life of a building system and reduce the need
18 for major repairs.

19 3. "Student capacity" has the same meaning prescribed in section
20 15-2011.

21 Sec. 4. Section 15-2041, Arizona Revised Statutes, is amended to read:
22 **15-2041. New school facilities fund; capital plan; report**

23 A. A new school facilities fund is established consisting of monies
24 appropriated by the legislature and monies credited to the fund pursuant to
25 section 37-221. The school facilities board shall administer the fund and
26 distribute monies, as a continuing appropriation, to school districts for the
27 purpose of constructing new school facilities and for contracted expenses
28 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
29 of each fiscal year, any unobligated contract monies in the new school
30 facilities fund shall be transferred to the capital reserve fund established
31 by section 15-2003.

32 B. The school facilities board shall prescribe a uniform format for
33 use by the school district governing board in developing and annually
34 updating a capital plan that consists of each of the following:

35 1. Enrollment projections for the next five years for elementary
36 schools and eight years for middle and high schools, including a description
37 of the methods used to make the projections.

38 2. A description of new schools or additions to existing schools
39 needed to meet the building adequacy standards prescribed in section 15-2011.
40 The description shall include:

41 (a) The grade levels and the total number of pupils that the school or
42 addition is intended to serve.

43 (b) The year in which it is necessary for the school or addition to
44 begin operations.

1 (c) A timeline that shows the planning and construction process for
2 the school or addition.

3 3. Long-term projections of the need for land for new schools.

4 4. Any other necessary information required by the school facilities
5 board to evaluate a school district's capital plan.

6 5. If a school district pays tuition for all or a portion of the
7 school district's high school pupils to another school district, the capital
8 plan shall indicate the number of pupils for which the district pays tuition
9 to another district. If a school district accepts pupils from another school
10 district pursuant to section 15-824, subsection A, the school district shall
11 indicate the projections for this population separately. This paragraph does
12 not apply to a small isolated school district as defined in section 15-901.

13 C. If the capital plan indicates a need for a new school or an
14 addition to an existing school within the next four years or a need for land
15 within the next ten years, the school district shall submit its plan to the
16 school facilities board by September 1 and shall request monies from the new
17 school facilities fund for the new construction or land. The school
18 facilities board may require a school district to sell land that was
19 previously purchased entirely with monies provided by the school facilities
20 board if the school facilities board determines that the property is no
21 longer needed within the ten year period specified in this subsection for a
22 new school or no longer needed within that ten year period for an addition to
23 an existing school. Monies provided for land shall be in addition to any
24 monies provided pursuant to subsection D of this section.

25 D. The school facilities board shall distribute monies from the new
26 school facilities fund as follows:

27 1. The school facilities board shall review and evaluate the
28 enrollment projections. On or before March 1, following the submission of
29 the enrollment projections, the school facilities board shall either approve
30 the projections as submitted or revise the projections. In determining new
31 construction requirements, the school facilities board shall determine the
32 net new growth of pupils that will require additional square footage that
33 exceeds the building adequacy standards prescribed in section 15-2011. If
34 the projected growth and the existing number of pupils exceed three hundred
35 fifty pupils who are served in a school district other than the pupil's
36 resident school district, the school facilities board, the receiving school
37 district and the resident school district shall develop a capital facilities
38 plan on how to best serve those pupils. A small isolated school district as
39 defined in section 15-901 is not required to develop a capital facilities
40 plan pursuant to this paragraph.

41 2. If the approved projections indicate that additional space would
42 not have been needed during the current school year in order to meet the
43 building adequacy standards prescribed in section 15-2011, the request shall
44 be held for consideration by the school facilities board for possible future

1 funding and the school district shall annually submit an updated plan until
2 the additional space is needed.

