

REFERENCE TITLE: school facilities board; monitoring; leases

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

HB 2552

Introduced by

Representatives Knaperek, Gray, Blendu, Somers, Pearce, Robson, Marsh,
Kraft, Senator Burns: Representatives Allen, Anderson, Avelar, Cardamone,
Graf, Gullett, Huppenthal, Jarrett, Johnson, McClure, Miranda, Norris,
O'Halleran, Poelstra, Senators Gerard, Hamilton, Petersen, Solomon

AN ACT

AMENDING SECTIONS 15-2031 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 15-2031, Arizona Revised Statutes, is amended to
3 read:

4 15-2031. Building renewal fund; definition

5 A. A building renewal fund is established consisting of monies
6 appropriated by the legislature and monies credited to the fund pursuant to
7 section 42-5030.01. The school facilities board shall administer the fund
8 and distribute monies to school districts for the purpose of maintaining the
9 adequacy of existing school facilities. Monies in the fund are continuously
10 appropriated and are exempt from the provisions of section 35-190 relating to
11 lapsing of appropriations.

12 B. The school facilities board shall inventory and inspect all school
13 buildings in this state in order to develop a data base to administer the
14 building renewal formula. The data base shall include the student capacity
15 of the building as determined by the school facilities board. The board
16 shall distribute monies from the building renewal fund to school districts in
17 an amount computed pursuant to subsection G of this section. A school
18 district that receives monies from the building renewal fund shall use the
19 monies primarily for any buildings in the data base developed or created
20 under subsection D of this section and secondly for any other buildings owned
21 by the school district for any of the following:

22 1. Major renovations and repairs of a building.
23 2. Upgrading systems and areas that will maintain or extend the useful
24 life of the building.

25 3. Infrastructure costs.

26 4. Relocation and placement of portable and modular buildings.

27 C. Monies received from the building renewal fund shall not be used
28 for any of the following purposes:

29 1. New construction.

30 2. Remodeling interior space for aesthetic or preferential reasons.

31 3. Exterior beautification.

32 4. Demolition.

33 5. The purchase of soft capital items pursuant to section 15-962,
34 subsection D.

35 6. Routine maintenance.

36 D. The school facilities board shall maintain the building renewal
37 data base and use the data base for the computation of the building renewal
38 formula distributions. The board shall ensure that the data base is updated
39 on at least an annual basis to reflect changes in the ages and value of
40 school buildings. The facilities listed in the data base shall include only
41 those buildings that are owned by school districts that are required to meet
42 academic standards. Each school district shall report to the school
43 facilities board no later than September 1 of each year the number and type
44 of school buildings owned by the district, the square footage of each
45 building, the age of each building, the nature of any renovations completed

1 and the cost of any renovations completed. The school facilities board may
2 review or audit, or both, to confirm the information submitted by a school
3 district. The board shall adjust the age of each school facility in the data
4 base whenever a building is significantly upgraded or remodeled. The age of
5 a building that has been significantly upgraded or remodeled shall be
6 recomputed as follows:

7 1. Divide the cost of the renovation by the building capacity value of
8 the building determined in subsection G, paragraph 3 of this section.

9 2. Multiply the quotient determined in paragraph 1 of this subsection
10 by the currently listed age of the building in the data base.

11 3. Subtract the product determined in paragraph 2 of this subsection
12 from the currently listed age of the building in the data base, rounded to
13 the nearest whole number. If the result is negative, use zero.

14 E. The school facilities board shall submit an annual report to the
15 president of the senate, the speaker of the house of representatives, the
16 Arizona state library, archives and public records and the governor by
17 October 1 that includes the computation of the amount of monies to be
18 distributed from the building renewal fund for the current fiscal year. The
19 joint committee on capital review shall review the school facilities board's
20 calculation of the building renewal fund distributions. After the joint
21 committee on capital review reviews the distributions computed by the school
22 facilities board, the school facilities board shall distribute the monies
23 appropriated by the legislature from the building renewal fund to school
24 districts in two equal installments in November and May of each year.

