

Executive Corner



AB 16 – On Friday, April 26, 2002, Governor Gray Davis signed into law Assembly Bill (AB) 16, Kindergarten-University Public Education Facilities Bond Acts of 2002 and 2004 as authored by Assembly Member and Speaker Emeritus Hertzberg. AB 16 is the largest School Facility Bond in California's history, as well as in the nation. This long awaited bill authorizes two statewide general obligation (GO) bond elections, one scheduled for November 2002 and a second in March 2004. The amounts are \$13.5 billion and \$12.30 billion respectively, of which \$11.4 billion and \$10 billion will be allocated for K-12 education facilities. Since the bill was adopted with an urgency clause it became effective immediately. This means the OPSC is on a tight schedule to develop the program changes created by AB 16 and implement regulations in time for the November 2002 election. But I know we can do it!

AB 16 provides much needed funding for new construction and modernization, and also adds several enhancements to the existing School Facility Program. Here are just a few:

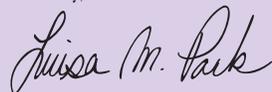
- Establishes a joint-use program with \$50M in each bond;
- Establishes a new program for Critically Overcrowded Schools;
- Provides for an additional apportionment for projects that maximize the use of energy efficiency; and
- Provides for an additional modernization apportionment for schools over 50 years old.

OPSC staff have put together several working groups that have begun developing proposed regulations to implement this law and brought the first proposed regulation item regarding AB 16 to the May 10, 2002 SAB Implementation Committee meeting for public review and comment. Anyone interested in assisting the OPSC in this endeavor is encouraged to attend any of the several meetings scheduled in the coming months. You can find the meeting time, place, location, and meeting agenda under "OPSC Reminders" and on our Web site under "Meeting Announcements" at www.dgs.ca.gov/opsc.

In the next few weeks, I will be providing you with additional information on AB 16, how it will impact our program, and provide updates on how we intend to implement this new bill. Any questions or comments are welcome.

Our thanks to the Governor, the Legislature and all of you who worked tirelessly to get this bill signed into law.

Sincerely,



Luisa M. Park, Executive Officer
Office of Public School Construction

Federal Renovation Funds

The Office of Public School Construction received 783 applications for the Federal Renovation Program (FRP) representing over \$160 million in requests during the filing period between March 1st and April 15th of this year. An online application was developed via the Internet, and 39 percent of the applicants took advantage of it for filing simplicity. All applicants will be notified regarding the outcome of their application, and further information will be provided for those receiving apportionments. Questions may be directed to Tasha Adame at 916.322.0334.

Sixth Quarter Funding Summary

\$124,036,469 in new construction funding was apportioned at the April 3, 2002 SAB meeting. The next funding quarter will occur at the June 26, 2002 SAB. The final funding quarter for Proposition 1A will occur at the August 28, 2002 SAB.

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OPSC Reminders...

▶ State Allocation Board Meetings on Wednesday:

June 26, 2002
 July 24, 2002
 August 28, 2002
 September 25, 2002
 October 23, 2002

▶ State Allocation Board Implementation Committee Meetings for 2002*

Thursday, June 6 -- 10:00am - 4:00pm
 Friday, June 7 -- 8:00am - 2:30pm
 Chaffey Joint Union School District Board Room, 211 West 5th Street, Ontario

Tuesday, July 9 -- 1:00pm - 6:00pm
 Wednesday, July 10 -- 8:00am - 2:30pm
 Lake Tahoe Unified School District Board Room,
 1021 Al Tahoe Blvd., South Lake Tahoe

Thursday, August 1 -- 10:00am - 4:00pm
 Friday, August 2 -- 8:00am - 2:30pm
 Sacramento - Location TBA

Thursday, September 5 -- 10:00am - 4:00pm
 Friday, September 6 -- 8:00am - 2:30pm
 Ontario - Location TBA

Friday, October 4, Sacramento - Location TBA
 Friday, November 1, Ontario - Location TBA
 Wednesday, December 4, Sacramento - Location TBA

▶ School Facility program - New Construction Application Timelines

Applications accepted by the OPSC after March 29, 2002 and on or prior to June 26, 2002 will be processed for consideration at the August 28, 2002 SAB meeting for the final allocation of Proposition 1A funding. See page 3 for "New Process for Final funding Quarter."