3 3. If the approved projections indicate that additional space would
4 have been needed during the current school year in order to meet the building
5 adequacy standards prescribed in section 15-2011, the school facilities board
6 shall provide an amount as follows:

7 (a) Determine the number of pupils requiring additional square footage
8 to meet building adequacy standards. This amount for elementary schools
9 shall not be less than the number of new pupils for whom space will be needed
10 in the next year and shall not exceed the number of new pupils for whom space
11 will be needed in the next five years. This amount for middle and high
12 schools shall not be less than the number of new pupils for whom space will
13 be needed in the next four years and shall not exceed the number of new
14 pupils for whom space will be needed in the next eight years.

15 (b) Multiply the number of pupils determined in subdivision (a) of
16 this paragraph by the square footage per pupil. The square footage per pupil
17 is ninety square feet per pupil for preschool children with disabilities,
18 kindergarten programs and grades one through six, one hundred square feet for
19 grades seven and eight, one hundred thirty-four square feet for a school
20 district that provides instruction in grades nine through twelve for fewer
21 than one thousand eight hundred pupils and one hundred twenty-five square
22 feet for a school district that provides instruction in grades nine through
23 twelve for at least one thousand eight hundred pupils. The total number of
24 pupils in grades nine through twelve in the district shall determine the
25 square footage factor to use for net new pupils. The school facilities board
26 may modify the square footage requirements prescribed in this subdivision for
27 particular schools based on any of the following factors:

28 (i) The number of pupils served or projected to be served by the
29 school district.

30 (ii) Geographic factors.

31 (iii) Grade configurations other than those prescribed in this
32 subdivision.

33 (iv) Compliance with minimum school facility adequacy requirements
34 established pursuant to section 15-2011.

35 (c) Multiply the product obtained in subdivision (b) of this paragraph
36 by the cost per square foot. The cost per square foot is ninety dollars for
37 preschool children with disabilities, kindergarten programs and grades one
38 through six, ninety-five dollars for grades seven and eight and one hundred
39 ten dollars for grades nine through twelve. The cost per square foot shall
40 be adjusted annually for construction market considerations based on an index
41 identified or developed by the joint legislative budget committee as
42 necessary but not less than once each year. The school facilities board
43 shall multiply the cost per square foot by 1.05 for any school district
44 located in a rural area. The school facilities board may only modify the
45 base cost per square foot prescribed in this subdivision for particular

1 schools based on geographic conditions or site conditions. For the purposes
2 of this subdivision, "rural area" means an area outside a thirty-five mile
3 radius of a boundary of a municipality with a population of more than fifty
4 thousand persons.

5 (d) Once the school district governing board obtains approval from the
6 school facilities board for new facility construction funds, additional
7 portable or modular square footage created for the express purpose of
8 providing temporary space for pupils until the completion of the new facility
9 shall not be included by the school facilities board for the purpose of new
10 construction funding calculations. On completion of the new facility
11 construction project, if the portable or modular facilities continue in use,
12 the portable or modular facilities shall be included as prescribed by this
13 chapter, unless the school facilities board approves their continued use for
14 the purpose of providing temporary space for pupils until the completion of
15 the next new facility that has been approved for funding from the new school
16 facilities fund.

17 4. For projects approved after December 31, 2001, and notwithstanding
18 paragraph 3 of this subsection, a unified school district that does not have
19 a high school is not eligible to receive high school space as prescribed by
20 section 15-2011 and this section unless the unified district qualifies for
21 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of
22 this subsection.

23 5. If a joint technical education district leases a building from a
24 school district, that building shall be included in the school district's
25 square footage calculation for the purposes of new construction pursuant to
26 this section.

27 6. If a school district leases a building to another entity, including
28 a charter school that is sponsored by a school district pursuant to section
29 15-183, that building shall be included in the school district's square
30 footage calculation for purposes of new construction pursuant to this
31 section.

32 7. A school district shall qualify for ~~MONIES FROM THE~~ new
33 ~~construction funding~~ SCHOOL FACILITIES FUND in a fiscal year only if the
34 school facilities board has approved or revised its enrollment projection
35 under paragraph 3 of this subsection on or before March 1 of the prior fiscal
36 year.

