

DIVISION OF SCHOOL FACILITIES  
**IX. Building Renewal Grant Fund Policy**

**Adopted: October 2, 2008**

**Modified: August 6, 2014, August 1, 2018, April 1, 2020, September 1, 2021 (eff. 9/29/21), August 3, 2022, October 4, 2023, November 1, 2023**

*Per A.R.S. §41-1091 B: This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under A.R.S. §41-1033 for a review of the statement.*

**A. Eligibility**

Pursuant to A.R.S. §41-5731 (Laws 2021, 1st Regular Session, Ch. 404, §69 (effective September 29, 2021)), Building Renewal Grant Funds are only available to correct existing deficiencies in academic buildings that are owned by the school district and are used for student instruction or other academic purposes to meet the minimum adequacy guidelines for student capacity and have received preventative maintenance. Project requests shall be prioritized by the Division, with priority given to school districts that have provided routine preventative maintenance on the facility.

Annual preventative maintenance, renovation expenditure, and building inventory update reports are required in order to be eligible for Building Renewal Grant funding.

District expenditures for investigations or deficiency corrections completed prior to the application approval, unless the Division had pre-authorized the school district to proceed in writing, are not eligible for reimbursement.

To be considered for funding, a school district must submit an application as outlined below.

**B. Applications**

The request shall be on an application developed by the Division and provide the following information:

Contact Information

*District Name*

*Superintendent Name*

*Contact Person*

*Contact Phone*

*Number Contact Email*

*Address*

*School and Building Information*

### Justification

*Detailed description of the Minimum Adequacy Guideline deficiency to be corrected*

*Any completed professional studies*

*Any citations or reports from government entities*

*Recommended solution*

*Estimated cost including backup documentation*

*Project Category*

### Funding

*Is the requested project in a building, or part of a building, that is being leased to another entity?*

*Amount of local funding the district plans to use for this specific project*

*Associated insurance coverage including why insurance cannot cover the expense*

*A performance period for the estimated project timeline (a maximum of 12 months cannot be exceeded). Additional time must be requested in writing to the Division.*

### Preventative Maintenance

The school district will provide a report of the preventative maintenance activities completed over the prior 12 months at the school district building for which the monies are being requested to meet the definition of Primary Building Renewal Project. If the school district is unable to provide the required information, the school district may submit an incomplete application and ask the Division for assistance in developing the information required. The application will not be considered complete until all required and necessary information is submitted.

### Routine Preventative Maintenance

Pursuant to A.R.S. §41-5731. (N.2), routine maintenance is the recurring need to keep in good repair building systems or components, and is synonymous with routine preventative maintenance. These items are performed on a regular schedule, at intervals ranging from four times per year to once every three years, or on the schedule of services recommended by the manufacturer of the specific building system or equipment, that are intended to extend the useful life of the building system and reduce the need for major repairs. Examples include: roofing and flashing repair, routine replacement of cooler pads and filters; replacement of light bulbs and ballasts; replacement of drive belts; replacement of ceiling tiles; routine lubrication; routine interior painting schedules; routine elevator maintenance, etc.

### **C. Unforeseen Conditions**

The District shall notify the Division if any unforeseen conditions arise during project implementation. The Division will direct the District on how to proceed in writing. The District must submit a Change Order through a grant amendment which includes the signature of the District Representative, Architect (when applicable), and Contractor prior to receiving written approval from the Division to proceed. Any work associated with the Change Order will also indicate any changes to the contract value, contract schedule, or contract scope. No work shall proceed without a fully executed SFOB Change Order Form that includes Staff signature. the Division shall approve or reject a Change Order within two business days.

#### **D. Local Funds**

If the District intends to supplement the Project with additional funds, the District shall itemize the funding sources on each purchase order. Additional backup documentation may be required on a case-by-case basis.

#### **E. Change Orders**

Change Orders are generated by an executed Field Order or Request for Change. Either may result in a Change Order which may affect the Scope of Work, Schedule, Cost, or a combination of the three.

The Change Order is initiated by the contractor, reviewed and certified by the design professional (if applicable), accepted by the district, and approved by the Division.

