Senate Engrossed House Bill

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JANICE K. BREWER
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CHAPTER 266

HOUSE BILL 2792

AN ACT

AMENDING SECTIONS 15-2002 AND 15-2031, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO SCHOOL FACILITIES BOARD BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

A. The school facilities board shall:

1. Make assessments of school facilities and equipment deficiencies ~~pursuant to section 15-2021~~ and approve the distribution of grants as appropriate.

2. Develop a database for administering the building renewal formula prescribed in section 15-2031 and administer the distribution of monies to school districts for building renewal.

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

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

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

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

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

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

9. Submit an annual report by December 15 to the speaker of the house of representatives, the president of the senate, the superintendent of public

instruction, the director of the Arizona state library, archives and public records and the governor that includes the following information:

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

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

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

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

10. By December 1 of each year, report to the joint committee on capital review the amounts necessary to fulfill the requirements of sections ~~15-2021,~~ 15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated amounts necessary to fulfill the requirements of sections ~~15-2021,~~ 15-2022, 15-2031 and 15-2041 for the fiscal year following the next fiscal year. The board shall provide copies of the report to the president of the senate, the speaker of the house of representatives and the governor.

11. Adopt minimum school facility adequacy guidelines to provide the minimum quality and quantity of school buildings and the facilities and equipment necessary and appropriate to enable pupils to achieve the educational goals of the Arizona state schools for the deaf and the blind. The school facilities board shall establish minimum school facility adequacy guidelines applicable to the Arizona state schools for the deaf and the blind ~~by December 31, 2000~~.

12. ~~Beginning August 15, 2004, and~~ IN each even-numbered year ~~thereafter~~, report to the joint committee on capital review the amounts necessary to fulfill the requirements of sections 15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind for the following two fiscal years. The Arizona state schools for the deaf and the blind shall incorporate the findings of the report in any request for building renewal monies and new school facilities monies. Any monies provided to the Arizona state schools for the deaf and the blind for building renewal and for new school facilities are subject to legislative appropriation.

13. By ~~October~~ JUNE 15 of each year, submit DETAILED information regarding demographic assumptions, a proposed construction schedule and new school construction cost estimates for ~~the following~~ INDIVIDUAL PROJECTS APPROVED IN THE CURRENT FISCAL YEAR AND EXPECTED PROJECT APPROVALS FOR THE

UPCOMING fiscal year to the joint committee on capital review for its review. A COPY OF THE REPORT SHALL ALSO BE SUBMITTED TO THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING. THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF, THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING STAFF AND THE SCHOOL FACILITIES BOARD STAFF SHALL AGREE ON THE FORMAT OF THE REPORT.

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

B. The school facilities board may contract for private services in compliance with the procurement practices prescribed in title 41, chapter 23.

C. The governor shall appoint an executive director of the school facilities board pursuant to section 38-211. The executive director is eligible to receive compensation as determined pursuant to section 38-611 and may hire and fire necessary staff as approved by the legislature in the budget. The executive director shall have demonstrated competency in school finance, facilities design or facilities management, either in private business or government service. The executive director serves at the pleasure of the governor. The staff of the school facilities board is exempt from title 41, chapter 4, articles 5 and 6. The executive director:

1. Shall analyze applications for monies submitted to the board by school districts.

2. Shall assist the board in developing forms and procedures for the distribution and review of applications and the distribution of monies to school districts.

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

4. Shall assist the board in the preparation of the board's annual report.

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

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

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

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

9. Shall establish procedures to ensure compliance with the notice and hearing requirements prescribed in section 15-905. The notice and hearing procedures adopted by the board shall include the requirement, with respect to the board's consideration of any application filed after July 1, 2001 or after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities

proposed to be located in territory in the vicinity of a military airport or ancillary military facility, that the military airport receive notification of the application by first class mail at least thirty days before any hearing concerning the application.

