

Senate Engrossed House Bill

~~building renewal grants; procurement practices~~
(now: building renewal grants; job-order-contracting)

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2482

AN ACT

AMENDING SECTION 41-5702, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FACILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-5702, Arizona Revised Statutes, is amended to
3 read:

4 41-5702. Powers and duties; staffing; reporting requirements

5 A. The division shall:

6 1. Assess school facilities and equipment deficiencies and approve
7 the distribution of grants as appropriate.

8 2. Maintain a database of school facilities to allow for the
9 administration of the new school facilities formula and the building
10 renewal grant fund. The facilities listed in the database must include
11 all buildings that are owned by school districts. The division shall
12 ensure that the database is updated on at least an annual basis. Each
13 school district shall report to the division not later than September 1 of
14 each year information as required by the division to administer the
15 building renewal grant fund and by the school facilities oversight board
16 to compute new school facilities formula distributions, including the
17 nature and cost of major repairs, renovations or physical improvements to
18 or replacement of building systems or equipment that were made in the
19 previous year and that were paid for either with local monies or monies
20 provided from the building renewal grant fund. Each school district shall
21 report any school or school buildings that have been closed, that are
22 vacant or partially used pursuant to section 15-119 and that have been
23 leased to another entity or that operate as a charter school. The
24 division shall develop guidelines and definitions for the reporting
25 prescribed in this paragraph and 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
30 school district is responsible for any costs associated with converting,
31 maintaining and replacing that space. If a building is significantly
32 upgraded or remodeled, the division shall adjust the age of that school
33 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 41-5741.

37 (ii) Multiply the product determined in item (i) of this
38 subdivision by the cost per square foot established by section 41-5741.

39 (b) Divide the cost of the renovation by the building capacity
40 value 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.

1 (d) Subtract the product determined in subdivision (c) of this
2 paragraph from the currently listed age of the building in the database,
3 rounded to the nearest whole number. If the result is a negative number,
4 use zero.

5 3. Inspect, contract with a third party to inspect or certify
6 school district self-inspections of school buildings at least once every
7 five years to ensure compliance with the building adequacy standards
8 prescribed in section 41-5711, the accuracy of the reporting of vacant and
9 partially used buildings pursuant to this subsection and routine
10 preventive maintenance guidelines as prescribed in this section with
11 respect to constructing new buildings and maintaining existing buildings.
12 The division shall randomly select twenty school districts every thirty
13 months and provide for them to be inspected pursuant to this paragraph.

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

26 5. Develop application forms, reporting forms and procedures to
27 carry out the requirements of this article, including developing and
28 implementing policies and procedures to:

29 (a) Ensure that the division and the school facilities oversight
30 board, as applicable, notify school districts in a uniform manner of the
31 services and funding available for school districts from the board or the
32 division for facility construction, renovation and repair projects. The
33 policies and procedures shall require the division and the board to
34 provide at least one annual communication to school districts in a manner
35 prescribed by the division and shall require each school district to
36 develop and maintain a list of persons who are responsible for facilities
37 management at that school district.

38 (b) Establish a project eligibility assessment for all projects
39 submitted for FUNDING FROM THE building renewal grant funding FUND
40 ESTABLISHED BY SECTION 41-5731 or THE emergency deficiencies correction
41 funding FUND ESTABLISHED BY SECTION 41-5721, including establishing
42 standardized criteria for project eligibility. NOTWITHSTANDING SECTION
43 15-213, SUBSECTION M, CHAPTER 23 OF THIS TITLE AND THE RULES ADOPTED BY
44 THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-213, SUBSECTION A, THE
45 MAXIMUM DOLLAR AMOUNT OF AN INDIVIDUAL JOB ORDER FOR JOB-ORDER-CONTRACTING

1 FOR CONSTRUCTION SERVICES IS \$1,000,000 FOR ANY PROJECT THAT RECEIVES
2 MONIES FROM THE BUILDING RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731
3 AND THAT IS NOT AN EMERGENCY, AS DETERMINED BY THE DIVISION. Before the
4 division formally approves a project, the staff of the division:

5 (i) May review the costs and scope of the proposed project with
6 persons and entities that have submitted bids on the project.