Pursuant to A.R.S. §41-5701.02 (I.), if a school district approves (issues a purchase order or otherwise authorizes) work referenced in a change order before the Division approves the change order, the school district is responsible for the cost and construction of the project ('The Project' is defined for the purposes of a change order as the work defined in the change order).

The Division shall approve or reject a change order within two business days as recorded on the Division Change Order Form. Business day is defined as the beginning of a full business day (business day starts at 8 am).

Any unspent monies shall be returned to the fund, and monies spent without proper authorization from the Division must be returned within thirty (30) days of being notified.

#### **F. Division Responsibilities**

The Division must review and approve or reject applications within 15 business days after the application is determined to be administratively complete.

The Division is required to produce a monthly report to the Board to show the approved projects during that month. This report must include:

1. Detailed list of projects approved including:
  - a. Project Scope of Work
  - b. Project Title
  - c. Funding Award
  - d. Deficiency Identified
  - e. Performance Period
2. Total number of awards and funding
3. Current balance of the BRG fund
4. Balance of BRG Contingency Fund
5. List of Rejected Projects that includes reason for rejection

The Division may authorize additional project funds as necessary through a grant amendment. Any unforeseen conditions or contingency monies must be requested through a grant

amendment.

The Division are required to:

1. Review and approve or reject grant amendments within 5 business days;
2. Provide a written explanation to districts as to why an amendment was rejected.

### **G. Roofing and Weatherization Construction**

Roofing and weatherization projects are typically the highest funding requests. Therefore, roofing replacement or rehabilitation and weatherization construction phase grants will be reviewed by a panel comprised of staff members two times a year with funding set aside for these building systems, and may be awarded based on a set of criteria and weighted variable factors including scope and value. Determinations will be communicated to applicants through the grants management portal.

### **H. Critical and Non-Critical Designations**

The Division will review eligible applications to determine which projects are critical based on whether the project meets the life/safety criteria defined as projects that immediately impact student safety or building closures or that result in operational disruptions for the purposes of establishing critical or non-critical status. Projects deemed critical will be prioritized over non-critical projects based on availability of funds. Non-critical projects do not receive prioritization for funding when subsequent appropriations are available.

### **I. Funding**

The Division shall establish a project number and account for the project. The school district shall submit a funding request with appropriate invoices and supporting documents to receive awarded funds. If there are any unspent funds at the conclusion of the project, these funds shall be remitted to the Building Renewal Grant Fund.

### **J. Insufficient Funds**

The Division will prioritize the applications based on fire, life safety and compliance with the Preventative Maintenance Program.

Funding for these projects will be made available when sufficient legislative appropriation to the Building Renewal Grant Fund is made.

### **K. Project Awards and Pre-Award Meetings**

The Division will facilitate pre-award design meetings with the district and architect to determine the scope of work to be included in the construction bid documents. This is a condition that must be met prior to bidding and release of funds.

### **L. Prohibition of recommending specific vendors**

The Division of School Facilities staff and consultants are prohibited from requiring or recommending that districts use specific vendors for projects that receive Building Renewal Grant monies.

### **M. DISPUTE RESOLUTION**

### 1. INFORMAL PROCEDURES

Division Staff shall notify a District in writing that the proposed project does not meet eligibility criteria. The written notification shall include documentation to support the staff's determination that the proposed project does not meet the eligibility criteria. The Division will send written notification to the District after the final decision that the District is not eligible. The District may directly appeal staff's determination of ineligibility to the Assistant Director of the Division. The District may directly appeal that determination of ineligibility to the Board.

### 2. ADMINISTRATIVE REMEDIES

A District may appeal to the Office of Administrative Hearings the determination that the District is not eligible for monies or any other appealable Division or Board action pursuant to title 41, chapter 6, article 10. For the purposes of this subsection, "appealable agency action" has the same meaning prescribed in section 41-1092.

### 3. JUDICIAL PROCEEDING

After exhausting applicable administrative review as described above, the Parties agree to resolve all disputes arising out of the requests for monies from the Building Renewal Grant Fund through arbitration, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes or rules adopted under A.R.S. § 12-133.