25 F. School districts that receive monies from the building renewal fund
26 shall establish a district building renewal fund and shall use the monies in
27 the district building renewal fund only for the purposes prescribed in
28 subsection B of this section. Ending cash balances in a school district's
29 building renewal fund may be used in following fiscal years for building
30 renewal pursuant to subsection B of this section. By October 15 of each
31 year, each school district shall report to the school facilities board the
32 projects funded at each school in the previous fiscal year with monies from
33 the district building renewal fund and shall provide an accounting of the
34 monies remaining in the district building renewal fund at the end of the
35 previous fiscal year.

36 G. Notwithstanding any other provision of this chapter, if a school
37 district converts space that is listed in the data base maintained pursuant
38 to this section to space that will be used for administrative purposes, the
39 school district is responsible for any costs associated with the conversion,
40 maintenance and replacement of that space. The building renewal amount for
41 each school building shall be computed as follows:

42 1. Divide the age of the building as computed pursuant to subsection D
43 of this section by one thousand two hundred seventy-five or, in the case of
44 modular or portable buildings, by two hundred ten.

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

3 3. Determine the building capacity value as follows:

4 (a) Multiply the student capacity of the building by the per student
5 square foot capacity established by section 15-2041.

6 (b) Multiply the product determined in subdivision (a) of this
7 paragraph by the cost per square foot established by section 15-2041.

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

10 H. If the school facilities board determines that a school district
11 has spent monies from the building renewal fund for purposes other than those
12 prescribed in subsection B of this section, the school facilities board shall
13 notify the superintendent of public instruction. Notwithstanding any other
14 law, the superintendent of public instruction shall withhold a corresponding
15 amount from the monies that would otherwise be due the school district under
16 the capital outlay revenue limit until these monies are repaid.

17 I. THE SCHOOL FACILITIES BOARD SHALL ANNUALLY INSPECT ALL SCHOOL
18 FACILITIES LISTED IN THE BUILDING RENEWAL DATABASE AND MAKE A DETERMINATION
19 WHETHER THOSE FACILITIES ARE BEING PROPERLY MAINTAINED. IN ANY YEAR IN WHICH
20 THE SCHOOL FACILITIES BOARD DETERMINES THAT A SCHOOL DISTRICT HAS NOT
21 PROPERLY MAINTAINED ONE OR MORE OF ITS FACILITIES, THE SCHOOL FACILITIES
22 BOARD MAY WITHHOLD AN APPROPRIATE AMOUNT OF BUILDING RENEWAL MONIES THAT THE
23 SCHOOL DISTRICT WOULD HAVE OTHERWISE RECEIVED PURSUANT TO THIS SECTION. THE
24 SCHOOL FACILITIES BOARD SHALL ADOPT RULES THAT SET FORTH THE STANDARDS THAT
25 THE SCHOOL FACILITIES BOARD WILL USE TO DETERMINE WHETHER A SCHOOL FACILITY
26 IS BEING PROPERLY MAINTAINED AND TO DETERMINE THE APPROPRIATE AMOUNT OF
27 BUILDING RENEWAL MONIES TO WITHHOLD FROM A SCHOOL DISTRICT IF THE SCHOOL
28 FACILITIES BOARD DETERMINES THAT THE SCHOOL DISTRICT HAS NOT PROPERLY
29 MAINTAINED ONE OR MORE OF ITS FACILITIES. A SCHOOL FACILITY IS NOT SUBJECT
30 TO THE INSPECTION REQUIREMENTS OF THIS SUBSECTION UNTIL THE CALENDAR YEAR
31 AFTER THE SCHOOL FACILITIES BOARD CERTIFIES THAT THE FACILITY MEETS ALL OF
32 THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES DEVELOPED UNDER SECTION
33 15-2011, SUBSECTION F.

34 ~~I.~~ J. For purposes of this section, "student capacity" has the same
35 meaning prescribed in section 15-2011.

36 Sec. 2. Section 15-2041, Arizona Revised Statutes, is amended to read:
37 15-2041. New school facilities fund; capital plan

38 A. A new school facilities fund is established consisting of monies
39 appropriated by the legislature and monies credited to the fund pursuant to
40 section 37-221 or 42-5030.01. The school facilities board shall administer
41 the fund and distribute monies, as a continuing appropriation, to school
42 districts for the purpose of constructing new school facilities. On June 30
43 of each fiscal year, the state treasurer shall credit any unobligated in
44 contract monies in the new school facilities fund to the capital reserve fund
45 established by section 15-2003.