10. May expedite any request for ~~funds~~ MONIES in which the local match was not obtained for a project that received preliminary approval by the state board for school capital facilities.

11. Shall expedite any request for ~~funds~~ MONIES in which the school district governing board submits an application that shows an immediate need for a new school facility.

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

13. Shall provide technical support to school districts as requested by school districts in connection with the construction of new school facilities and the maintenance of existing school facilities.

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

E. The school facilities board shall contract with one or more private building inspectors to complete an initial assessment of school facilities and equipment ~~provided in section 15-2021~~ and shall inspect each school building in this state at least once every five years to ensure compliance with section 15-2011. A copy of the inspection report, together with any recommendations for building maintenance, shall be provided to the school facilities board and the governing board of the school district.

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

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

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

I. The board may contract for construction services and materials that are necessary to correct existing deficiencies in school district facilities ~~as determined pursuant to section 15-2021~~. The board may procure the construction services necessary pursuant to this subsection by any method including construction-manager-at-risk, design-build, design-bid-build or job-order-contracting as provided by title 41, chapter 23. The construction planning and services performed pursuant to this subsection are exempt from section 41-791.01.

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

K. ~~By October 1, 2002,~~ Each school district shall develop routine preventative maintenance guidelines for its facilities. The guidelines shall be submitted to the school facilities board for review and approval ~~by February 1, 2003~~. If upon inspection by the school facilities board it is determined that a school district facility was inadequately maintained pursuant to the school district's routine preventative maintenance guidelines, the school district shall use building renewal monies pursuant to section 15-2031, subsection ~~J~~ L to return the building to compliance with the school district's routine preventative maintenance guidelines. Once the district is in compliance, it no longer is required to use building renewal monies for preventative maintenance.

L. The school facilities board may temporarily transfer monies between the capital reserve fund established by section 15-2003, ~~the deficiencies correction fund established by section 15-2021,~~ the emergency deficiencies correction fund established by section 15-2022, the building renewal fund established by section 15-2031 and the new school facilities fund established by section 15-2041 if all of the following conditions are met:

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

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

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

Sec. 2. Section 15-2031, Arizona Revised Statutes, is amended to read:

15-2031. <u>Building renewal fund; definitions</u>

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

B. The school facilities board shall inventory and inspect all school buildings in this state in order to develop a database to administer the building renewal formula. The database shall include the student capacity of the building as determined by the school facilities board. The board shall distribute monies from the building renewal fund to school districts in an amount computed pursuant to subsection ~~G~~ I of this section. A school district that receives monies from the building renewal fund shall use the monies ~~primarily~~ FIRST for any PROJECTS THAT FALL BELOW THE MINIMUM SCHOOL

FACILITY ADEQUACY GUIDELINES, AS ADOPTED BY THE SCHOOL FACILITIES BOARD PURSUANT TO SECTION 15-2011, AND THAT ARE PART OF ANY buildings in the database ~~developed or created under subsection D of this section~~ and ~~secondly~~ SECOND for any other PROJECTS THAT ARE PART OF ANY buildings owned by the school district for any of the following:

1. Major renovations and repairs of a building.

2. Upgrading systems and areas that will maintain or extend the useful life of the building.

3. Infrastructure costs.

4. Relocation and placement of portable and modular buildings.

C. MONIES RECEIVED FROM THE BUILDING RENEWAL FUND SHALL BE USED FOR PRIMARY PROJECTS, UNLESS ONLY SECONDARY PROJECTS EXIST.

D. NOTWITHSTANDING SUBSECTIONS B AND C OF THIS SECTION, SCHOOL DISTRICTS SHALL USE BUILDING RENEWAL MONIES ON SECONDARY PROJECTS TO COMPLY WITH BUILDING, HEALTH, FIRE OR SAFETY CODES. BEFORE SPENDING BUILDING RENEWAL MONIES ON SECONDARY PROJECTS TO COMPLY WITH BUILDING, HEALTH, FIRE OR SAFETY CODES, THE SCHOOL FACILITIES BOARD SHALL APPROVE THE PROJECTS.