7 (ii) SHALL VERIFY THAT REQUIREMENTS ARE NOT ARTIFICIALLY DIVIDED OR
8 FRAGMENTED IN ORDER TO CONSTITUTE A JOB ORDER THAT SATISFIES THE
9 REQUIREMENTS OF THIS SUBDIVISION.

10 (iii) ON REQUEST BY A SCHOOL DISTRICT, SHALL DETERMINE WHETHER A
11 PROJECT SUBMITTED FOR FUNDING FROM THE BUILDING RENEWAL GRANT FUND IS AN
12 EMERGENCY NOT LATER THAN FIVE BUSINESS DAYS AFTER THE DATE ON WHICH THE
13 DIVISION RECEIVES THE REQUEST. THE DIVISION SHALL DETERMINE THAT A
14 PROJECT IS AN EMERGENCY IF THE SCHOOL DISTRICT DEMONSTRATES A SERIOUS NEED
15 FOR MATERIALS, SERVICES OR CONSTRUCTION OR EXPENSES THAT EXCEEDS THE
16 SCHOOL DISTRICT'S ADOPTED BUDGET FOR THE CURRENT FISCAL YEAR AND THAT
17 SERIOUSLY THREATENS THE FUNCTIONING OF THE SCHOOL DISTRICT, THE
18 PRESERVATION OF PROPERTY OR PUBLIC HEALTH, WELFARE OR SAFETY. THIS ITEM
19 DOES NOT AUTHORIZE THE DIVISION TO APPROVE FUNDING FROM THE BUILDING
20 RENEWAL GRANT FUND FOR A PROJECT THAT DOES NOT SERVE AN ACADEMIC PURPOSE
21 AS REQUIRED BY SECTION 41-5731, SUBSECTION I.

22 (c) Ensure that the division and the school facilities oversight
23 board maintain standardized documentation of all projects submitted to the
24 board and the division for consideration to receive services or a
25 financial award from the board or the division. The board and the
26 division shall maintain standardized documentation of any project awarded
27 monies by the board or the division, including records of payments to
28 school districts in a manner prescribed by the division. The standardized
29 documentation shall include the following as part of the eligibility
30 determination criteria:

31 (i) Whether the problem that the proposed project intends to
32 address caused the building or facility to fall below the minimum school
33 facility adequacy guidelines prescribed in section 41-5711.

34 (ii) Whether the school district performed the routine preventive
35 maintenance required by section 41-5731 on the building or facility.

36 (d) Require a school district to submit contact information for
37 each proposed project, including the name, email address and telephone
38 number of persons who are responsible for facilities management at the
39 school district.

40 (e) Require a school district to provide justification for each
41 proposed project, including all of the following:

42 (i) The school district's use or planned use of the facility.

43 (ii) A detailed description of the problem and the school
44 district's recommended solution.

1 (iii) Any completed professional study regarding the proposed
2 project.

3 (iv) Any citation or report from government entities.

4 (v) The estimated cost of the proposed project, with documentation.

5 (vi) The project category.

6 (vii) A description of any local funding that will be used for the
7 proposed project.

8 (viii) Documentation on associated insurance coverage, if
9 applicable.

10 (f) Require that an initial application not be considered complete
11 until all necessary information is submitted.

12 (g) Allow a school district to submit an incomplete application and
13 request technical assistance from the staff of the board if the school
14 district is unable to provide sufficient information in the initial
15 application.

16 (h) If applicable, require that a complete application be received
17 by the board at least fifteen business days before the next regularly
18 scheduled board meeting in order for the application to be considered at
19 that meeting. An incomplete application may be considered at that meeting
20 if both the staff of the board and the superintendent of the school
21 district deem the project critical.

22 (i) Allow the staff of the board or the division, as applicable, to
23 notify a school district in writing before review by the board or division
24 that the proposed project does not meet eligibility criteria prescribed in
25 this chapter. The written notification shall include documentation to
26 support the determination that the proposed project does not meet the
27 eligibility criteria prescribed in this chapter. The school district may
28 directly appeal the determination of ineligibility to the director of the
29 division. The school district may directly appeal the director's
30 determination of ineligibility to the board.

31 (j) Prohibit the staff of the board or division from requesting
32 that a school district withdraw a project application from review by the
33 board or division if the initial review determines that the proposed
34 project may be ineligible for monies pursuant to this chapter.