▶ Joint-use Funding Cycle - July 1, 2001 – May 30, 2002:

Period for Districts eligible to participate in the Lease-Purchase Program funding of Joint-use projects for gymnasiums, multipurpose rooms and libraries (SB 1795).

▶ Interest Earned Report, Form SAB 180, is due quarterly (March 31, June 30, September 30, December 31) from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.

* Meeting dates subject to change. Check the OPSC Web site at: www.opsc.dgs.ca.gov for latest dates and times.

Proposed Amendments For ...

Deferred Maintenance Program Regulations

For the past few months, the Office of Public School Construction (OPSC) has been discussing proposed regulation amendments to the Deferred Maintenance Program (DMP) with the State Allocation Board (SAB) Implementation Committee. At its April 24, 2002 meeting, the SAB adopted the proposed regulation amendments, which were needed as a result of new laws being enacted and inconsistencies between the existing regulations and the SAB policy. The following are some highlights of major program changes:

Basic Grant

- Establishes provisions relating to local school board approval of the Five-Year Plan and a reporting requirement for districts that do not deposit the maximum Basic Grant amount.
- Redefines a school building for county offices of education to include facilities exempt from the Field Act.
- Revises application acceptance timelines to be consistent with the end of the fiscal year.
- Allows deferred maintenance funds to be utilized for purposes of maintaining leased State Relocatable Classrooms.
- Provides districts with more options in spending their Basic Grant by defining "school facilities" as "district owned facilities used for school purposes".

Extreme Hardship

- Establishes application submittal guidelines and the permissible uses of the extreme hardship grant.
- Once the total project cost for a critical project exceeds \$1 million, requires a 50 percent district contribution for any costs above that amount.
- Revises the 90-day reimbursement policy set in April 1997 to state that any construction expenditures incurred before the OPSC determines that the proposed project meets the hardship criteria are ineligible, except for costs associated with temporary measures necessary to immediately mitigate the problem. This enables the OPSC to verify that the proposed project meets the criteria of a hardship project prior to the start of construction.
- Establishes a six-month progress report requirement and timelines for the auditing of critical hardship projects by the OPSC.

In addition to approving the proposed regulations, the SAB also repealed the April 1997 policy. The OPSC anticipates filing the proposed amendments with the Office of Administrative Law to begin the 45-day public comment period in the near future. Please visit the OPSC's Web site to stay posted on the development of the regulations. Since the DMP operates on a fiscal year calendar, the SAB approved OPSC's recommendation to operate under these proposed regulations beginning July 1, 2002 for all complete applications received for the 2002/2003 fiscal year until the regulations are adopted. The OPSC will begin conducting outreach presentations at various locations throughout the State. If you are interested in finding out more about the new regulations and workshops, further information is available on the OPSC Web site at www.opsc.dgs.ca.gov.

Application Filing Date Alert !...

Joint-Use Projects Senate Bill 1795 (Alpert), Education Code Section 17052.

The State Allocation Board (SAB) has a policy for the funding of Joint-Use Projects under the provisions of Senate Bill (SB) 1795, which became law on January 1, 2001.

If your district has the problem of limited space for building new school facilities, the joint-use program could help districts with a solution to combine the use of libraries, multipurpose rooms and gymnasiums with your local agencies. These type of facilities can host a great variety of community activities on weekends and weekday evenings. Adequate library facilities with state of the art computer and media centers can serve both the school site and the surrounding community. Gymnasium facilities can serve community recreational sports leagues as well as district sporting events. Districts can apply for State funding of 50 percent of the construction of the eligible area certified by the CDE.