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

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

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

6. Routine maintenance except as provided in section 15-2002, subsection K and subsection ~~J~~ L of this section.

~~D.~~ F. The school facilities board shall maintain the building renewal database and use the database for the computation of the building renewal formula distributions. The board shall ensure that the database is updated on at least an annual basis to reflect changes in the ages and value of school buildings. The facilities listed in the database shall include only those buildings that are owned by school districts that are required to meet academic standards. Each school district shall report to the school facilities board no later than September 1 of each year the number and type of school buildings owned by the district, the square footage of each building, the age of each building, the nature of any renovations completed and the cost of any renovations completed. The school facilities board may review or audit, or both, to confirm the information submitted by a school district. The board shall adjust the age of each school facility in the database whenever a building is significantly upgraded or remodeled. The age of a building that has been significantly upgraded or remodeled shall be recomputed as follows:

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

2. Multiply the quotient determined in paragraph 1 of this subsection by the currently listed age of the building in the database.

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

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

~~F.~~ H. School districts that receive monies from the building renewal fund shall establish a district building renewal fund and shall use the monies in the district building renewal fund only for the purposes prescribed in subsection B of this section. Ending cash balances in a school district's building renewal fund may be used in following fiscal years for building renewal pursuant to subsection B of this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district building renewal fund, INCLUDING THE AMOUNT OF EXPENDITURES DEDICATED TO PRIMARY PROJECTS AND TO SECONDARY PROJECTS. ON RECEIPT OF THESE REPORTS, THE SCHOOL FACILITIES BOARD SHALL FORWARD THIS INFORMATION TO THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING STAFF. EACH SCHOOL DISTRICT SHALL ALSO REPORT TO THE SCHOOL FACILITIES BOARD an accounting of the monies remaining in the district building renewal fund at the end of the previous fiscal year and a comprehensive three year plan that details the proposed use of building renewal monies. If a school district fails to submit the report by October 15, the school facilities board shall withhold building renewal monies from the school district until the school facilities board determines that the school district has complied with the reporting requirement. When the school facilities board determines that the school district has complied with the reporting requirement, the school facilities board shall restore the full amount of withheld building renewal monies to the school district.

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

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

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

3. Determine the building capacity value as follows:

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

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

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

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

~~I.~~ K. Beginning on July 1, 2002, a school district is not entitled to receive monies from the building renewal fund for any buildings that are to be replaced with new buildings that are funded with deficiencies corrections monies ~~pursuant to section 15-2021~~. The replacement buildings are not eligible to receive building renewal funding until the fiscal year following the completion of the building.

~~J.~~ L. Notwithstanding subsections B and ~~G~~ E of this section, a school district may use eight per cent of the building renewal amount computed pursuant to subsection ~~G~~ I of this section for routine preventative maintenance. The board, after consultation with maintenance specialists in school districts, shall provide examples of recommended services that are routine preventative maintenance.

~~K.~~ M. A school district that uses building renewal monies for routine preventative maintenance shall use the building renewal monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings. The auditor general shall prescribe a method for determining compliance with the requirements of this subsection. A school district, in connection with any audit conducted by a certified public accountant, shall also contract for an independent audit to determine whether the school district used building renewal monies to reduce the school district's existing level of routine preventative maintenance funding. The auditor general may conduct discretionary reviews of a school district that is not required to contract for an independent audit.

~~L.~~ N. For the purposes of this section:

1. "PRIMARY PROJECTS" MEANS PROJECTS THAT ARE NECESSARY FOR BUILDINGS OWNED BY SCHOOL DISTRICTS THAT ARE REQUIRED TO MEET THE ACADEMIC STANDARDS LISTED IN THE DATABASE MAINTAINED PURSUANT TO SUBSECTION F OF THIS SECTION AND THAT FALL BELOW THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES, AS ADOPTED BY THE SCHOOL FACILITIES BOARD PURSUANT TO SECTION 15-2011.