35 6. Electronically submit an annual report on or before December 15
36 to the speaker of the house of representatives, the president of the
37 senate, the superintendent of public instruction, the secretary of state
38 and the governor that includes the following information:

39 (a) A detailed description of the amount of monies distributed by
40 the division under this chapter in the previous fiscal year.

41 (b) A list of each capital project that received monies from the
42 division under this chapter during the previous fiscal year, a brief
43 description of each project that was funded and a summary of the
44 division's reasons for distributing monies for the project.

1 (c) A summary of the findings and conclusions of the building
2 maintenance inspections conducted pursuant to this article during the
3 previous fiscal year.

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

11 7. On or before December 1 of each year, report electronically to
12 the joint committee on capital review the amounts necessary to fulfill the
13 requirements of section 41-5721 for the following three fiscal years. In
14 developing the amounts necessary for this report, the division shall use
15 the most recent average daily membership data available. On request from
16 the division, the department of education shall make available the most
17 recent average daily membership data for use in calculating the amounts
18 necessary to fulfill the requirements of section 41-5721 for the following
19 three fiscal years. The division shall provide copies of the report to
20 the president of the senate, the speaker of the house of representatives
21 and the governor.

22 8. On or before June 15 of each year, electronically submit
23 detailed information regarding demographic assumptions and a proposed
24 construction schedule for individual projects approved in the current
25 fiscal year and expected project approvals for the upcoming fiscal year to
26 the joint committee on capital review for its review. A copy of the
27 report shall also be submitted electronically to the governor's office of
28 strategic planning and budgeting. The joint legislative budget committee
29 staff, the governor's office of strategic planning and budgeting staff and
30 the division staff shall agree on the format of the report.

31 9. Every two years, provide school districts with information on
32 improving and maintaining the indoor environmental quality in school
33 buildings.

34 10. Adopt rules regarding the validation of adjacent ways projects
35 pursuant to paragraph 11 of this subsection.

36 11. Validate proposed adjacent ways projects that are submitted by
37 school districts as prescribed in section 15-995 pursuant to rules adopted
38 by the division under paragraph 10 of this subsection.

39 12. Submit a monthly report to the school facilities oversight
40 board that details each adjacent ways project validated pursuant to
41 paragraph 11 of this subsection.

42 13. Brief the joint committee on capital review at least once each
43 year regarding the use of monies from all of the following:

44 (a) The emergency deficiencies correction fund established by
45 section 41-5721.

1 (b) The building renewal grant fund established by section 41-5731.
2 (c) The new school facilities fund established by section 41-5741.
3 B. The school facilities oversight board or the division may
4 contract for the following services in compliance with the procurement
5 practices prescribed in chapter 23 of this title:
6 1. Private services.
7 2. Construction project management services.
8 3. Assessments for school buildings to determine if the buildings
9 have outlived their useful life pursuant to section 41-5741, subsection G
10 or have been condemned.
11 4. Services related to land acquisition and development of a school
12 site.
13 C. The school facilities oversight board shall:
14 1. Review and approve student population projections submitted by
15 school districts to determine to what extent school districts are entitled
16 to monies to construct new facilities pursuant to section 41-5741. The
17 board shall make a final determination within five months after receiving
18 an application from a school district for monies from the new school
19 facilities fund.
20 2. Certify that plans for new school facilities meet the building
21 adequacy standards prescribed in section 41-5711.
22 3. Review and approve or reject requests submitted by school
23 districts to take actions pursuant to section 15-341, subsection G.
24 4. On or before December 15 of each year, electronically submit a
25 report to the speaker of the house of representatives, the president of
26 the senate, the superintendent of public instruction, the secretary of
27 state and the governor that includes the following information:
28 (a) A detailed description of the amount of monies the board
29 distributed under this chapter in the previous fiscal year.
30 (b) A list of each capital project that received monies from the
31 board under this chapter during the previous fiscal year, a brief
32 description of each project that was funded and a summary of the board's
33 reasons for distributing monies for the project.
34 (c) A summary of the findings and conclusions of the building
35 maintenance inspections conducted pursuant to this article during the
36 previous fiscal year.
37 5. On or before December 1 of each year, electronically report to
38 the joint committee on capital review the amounts necessary to fulfill the
39 requirements of section 41-5741 for the following three fiscal years. In
40 developing the amounts necessary for this report, the board shall use the
41 most recent average daily membership data available. On request from the
42 board, the department of education shall make available the most recent
43 average daily membership data for use in calculating the amounts necessary
44 to fulfill the requirements of section 41-5741 for the following three
45 fiscal years. The board shall provide copies of the report to the

1 president of the senate, the speaker of the house of representatives and
2 the governor.

