



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR H.B. 2578

school facilities board; revisions

Purpose

Makes changes to School Facilities Board (SFB) statutes and the scope and use of energy and water savings accounts and guaranteed energy cost savings contracts.

Background

Students FIRST (Fair and Immediate Resources for Students Today) established the School Facilities Board (SFB) to administer the state's K-12 capital finance program for school districts. Currently, the SFB manages the New School Construction and Building Renewal programs.

The SFB provides monies to construct new schools to meet the minimum adequacy guidelines (Arizona Revised Statutes (A.R.S.) §15-2041). School districts receive awards based on an annual evaluation and approval of school district enrollment projections and the additional square footage required by the district to maintain adequacy standards indicating the need for a new school or additional space within the next four years. Awards for land purchases are based on the need for land within ten years. The SFB distributes monies to school districts based on a formula with additional monies provided for land purchases. Awards may be modified based on changes in enrollment projections. If a school district sells a land parcel purchased with funds provided by the SFB, the sale proceeds must be returned to the state. If the land was only partially funded by the SFB, the proceeds are divided proportionally.

A.R.S. § 34-101 defines an *agent* as any county, city or town, or officer, board or commission of any county, city or town and irrigation, power, electrical, drainage, flood protection and flood control districts, tax levying public improvement districts and county or city improvement districts. It also includes any county board of supervisors and any representative authorized by an agent to act as an agent for the purpose of authorizing necessary change orders to previously awarded contracts in accordance with guidelines established by rule of the agent, including the board of supervisors. H.B. 2830 also includes a community college district, the Arizona Department of Administration and the Arizona Board of Regents in this definition.

A.R.S. § 15-910.02 allows school districts to establish energy and water savings accounts (Accounts) consisting of a designated pool of capital investment monies to fund energy and water savings projects and allows funds from contracts between the district utility and energy and water service providers to be deposited into the Account. Account monies are required to serve as a designated pool of capital investment monies to pay for energy or water savings measures in school facilities.

Statute requires school districts to procure and contract for energy or water savings measures or services with monies distributed from the Account after the qualified provider computed and the school district reviewed the estimated monthly and annual energy savings to be achieved over the life of the measure, as well as a monthly repayment schedule, which must result in lower school district energy or water costs, including installation.

School districts are required to transfer monthly payments from their maintenance and operation funds to repay any unpaid balance of the capital investment, plus a reasonable carrying charge. The amount transferred must be included in the calculation of the district's general budget limit.

The fiscal impact of this legislation is unknown.

Provisions

1. Requires SFB to include the net square footage of space funded in whole or in part by SFB instead of the gross square footage when measuring the square footage per pupil requirements.
2. Deletes the requirement that the Executive Director of SFB report monthly to the Joint Committee on Capital Review (JCCR) on the progress of the development of proposed rules establishing minimum school adequacy guidelines.
3. Requires school districts to report to SFB by October 15 of each year on the nature and cost of any renovations instead of only the nature and cost of completed renovations.
4. States that the proceeds derived through the sale of any land purchased or partially purchased, or the sale of buildings funded or partially funded, with monies provided by SFB be returned to the state fund from that it was appropriated from. Currently, only proceeds from the sale of land must be returned.
5. Repeals A.R.S. sections 15-2063 and 15-2092, which require an audit of SFB's revenue bond receipts and debt service fund and the School Improvement Revenue Bond Proceeds Fund.
6. Subject to a conditional enactment, allows a school district to enter into a guaranteed energy cost savings contract with a qualified provider if it determines that the energy savings project pays for itself. Limits the term of the contract to the shortest of the following: 25 years, the expected life of the item, or the term of the financial agreement.
7. Subject to a conditional enactment, permits an agent to enter into a contract with a qualified provider if the agent determines that the amount the agent would spend on the recommended measures in the proposal would not exceed the amount to be saved in energy costs over the term of the contract after the date that the installation or implementation is complete. Limits the term of the contract to the shortest of the following: 25 years, the expected life of the item, or the term of the financial agreement.
8. Makes technical and conforming changes.

9. Conditions the enactment of sections of this legislation, as noted, on the enactment of H.B. 2830 as transmitted to the Governor.
10. Becomes effective on the general effective date, subject to the provisions of the conditional enactment as noted.

Amendments Adopted by Committee of the Whole

1. Permits a school district to enter into a guaranteed energy cost savings contract and sets limits on the contract length.
2. Allows an agent to enter into a contract with a qualified provider if the agent determines that the amount the agent would spend on the recommended measures in the proposal would not exceed the amount to be saved in energy costs over the term of the contract sets limits on the contract length.
3. Adds a conditional enactment.

House Action

ED 1/23/12 DPA 10-0-0-0-0
APPROP 2/1/12 DP 12-0-0-1-0
3rd Read 2/28/12 56-0-3-0-1

Senate Action

ED 3/5/12 DP 6-1-1-0
APPROP 4/4/12 W/D
3rd Read 4/12/12 30-0-0-0

Prepared by Senate Research

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