~~1.~~ 2. "Routine preventative maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years and that are intended to extend the useful life of a building system and reduce the need for major repairs.

3. "SECONDARY PROJECTS" MEANS ALL PROJECTS THAT ARE NOT PRIMARY PROJECTS.

~~2.~~ 4. "Student capacity" has the same meaning prescribed in section 15-2011.

Sec. 3. <u>Arizona energy and water savings pilot program; Arizona energy and water savings grant fund; definitions; appropriation</u>

A. The sum of $2,500,000 is appropriated from the state general fund in fiscal year 2007-2008 to the school facilities board for the Arizona energy and water savings pilot program. The Arizona energy and water savings grant fund is established consisting of appropriations, grants, gifts and donations. Monies in the Arizona energy and water savings grant fund are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. On notice from the school facilities board, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, Arizona Revised Statutes, and monies earned from investments shall be credited to the fund.

B. The school facilities board shall administer the grant fund and the grant program with technical assistance from the department of commerce energy office. The school facilities board may spend monies from the grant fund for the following purposes:

1. Awarding grants to school districts under the grant program. Two types of grants may be awarded:

(a) Project development grants for energy and water savings audits and the development and preparation of grant applications. Up to ten per cent of total legislative appropriations may be used for project development grants. School districts may contract with a public or private entity to provide the project development services.

(b) Project implementation grants for the implementation of energy or water saving projects. School districts may contract with a public or private entity to provide the project implementation services.

2. Providing technical assistance under the grant program. The technical assistance prescribed in this paragraph shall be provided by the energy office through an intergovernmental agreement with the school

facilities board. The energy office may contract with a public or private entity to provide the technical assistance.

3. Administering the grant fund and grant program, which includes prioritizing eligible projects, issuing grants, conducting project inspections, publicizing grant and technical assistance programs and other activities necessary for the effective administration of the grant fund and grant program.

C. The school facilities board may spend up to $250,000 for the purposes prescribed in subsection B, paragraphs 2 and 3 of this section. Of this amount, $150,000 shall be provided to the energy office for technical assistance, and up to $100,000 may be spent by the school facilities board for administering the grant fund and grant program. The school facilities board shall use the other monies remaining in the grant fund to provide grants to school districts for eligible projects through the grant program.

D. School districts may receive funding from utility companies and other sources to provide monies for energy and water savings projects or eligible projects.

E. The energy office, in cooperation with the school facilities board, shall establish criteria for receiving grants from the fund.

F. The energy office shall review and evaluate grant applications and submit recommendations for project approval and grant funding to the school facilities board.

G. The school facilities board shall:

1. Determine the terms under which grants will be made.

2. Provide grants based on the merits of proposed projects and criteria that include:

(a) The projected energy and water savings that are attributable to an eligible project.

(b) The projected annual and life cycle energy and water cost savings that are attributable to an eligible project.

(c) The environmental and other benefits to this state and the local community that are attributable to an eligible project.

(d) The projected project costs and the energy and water cost payback of an eligible project.

(e) Other factors as determined by the school facilities board.

3. Provide grants for eligible projects, including retrofits or improvements to an existing school facility.

4. Establish and maintain records of grants from the grant fund.

5. Develop guidelines for school district reporting required under this section. School districts that receive grant monies or program services pursuant to this section shall comply with the reporting guidelines developed by the school facilities board.

6. Submit a report to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee on or before October 1, 2008 and on or before October 1, 2009 that

shows active grants made from the grant fund, energy and water savings, cost savings and other benefits resulting from eligible projects implemented by grant recipients. The school facilities board shall provide a copy of this report to the secretary of state and the director of the Arizona state library, archives and public records.

H. For the purposes of this section:

1. "Eligible project" means a project that saves electricity, natural gas, other energy fuels or water, in a school facility built and occupied before July 1, 1999, through any of the following:

(a) Improvements in the efficiency of energy or water use.