3 6. Adopt minimum school facility adequacy guidelines to provide the
4 minimum quality and quantity of school buildings and the facilities and
5 equipment necessary and appropriate to enable pupils to achieve the
6 educational goals of the Arizona state schools for the deaf and the blind.
7 The board shall establish minimum school facility adequacy guidelines
8 applicable to the Arizona state schools for the deaf and the blind.

9 7. On or before June 15 of each year, electronically submit to the
10 joint committee on capital review for its review detailed information
11 regarding demographic assumptions, a proposed construction schedule and
12 new school construction cost estimates for individual projects approved in
13 the current fiscal year and expected project approvals for the upcoming
14 fiscal year. A copy of the report shall also be submitted electronically
15 to the governor's office of strategic planning and budgeting. The joint
16 legislative budget committee staff, the governor's office of strategic
17 planning and budgeting staff and the board staff shall agree on the format
18 of the report.

19 8. On or before December 31 of each year, report to the joint
20 legislative budget committee on all class B bond approvals by school
21 districts in that year. Each school district shall report to the board on
22 or before December 1 of each year information required by the board for
23 the report prescribed in this paragraph.

24 9. Determine whether any interest disclosed pursuant to subsection
25 D, paragraph 13 of this section is a substantial interest as defined in
26 section 38-502 and maintain a record of all substantial interests that are
27 identified pursuant to this paragraph.

28 D. The director of the division shall serve as the director of the
29 school facilities oversight board. The director may hire and fire
30 necessary staff subject to chapter 4, article 4 of this title and as
31 approved by the legislature in the budget. The staff of the school
32 facilities oversight board is exempt from chapter 4, articles 5 and 6 of
33 this title. The director:

34 1. Shall analyze applications for monies submitted to the board and
35 to the division by school districts.

36 2. Shall assist the board and the division in developing forms and
37 procedures for distributing and reviewing applications and distributing
38 monies to school districts.

39 3. May review or audit, or both, the expenditure of monies by a
40 school district for deficiencies corrections and new school facilities.

41 4. Shall assist the board and the division in preparing the board's
42 and division's annual reports.

43 5. Shall research and provide reports on issues of general interest
44 to the board and the division.

1 6. May aid school districts in developing reasonable and
2 cost-effective school designs in order to avoid statewide duplicated
3 efforts and unwarranted expenditures in the area of school design.

4 7. May assist school districts in facilitating the development of
5 multijurisdictional facilities.

6 8. Shall assist the board and the division in any other appropriate
7 matter or method as directed by the division and the members of the board.

8 9. Shall establish procedures to ensure compliance with the notice
9 and hearing requirements prescribed in section 15-905. The notice and
10 hearing procedures adopted by the board shall include the requirement,
11 with respect to the board's consideration of any application filed after
12 July 1, 2001 or after December 31 of the year in which the property
13 becomes territory in the vicinity of a military airport or ancillary
14 military facility as defined in section 28-8461 for monies to fund the
15 construction of new school facilities proposed to be located in territory
16 in the vicinity of a military airport or ancillary military facility, that
17 the military airport receive notification of the application by first
18 class mail at least thirty days before any hearing concerning the
19 application.

20 10. Shall expedite any request for monies in which the school
21 district governing board submits an application that shows an immediate
22 need for a new school facility.

23 11. Shall determine administrative completeness within one month
24 after receiving an application from a school district for monies from the
25 new school facilities fund.

26 12. Shall provide technical support to school districts as
27 requested by school districts in connection with constructing new school
28 facilities and maintaining existing school facilities and may contract
29 directly with construction project managers pursuant to subsection B of
30 this section. This paragraph does not restrict a school district from
31 contracting with a construction project manager using district or state
32 resources.

33 13. Shall require each employee of the school facilities oversight
34 board to disclose in writing to the board at least once per year any
35 interest that the employee has in any contract, sale, purchase, service or
36 other transaction of the board or division or of a school district.

37 E. When appropriate, the board and the division shall review and
38 use the statewide school facilities inventory and needs assessment
39 conducted by the joint committee on capital review and issued in July
40 1995.