The California Department of Education's School Facilities Planning Division (CDE/SFPD) establishes a school site's eligible square footage. The current allowances for the State's share of these facilities are \$103 per square foot for a library, gymnasium or multi-purpose room, and \$187 per square foot for toilets and kitchens adjusted for geographic, urban/site size and for the Annual Construction Cost Index.

If you are interested in exploring funding of a new Joint-Use project for your district and have questions regarding how to file a SB 1795 application, please contact Stevan Wood at 916.323.7109 or via e-mail at stevan.wood@dgs.ca.gov, or Brian LaPask at 916.327.0298 or via e-mail at brian.lapask@dgs.ca.gov.

Related Links:

Forms and information about the SAB's SB 1795 Joint-Use Program are available from the OPSC Web site at: www.opsc.dgs.ca.gov. The CDE/SFPD forms are available at www.cde.ca.gov/facilities

Proposition 1A Funds - New Process for Final Funding Quarter

All districts intending to file a SFP new construction funding application for the final quarter should be aware that the **final filing date is Wednesday, June 26, 2002**. These applications will be considered at the August 2002 State Allocation Board (SAB) meeting (not the last business day of June, which differs from the previous quarters).

Before submitting a new construction funding application, districts should fully address and document items such as current CBEDS, separation of Special Day Class, Use of Grants, and/or Site Development requests. The OPSC will be review and process applications that appear to be eligible for funding based upon its priority points. The remaining applications will be processed to the September 25, 2002 SAB, but with an "unfunded" approval date of August 28, 2002 and retention of its original receipt date.

For information regarding the SFP application submittal requirements, please visit the OPSC web site at: www.opsc.dgs.ca.gov/PDF/sfp_sb50/sfp-app-submittal.pdf

Legislative Updates:

SB 575 - Automatic Fire Detection Alarm and Sprinklers (Chapter 725, Statutes of 2001)

Sponsored by Senator O'Connell

Automatic Fire Detection Alarm and/or Sprinkler Systems are required on all new construction and modernization projects submitted to the Division of the State Architect (DSA) after July 1, 2002, for which the districts are requesting School Facility Program funding. The Office of Public School Construction and DSA are working together to develop regulations that will provide guidelines and appropriate levels of funding. We encourage interested parties to provide input at the next State Allocation Board Implementation Committee meeting.

AB 401 - District Owned Site Reimbursement (Chapter 647, Statutes of 2001)

Sponsored by Assembly Member Cardenas

The State Allocation Board (SAB) is required to provide additional School Facility Program funding for site acquisition when a cost-benefit analysis demonstrates that utilizing a district-owned existing non-school site is found to be a more cost effective method of providing facilities to address the district's unhoused pupils. Look for a presentation of this issue at the June SAB meeting.

Proposed Regulation Amendment Resulting From the Attorney General Opinion

At the February 2002 meeting, the State Allocation Board (SAB) directed the OPSC to present an amendment to regulation 185991 (c) so that it would coincide with the Attorney General's (AG) opinion that stated that this regulation was in conflict with the Government Code Section 65995.7. This government code specifies when the SAB is required to notify the Legislature when State funds are unavailable for new construction. In addition, the SAB requested the SAB Legal Counsel to determine if it would be necessary to replace the regulation section to clarify an aspect of the AG's opinion. After review Counsel concluded that the governing statute provides sufficient direction regarding the legislative notification requirements and that a substitute regulation section is not necessary.

Based upon Legal Counsel's opinion, the OPSC presented to the SAB an amendment to existing regulation to repeal subsection (c). The SAB adopted the proposed regulation change and directed the OPSC to begin the regulatory process.

Small School District Outreach

The OPSC is again concentrating its efforts on outreach to Small School Districts, focusing on assisting the smallest of school districts throughout the State, especially those districts that have not had the opportunity to participate in State funding programs. Small school districts are considered to be those with 2,500 or less Average Daily Attendance (ADA). Lisa Constancio, Supervisor of Region 2 and the Deferred Maintenance Program, has been assigned to lead these efforts, with Lauri Lathrop assigned as the Project Manager and resource person.