(b) On-site production and use of electricity and useful thermal energy.

(c) Improvements in the operation of buildings and energy-consuming or water-using equipment in buildings.

2. "Energy office" means the department of commerce energy office.

3. "Project development" means energy and water savings audits and other services to identify potential energy or water savings measures and estimate their projected savings, benefits and costs, and to assist school districts in preparing grant applications.

4. "School facility" means a facility that is owned or leased by a school district and that is occupied for the operation of the school district or for the education of students in the school district.

5. "Technical assistance" means assisting school districts or the school facilities board by assisting with energy or water audits, assisting in developing, in conjunction with the energy office, the criteria for grant awards and technical review of grant applications, assisting with preparation of grant applications, assisting with project implementation, assisting with commissioning or recommissioning building heating, ventilating and air conditioning of building energy management and control systems, training of school facilities managers and staff and other activities that aid in the design, financing and implementation of eligible projects.

Sec. 4. <u>Task force on K-12 school facilities; membership; duties; report</u>

A. The task force on K-12 school facilities is established consisting of the following members:

1. Five members of the senate who are appointed by the president of the senate, not more than three of whom are members of the same political party.

2. Five members of the house of representatives who are appointed by the speaker of the house of representatives, not more than three of whom are members of the same political party.

3. One member who is a public school teacher currently providing classroom instruction in a school district and who is appointed by the speaker of the house of representatives.

4. One member of the business community who is appointed by the speaker of the house of representatives.

5. One private citizen who represents an organization of taxpayers and who is appointed by the president of the senate.

6. One member who has expertise in urban school district facilities management and who is appointed by the president of the senate.

7. One member who has expertise in rural school district facilities management and who is appointed by the governor.

8. One member of the business community who is appointed by the governor.

9. One member who has knowledge and experience in school finance in a public school system and who is appointed by the governor.

10. One member who has knowledge and experience in public finance and who is appointed by the governor.

11. One member who has knowledge and experience in housing development and who is appointed by the governor.

B. In addition to the members appointed pursuant to subsection A, the executive director of the school facilities board or the executive director's designee shall serve as an advisory nonvoting member of the task force on K-12 school facilities.

C. The task force shall elect a chairperson from its membership.

D. Task force members are not eligible to receive compensation but are eligible for reimbursement of expenses pursuant to title 38, chapter 4, article 2, Arizona Revised Statutes.

E. The task force may use the expertise and services of the staffs of the department of education and the school facilities board.

F. The task force shall review and make recommendations on the following:

1. Possible funding sources for the construction and maintenance of school facilities.

2. Building renewal and new construction formulas and potential changes to the formulas.

3. Minimum school facility adequacy guidelines.

4. Capital costs of reducing kindergarten programs through third grade class sizes.

5. Capital costs of counting kindergarten students as full average daily memberships in the school facilities board new school construction formula.

6. Capital costs of implementing energy efficiency best practices.

7. Governance of the school facilities board.

G. The task force shall submit an initial report on or before December 1, 2007 and a final report on or before December 1, 2008 that summarizes the task force's findings and recommendations to the governor, the president of the senate and the speaker of the house of representatives. A copy of each

report shall be delivered to the secretary of state and the director of the Arizona state library, archives and public records.

Sec. 5. Delayed repeal

A. Section 3 of this act, relating to the Arizona energy and water savings pilot program, is repealed from and after December 31, 2009.

B. Section 4 of this act, relating to the task force on K-12 school facilities, is repealed from and after September 30, 2009.

Sec. 6. Retroactivity; applicability

A. Section 15-2031, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2007.

B. Notwithstanding section 15-2031, Arizona Revised Statutes, as amended by this act, the appropriation from the state general fund to the building renewal fund for fiscal year 2007-2008 shall be as specified in the general appropriations act.

APPROVED BY THE GOVERNOR JUNE 25, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 25, 2007.