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

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

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

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

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

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

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

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

19 C. If the capital plan indicates a need for a new school or an
20 addition to an existing school within the next four years or a need for land
21 within the next ten years, the school district shall submit its plan to the
22 school facilities board and shall request monies from the new school
23 facilities fund for the new construction or land. Monies provided for land
24 shall be in addition to any monies provided pursuant to subsection D of this
25 section.

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

28 1. The school facilities board shall review and evaluate the
29 enrollment projections and either approve the projections as submitted or
30 revise the projections. In determining new construction requirements, the
31 school facilities board shall determine the net new growth of pupils that
32 will require additional square footage that exceeds the building adequacy
33 standards prescribed in section 15-2011.

34 2. If the approved projections indicate that additional space will not
35 be needed within the next two years for elementary schools or three years for
36 middle or high schools in order to meet the building adequacy standards
37 prescribed in section 15-2011, the request shall be held for consideration by
38 the school facilities board for possible future funding and the school
39 district shall annually submit an updated plan until the additional space is
40 needed.

41 3. If the approved projections indicate that additional space will be
42 needed within the next two years for elementary schools or three years for
43 middle or high schools in order to meet the building adequacy standards
44 prescribed in section 15-2011, the school facilities board shall provide an
45 amount as follows:

1 (a) Determine the number of pupils requiring additional square footage
2 to meet building adequacy standards. This amount for elementary schools
3 shall not be less than the number of new pupils for whom space will be needed
4 in the next year and shall not exceed the number of new pupils for whom space
5 will be needed in the next five years. This amount for middle and high
6 schools shall not be less than the number of new pupils for whom space will
7 be needed in the next four years and shall not exceed the number of new
8 pupils for whom space will be needed in the next eight years.

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

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

24 (ii) Geographic factors.

25 (iii) Grade configurations other than those prescribed in this
26 subdivision.

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

29 (c) Multiply the product obtained in subdivision (b) of this paragraph
30 by the cost per square foot. The cost per square foot is ninety dollars for
31 preschool children with disabilities, kindergarten programs and grades one
32 through six, ninety-five dollars for grades seven and eight and one hundred
33 ten dollars for grades nine through twelve. The cost per square foot shall
34 be adjusted annually for construction market considerations based on an index
35 identified or developed by the joint legislative budget committee as
36 necessary but not less than once each year. The school facilities board
37 shall multiply the cost per square foot by 1.05 for any school district
38 located in a rural area. The school facilities board may modify the base
39 cost per square foot prescribed in this subdivision for particular schools
40 based on geographic conditions or site conditions. For purposes of this
41 subdivision, "rural area" means an area outside a thirty-five mile radius of
42 a boundary of a municipality with a population of more than fifty thousand
43 persons according to the most recent United States decennial census.

44 (d) Once the school district governing board obtains approval from the
45 school facilities board for new facility construction funds, additional

1 portable or modular square footage created for the express purpose of
2 providing temporary space for pupils until the completion of the new facility
3 shall not be included by the school facilities board for the purpose of new
4 construction funding calculations. On completion of the new facility
5 construction project, if the portable or modular facilities continue in use,
6 then the portable or modular facilities shall be included as prescribed by
7 this chapter, unless the school facilities board approves their continued use
8 for the purpose of providing temporary space for pupils until the completion
9 of the next new facility that has been approved for funding from the new
10 school facilities fund.

11 E. Monies for architectural and engineering fees shall be distributed
12 on the completion of the analysis by the school facilities board of the
13 school district's request. After receiving monies pursuant to this
14 subsection, the school district shall submit a design development plan for
15 the school or addition to the school facilities board before any monies for
16 construction are distributed. If the school district's request meets the
17 building adequacy standards, the school facilities board may review and
18 comment on the district's plan with respect to the efficiency and
19 effectiveness of the plan in meeting state square footage and facility
20 standards before distributing the remainder of the monies. The school
21 facilities board may decline to fund the project if the square footage is no
22 longer required due to revised enrollment projections.