41 F. The school facilities oversight board shall contract with one or
42 more private building inspectors to complete an initial assessment of
43 school facilities and equipment and shall inspect each school building in
44 this state at least once every five years to ensure compliance with
45 section 41-5711. A copy of the inspection report, together with any

1 recommendations for building maintenance, shall be provided to the school
2 facilities oversight board and the governing board of the school district.

3 G. The division or the board, as applicable, may consider
4 appropriate combinations of facilities or uses in assessing and curing
5 deficiencies pursuant to subsection A, paragraph 1 of this section and in
6 certifying plans for new school facilities pursuant to subsection C,
7 paragraph 2 of this section.

8 H. The board shall not award any monies to fund new facilities that
9 are financed by class A bonds that are issued by the school district.

10 I. The board or the division shall not distribute monies to a
11 school district for replacing or repairing facilities if the costs
12 associated with the replacement or repair are covered by insurance or a
13 performance or payment bond.

14 J. The division may contract for construction services and
15 materials that are necessary to correct existing deficiencies in school
16 district facilities. The division may procure the construction services
17 necessary pursuant to this subsection by any method, including
18 construction-manager-at-risk, design-build, design-bid-build or
19 job-order-contracting as provided by chapter 23 of this title, EXCEPT THAT
20 THE MAXIMUM DOLLAR AMOUNT OF AN INDIVIDUAL JOB ORDER FOR
21 JOB-ORDER-CONTRACTING FOR CONSTRUCTION SERVICES IS \$1,000,000 FOR ANY
22 PROJECT THAT IS FUNDED BY MONIES FROM THE BUILDING RENEWAL GRANT FUND
23 ESTABLISHED BY SECTION 41-5731 AND THAT IS NOT AN EMERGENCY, AS DETERMINED
24 BY THE DIVISION. The construction planning and services performed
25 pursuant to this subsection are exempt from section 41-791.01.

26 K. The division may enter into agreements with school districts to
27 allow division staff and contractors access to school property for the
28 purposes of performing the construction services necessary pursuant to
29 subsection J of this section.

30 L. Each school district shall develop routine preventive
31 maintenance guidelines for its facilities. The guidelines shall include
32 plumbing systems, electrical systems, heating, ventilation and air
33 conditioning systems, special equipment and other systems and for roofing
34 systems shall recommend visual inspections performed by district staff for
35 signs of structural stress and weakness. The guidelines shall be
36 submitted to the division for review and approval. If on inspection by
37 the division it is determined that a school district facility was
38 inadequately maintained pursuant to the school district's routine
39 preventive maintenance guidelines, the school district shall return the
40 building to compliance with the school district's routine preventive
41 maintenance guidelines.

42 M. The division may temporarily transfer monies, or, if applicable,
43 the board may direct the division to transfer monies, between the
44 emergency deficiencies correction fund established by section 41-5721 and

1 the new school facilities fund established by section 41-5741 if all of
2 the following conditions are met:

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

5 2. The transferred monies are restored to the fund where the monies
6 originated as soon as practicable after the temporary shortfall in the
7 other fund has been addressed.

8 3. The board and the division report to the joint committee on
9 capital review the amount of and the reason for any monies transferred.

10 N. After notifying each school district, and if a written objection
11 from the school district is not received by the board or the division
12 within thirty days after the notification, the board or the division may
13 access public utility company records of power, water, natural gas,
14 telephone and broadband usage to assemble consistent and accurate data on
15 utility consumption at school facilities to determine the effectiveness of
16 facility design, operation and maintenance measures intended to reduce
17 energy and water consumption and costs. Any public utility that provides
18 service to a school district in this state shall provide the data
19 requested by the board or the division pursuant to this subsection.

20 O. The division or the board shall not require a common school
21 district that provides instruction to pupils in grade nine to obtain
22 approval from the division or the board to reconfigure its school
23 facilities. A common school district that provides instruction to pupils
24 in grade nine is not entitled to additional monies from the division or
25 the board for facilities to educate pupils in grade nine.

26 P. A school district may appeal the denial of a request for monies
27 pursuant to this chapter or any other appealable agency action by the
28 division or the board pursuant to chapter 6, article 10 of this title. For
29 the purposes of this subsection, "appealable agency action" has the same
30 meaning prescribed in section 41-1092.