37 E. Monies for architectural and engineering fees, project management
38 services and preconstruction services shall be distributed on the completion
39 of the analysis by the school facilities board of the school district's
40 request. After receiving monies pursuant to this subsection, the school
41 district shall submit a design development plan for the school or addition to
42 the school facilities board before any monies for construction are
43 distributed. If the school district's request meets the building adequacy
44 standards, the school facilities board may review and comment on the
45 district's plan with respect to the efficiency and effectiveness of the plan

1 in meeting state square footage and facility standards before distributing
2 the remainder of the monies. If the school facilities board modifies the
3 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
4 (c) of this section, the school facilities board may deduct the cost of
5 project management services and preconstruction services from the required
6 cost per square foot. The school facilities board may decline to fund the
7 project if the square footage is no longer required due to revised enrollment
8 projections.

9 F. The school facilities board shall distribute the monies needed for
10 land for new schools so that land may be purchased at a price that is less
11 than or equal to fair market value and in advance of the construction of the
12 new school. If necessary, the school facilities board may distribute monies
13 for land to be leased for new schools if the duration of the lease exceeds
14 the life expectancy of the school facility by at least fifty per cent. A
15 school district shall not use land purchased or partially purchased with
16 monies provided by the school facilities board for a purpose other than a
17 site for a school facility without obtaining prior written approval from the
18 school facilities board. A school district shall not lease, sell or take any
19 action that would diminish the value of land purchased or partially purchased
20 with monies provided by the school facilities board without obtaining prior
21 written approval from the school facilities board. The proceeds derived
22 through the sale of any land purchased or partially purchased, or the sale of
23 buildings funded or partially funded, with monies provided by the school
24 facilities board shall be returned to the state fund from which it was
25 appropriated and to any other participating entity on a proportional basis.
26 Except as provided in section 15-342, paragraph 33, if a school district
27 acquires real property by donation at an appropriate school site approved by
28 the school facilities board, the school facilities board shall distribute an
29 amount equal to twenty per cent of the fair market value of the donated real
30 property that can be used for academic purposes. The school district shall
31 place the monies in the unrestricted capital outlay fund and increase the
32 unrestricted capital budget limit by the amount of monies placed in the fund.
33 Monies distributed under this subsection shall be distributed from the new
34 school facilities fund. A school district that receives monies from the new
35 school facilities fund for a donation of land pursuant to section 15-342,
36 paragraph 33 shall not receive monies from the school facilities board for
37 the donation of real property pursuant to this subsection. A school district
38 shall not pay a consultant a percentage of the value of any of the following:

39 1. Donations of real property, services or cash from any of the
40 following:

41 (a) Entities that have offered to provide construction services to the
42 school district.

43 (b) Entities that have been contracted to provide construction
44 services to the school district.

1 (c) Entities that build residential units in that school district.

2 (d) Entities that develop land for residential use in that school
3 district.

4 2. Monies received from the school facilities board on behalf of the
5 school district.

6 3. Monies paid by the school facilities board on behalf of the school
7 district.

8 G. In addition to distributions to school districts based on pupil
9 growth projections, a school district may submit an application to the school
10 facilities board for monies from the new school facilities fund if one or
11 more school buildings have outlived their useful life. If the school
12 facilities board determines that the school district needs to build a new
13 school building for these reasons, the school facilities board shall remove
14 the square footage computations that represent the building from the
15 computation of the school district's total square footage for purposes of
16 this section. If the square footage recomputation reflects that the school
17 district no longer meets building adequacy standards, the school district
18 qualifies for a distribution of monies from the new school construction
19 formula in an amount determined pursuant to subsection D of this section.
20 The school facilities board may only modify the base cost per square foot
21 prescribed in this subsection under extraordinary circumstances for
22 geographic factors or site conditions.

23 H. School districts that receive monies from the new school facilities
24 fund shall establish a district new school facilities fund and shall use the
25 monies in the district new school facilities fund only for the purposes
26 prescribed in this section. By October 15 of each year, each school district
27 shall report to the school facilities board the projects funded at each
28 school in the previous fiscal year with monies from the district new school
29 facilities fund and shall provide an accounting of the monies remaining in
30 the new school facilities fund at the end of the previous fiscal year.