23 F. The school facilities board shall distribute the monies needed for
24 land for new schools so that land may be purchased at a price that is less
25 than or equal to fair market value and in advance of the construction of the
26 new school. If necessary, the school facilities board may distribute monies
27 for land to be leased for new schools if the duration of the lease exceeds
28 the life expectancy of the school facility by at least fifty per cent. The
29 proceeds derived through the sale of any land purchased or partially
30 purchased with monies provided by the school facilities board shall be
31 returned to the state fund from which it was appropriated and to any other
32 participating entity on a proportional basis. If a school district acquires
33 real property by donation at an appropriate school site approved by the
34 school facilities board, the school facilities board shall distribute an
35 amount equal to twenty per cent of the fair market value of the donated real
36 property that can be used for academic purposes. The school district shall
37 place the monies in the unrestricted capital outlay fund and increase the
38 unrestricted capital outlay limit by the amount of monies placed in the fund.
39 Monies distributed under this subsection shall be distributed from the new
40 school facilities fund.

41 G. In addition to distributions to school districts based on pupil
42 growth projections, a school district may submit an application to the school
43 facilities board for monies from the new school facilities fund if one or
44 more school buildings have outlived their useful life. If the school
45 facilities board determines that the school district needs to build a new

1 school building for these reasons, the school facilities board shall remove
2 the square footage computations that represent the building from the
3 computation of the school district's total square footage for purposes of
4 this section. If the square footage recomputation reflects that the school
5 district no longer meets building adequacy standards, the school district
6 qualifies for a distribution of monies from the new school construction
7 formula in an amount determined pursuant to subsection D of this section.
8 Buildings removed from a school district's total square footage pursuant to
9 this subsection shall not be included in the computation of monies from the
10 building renewal fund established by section 15-2031. The school facilities
11 board may modify the base cost per square foot prescribed in this subsection
12 under extraordinary circumstances for geographic factors or site conditions.

13 H. School districts that receive monies from the new school facilities
14 fund shall establish a district new school facilities fund and shall use the
15 monies in the district new school facilities fund only for the purposes
16 prescribed in this section. By October 15 of each year, each school district
17 shall report to the school facilities board the projects funded at each
18 school in the previous fiscal year with monies from the district new school
19 facilities fund and shall provide an accounting of the monies remaining in
20 the new school facilities fund at the end of the previous fiscal year.

21 I. If a school district has surplus monies received from the new
22 schools facilities fund, the school district may use the surplus monies for
23 any other capital purpose.

24 J. THE SCHOOL FACILITIES BOARD MAY DISTRIBUTE MONIES FOR SCHOOL
25 DISTRICTS TO LEASE FACILITIES FOR NEW SCHOOLS IF THE SCHOOL FACILITIES BOARD
26 DETERMINES THAT, BASED ON THE SCHOOL DISTRICT'S ENROLLMENT PROJECTIONS, IT
27 WOULD BE MORE APPROPRIATE FOR THE SCHOOL DISTRICT TO LEASE FACILITIES RATHER
28 THAN CONSTRUCT NEW FACILITIES. AT THE REQUEST OF THE SCHOOL DISTRICT THE
29 SCHOOL FACILITIES BOARD MAY WAIVE ONE OR MORE OF THE BUILDING ADEQUACY
30 STANDARDS SET FORTH IN SECTION 15-2011 FOR FACILITIES THAT ARE LEASED
31 PURSUANT TO THIS SUBSECTION. THE SCHOOL FACILITIES BOARD SHALL DISTRIBUTE
32 THE MONIES NEEDED FOR LEASES PURSUANT TO THIS SUBSECTION PROVIDED THAT THE
33 RENT PAID BY THE SCHOOL DISTRICT IS LESS THAN OR EQUAL TO THE FAIR MARKET
34 VALUE FOR LEASES OF SIMILAR PROPERTY IN THAT AREA. MONIES DISTRIBUTED FOR
35 LEASES PURSUANT TO THIS SUBSECTION ARE NOT SUBJECT TO THE BASE COST PER
36 SQUARE FOOT CALCULATION PRESCRIBED IN SUBSECTION D OF THIS SECTION.