The goal is to provide information and assistance to all small districts that have not had the resources to familiarize themselves with our program. Recently, surveys were mailed to those districts with 1,000 ADA or less in order to assist OPSC in determining the needs of these particular districts. Additionally, we are contacting districts in the remote areas of the State. The Small School District Outreach Program is offering districts:

- the opportunity to meet one-on-one with staff,
- assistance in completing enrollment data,
- information on completing forms for such programs as the School Facility and Deferred Maintenance Programs, and
- reference materials, such as guidebooks, regulations, and other helpful information.

Many districts are requesting meetings. If you are a small school district and would like more information, or if you have not yet participated in any OPSC programs, you are encouraged to contact Lauri Lathrop at (916) 322-7867 or via e-mail at llathrop@dgs.ca.gov.

Amendments to the Financial Hardship Regulations

The OPSC presented proposed SFP Regulation amendments to address and clarify three financial hardship issues. These amendments will clarify current regulations and in one case, correct an inequity. Highlights of the amendments are as follows:

1. Funding Availability in Previously Approved Hardship Districts

This amendment will clarify the funding availability of previously approved hardship districts by restricting expected contributions of all available facilities funding to a three-year period.

2. Federal Renovation Program

This amendment excludes Federal Renovation expenditures from consideration as available funds for the SFP. The OPSC will exclude FRP-related expenditures from consideration as available funds when:

- A Special Reserve FRP Fund is established; and
- The expenditures for FRP proposes do not exceed the maximum FRP grant amount.

3. Interim Housing Assistance for Districts Denied Financial Hardship Status

The current financial hardship regulations provide that when a school district is unable to meet the specified criteria for financial hardship status, the SAB shall provide classrooms requested under the State Relocatable Program at a reduced rental of \$2,000 per year. This places the district in a position that could force them into having additional financial burden and forces the SAB to deliver a building without regard to whether there are any relocatables available.

As a result, the proposed regulation amendment will read: “The Board may provide classrooms requested under the State Relocatable Program at reduced rental payments of \$2,000 per year.”

The SAB adopted the proposed regulation amendments and directed OPSC to begin the regulatory process. Effective on the date of this approval, the SAB directed OPSC to apply the provisions of these regulations to any subsequent financial hardship request.

Should you have any questions regarding these new regulation changes or need assistance regarding financial hardship, please contact Julie Ennis, Audit Supervisor, at julie.ennis@dgs.ca.gov or 916.445.0019.

Construction Cost Indices

Lease-Purchase Program Construction Cost Indices for:
April and May 2002

	04/03/02	04/24/02	05/24/02
Class “B” Buildings	1.43	1.43	1.43
Class “D” Buildings	1.43	1.43	1.43
Furniture and Equipment	1.40	1.39	1.39
Historical Savings Index	9.07	9.07	9.07

Class “B” Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class “D” Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Status of Funds

Includes apportionment and adjustments of the April 3 and April 24, 2002 State Allocation Board Meetings

PROGRAM	April 3, 2002		April 24, 2002	
	FUNDS AVAILABLE AS OF 02/27/02	APPORTIONMENTS AND ADJUSTMENTS	APPORTIONMENTS AND ADJUSTMENTS	BALANCE AVAILABLE AS OF 04/24/02
Proposition 1A				
New Construction	692.6	(123.4)	0.0	569.2
Modernization	3.5	0.0	(1.0)	2.5
Hardship	0.0	0.0	0.0	0.0
Facility Hardship (Reserved)	27.0	(0.4)	(9.4)	17.2
Subtotal	723.1	(123.8)	(10.4)	588.9
Prior Bond Funds				
Contingency Reserves	35.7	1.1	0.9	37.7
AB 191	3.2	0.0	0.0	3.2
Subtotal	38.9	1.1	0.9	40.9
Grand Total	762.0	(122.7)	(9.5)	629.8

Note: Amounts are in millions of dollars. Amounts within parentheses () are negative amounts.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at www.dgs.ca.gov/opsc. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.



Advisory Actions 2002

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