31 I. If a school district has surplus monies received from the new
32 school facilities fund, the school district may use the surplus monies only
33 for capital purposes for the project for up to one year after completion of
34 the project. If the school district possesses surplus monies from the new
35 school construction project that have not been expended within one year of
36 the completion of the project, the school district shall return the surplus
37 monies to the school facilities board for deposit in the new school
38 facilities fund.

39 J. The board's consideration of any application filed after December
40 31 of the year in which the property becomes territory in the vicinity of a
41 military airport or ancillary military facility as defined in section 28-8461
42 for monies to fund the construction of new school facilities proposed to be
43 located in territory in the vicinity of a military airport or ancillary
44 military facility shall include, if after notice is transmitted to the
45 military airport pursuant to section 15-2002 and before the public hearing

1 the military airport provides comments and an analysis concerning
2 compatibility of the proposed school facilities with the high noise or
3 accident potential generated by military airport or ancillary military
4 facility operations that may have an adverse effect on public health and
5 safety, consideration and analysis of the comments and analysis provided by
6 the military airport before making a final determination.

7 K. If a school district uses its own project manager for new school
8 construction, the members of the school district governing board and the
9 project manager shall sign an affidavit stating that the members and the
10 project manager understand and will follow the minimum adequacy requirements
11 prescribed in section 15-2011.

12 L. The school facilities board shall establish a separate account in
13 the new school facilities fund designated as the litigation account to pay
14 attorney fees, expert witness fees and other costs associated with litigation
15 in which the school facilities board pursues the recovery of damages for
16 deficiencies correction that resulted from alleged construction defects or
17 design defects that the school facilities board believes caused or
18 contributed to a failure of the school building to conform to the building
19 adequacy requirements prescribed in section 15-2011. Attorney fees paid
20 pursuant to this subsection shall not exceed the market rate for similar
21 types of litigation. On or before December 1 of each year, the school
22 facilities board shall report to the joint committee on capital review the
23 costs associated with current and potential litigation that may be paid from
24 the litigation account.

25 M. Until the state board of education and the auditor general adopt
26 rules pursuant to section 15-213, subsection I, the school facilities board
27 may allow school districts to contract for construction services and
28 materials through the qualified select bidders list method of project
29 delivery for new school facilities pursuant to this section.

30 N. The school facilities board shall submit electronically a report on
31 project management services and preconstruction services to the governor, the
32 president of the senate and the speaker of the house of representatives by
33 December 31 of each year. The report shall compare projects that use project
34 management and preconstruction services with those that do not. The report
35 shall address cost, schedule and other measurable components of a
36 construction project. School districts, construction manager at risk firms
37 and project management firms that participate in a school facilities board
38 funded project shall provide the information required by the school
39 facilities board in relation to this report.

40 O. If a school district constructs new square footage according to
41 section 15-342, paragraph 33, the school facilities board shall review the
42 design plans and location of any new school facility submitted by school
43 districts and another party to determine whether the design plans comply with
44 the adequacy standards prescribed in section 15-2011 and the square footage
45 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)

1 of this section. When the school district qualifies for a distribution of
2 monies from the new school facilities fund according to this section, the
3 school facilities board shall distribute monies to the school district from
4 the new school facilities fund for the square footage constructed under
5 section 15-342, paragraph 33 at the same cost per square foot established by
6 this section that was in effect at the time of the beginning of the
7 construction of the school facility. Before the school facilities board
8 distributes any monies pursuant to this subsection, the school district shall
9 demonstrate to the school facilities board that the facilities to be funded
10 pursuant to this section meet the minimum adequacy standards prescribed in
11 section 15-2011. The agreement entered into pursuant to section 15-342,
12 paragraph 33 shall set forth the procedures for the allocation of these funds
13 to the parties that participated in the agreement.

14 P. Accommodation schools are not eligible for monies from the new
15 school facilities fund.