



Advisory Actions 2002

Department of General Services
Office of Public School Construction

State Allocation Board Meeting: August 28, 2002
Issue Number 07

Executive Corner



August marked the end of Proposition 1A funding with the last quarterly new construction funding allocation by the State Allocation Board (SAB). Essentially, funds for Proposition

1A are exhausted and these funds have given a major boost to school facility construction. Proposition 1A provided funds to house 344,155 pupils in new classrooms and 919,304 pupils in modernized classrooms.

Moving ahead with the passage of Assembly Bill (AB) 16, the Office of Public School Construction (OPSC) has been focusing on its implementation. Look for articles in this issue and future advisories for information on program changes. Also, please refer to the supplemental insert in this issue for an update on AB 16 changes and status.

The OPSC will be presenting a regulation package at the September SAB meeting that will contain the majority of program changes resulting from AB 16. You will find information on these proposed regulations on our Web site.

As these changes are adopted, the OPSC will implement a variety of means to keep districts updated. Our monthly advisory, the OPSC Web site, and presentations at district and association meetings are some of the avenues we will use to keep districts current.

Sincerely,

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

Life After Proposition 1A

By Lisa Jones
Regulation Administrator

For the last four years, school facilities have been constructed and/or modernized with Proposition 1A funding. Two years ago, the State Allocation Board (SAB) implemented a quarterly funding process for new construction projects in order to secure school facility funding for the entire four years of the bond. This brings us to the August 2002 SAB meeting and to the end of the quarterly funding cycles and Proposition 1A funding.

Many of you may be asking, "What's next?" Well, the Office of Public School Construction (OPSC) will continue to process all new construction and modernization applications for SAB consideration, but for placement on the unfunded list.

Complete new construction application packages will be processed in order of date received, with a processing time goal of 120 days. It is anticipated that funding applications accepted for processing by June 30, 2002 will be presented at the November/December 2002 SAB meeting for funding consideration, contingent upon the successful passage of Proposition 47.

The OPSC will strive to keep everyone informed of any changes to these processes so that all applications received are treated fairly, equitably and properly.

WE WANT TO BE READY WHEN YOU SAY...

"Show Me the Money!"

By Barbara Terry
OPSC Accounting

If your district currently has a project on the "waiting list" for future funding that meets the criteria for fund release, the Office of Public School Construction (OPSC) encourages you to submit a fund release request now. The OPSC is now accepting advance Fund Release Authorizations, Form SAB 50-05, from districts that have received unfunded approvals for their projects from the State Allocation Board (SAB). These advance Fund Release Authorizations will be used by the OPSC to project initial cash flow needs and will ensure expeditious processing of your district's fund release once funds become available.

All advance fund release requests received by the OPSC will be processed in date order, so it is to your

advantage to submit the request now, provided you meet the criteria indicated on the form. Please be sure to indicate on the Form SAB 50-05 that your project is on the unfunded list and the date it was approved by the SAB.

As always, contact your Project Manager if you have any questions regarding School Facility Program requirements. For assistance in completing the Fund Release Authorization, Form SAB 50-05, please contact Laurie Stetson, Accounting Supervisor, at 916.322.0140 or lstetson@dgs.ca.gov. The Form SAB 50-05 can be found on the OPSC Web site at www.dgs.ca.gov/opsc.

OPSC Reminders. . .

- ▶ **State Allocation Board Meetings***
Wednesday, September 25, 2002
Wednesday, October 23, 2002
November and December meeting to be announced (TBA)
- ▶ **State Allocation Board Implementation Committee Meetings***

Friday, October 4, 2002
9:00 a.m. - 3:30 p.m.
US Bank Plaza
980 9th Street, 2nd Floor
Sacramento, CA 95814

Friday, November 1, 2002
Ontario, Time and Location TBA

Friday, December 4, 2002
Sacramento, Time and Location TBA
- ▶ **Interest Earned Report (Form SAB 180)**
Due quarterly from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.
 - March 31
 - June 30
 - September 30
 - December 31
- ▶ **Project Tracking Number**
Project Tracking Number (PTN) required on specified forms effective October 1, 2001.

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

Updating Your District Representative Information Helps Avoid Delays

By Steve Pieper
OPSC Auditor

Does your district receive correspondence from the Office of Public School Construction (OPSC) addressed to individuals who are no longer employed by the district? If so, it means our database has not been updated with the names of the people who have been designated by your school board as the district's official representatives.

Why does this matter? If this information is not updated when there is a change of district personnel, it can lead to delays in moving projects forward as we wait for important responses regarding your projects. Also, the OPSC needs to be notified whenever there is a District Representative change, so districts and their school boards can be assured that the OPSC is working with those parties who are authorized to act on behalf of the district.

How can a district make sure OPSC has the current District Representative information in its database? First, check to see who is currently listed as your District Representative in our computer database system. This can be done by either contacting your Project Manager, or by visiting our Web site at www.dgs.ca.gov/opsc, and selecting any of the district's projects using the Project Tracking System. The primary District Representative's name is listed near the top of the Project Summary page, just under the project number.

What do I do to update my District Representative information? Locate the Eligibility Determination, Form SAB 50-03, on the OPSC Web site at www.dgs.ca.gov/opsc. Complete the form with the information indicated as follows:

- The form header identifying the district's name, address, 5-digit district code, and high school attendance area code (if applicable).
- Part I of the Form SAB 50-03, paying special attention to the exact e-mail address for the representative.
- The school board resolution approval date, appointing the new district representative(s), filled in the certification portion towards the bottom of the form.
- Signature of the authorized District Representative and date on the bottom of the form.

Submit the completed Form SAB 50-03 to the OPSC, directed to your Project Manager. Upon receipt, we will take care of updating our database and future correspondence will be addressed to the correct person. Often times, a new Superintendent may join the district that may not be one of the District Representatives. In those cases, the district can simply write a letter notifying OPSC of the change, and we will also make note in our system.

**NEED A HELPING HAND?
OPSC TO THE RESCUE...**

Facility Planners Outreach

By Christine Sanchez
Programs Manager Assistant

In order to provide the highest level of customer service to school districts and County Offices of Education (COE), the Office of Public School Construction (OPSC) would like to offer its assistance.

OPSC representatives are available to assist with filling out applications, interpreting regulations and answering questions regarding the School Facility Program, as well as other programs administered by our office, such as the Deferred Maintenance and the State Relocatable Classroom Programs. Our goal is to be available to assist school districts and

COE's on a regular basis. If you are interested in an OPSC representative participating in a future facility planners meeting, please provide us with a schedule of upcoming meetings with your request. If a facility planners meeting is not convenient, contact your OPSC representative to set up a meeting at your convenience either in our office, at your district or the COE.

If you have any questions, please contact Christine Sanchez at chsanche@dgs.ca.gov or 916.322.0328.

ARTICLE SUBMITTED BY THE CALIFORNIA POWER AUTHORITY

Power Authority Offers New “PULSE” Financing Program to Promote Clean Energy and Energy Efficiency

The California Power Authority is launching a new public agency loan program to deliver conservation and clean energy solutions to all public agencies. The **P**ublic **L**eadership **S**olutions for **E**nergy (PULSE) program helps public agencies manage energy needs and costs by providing flexible loan terms. A broad range of technologies are eligible, such as installing energy efficiency solutions, advanced metering and controls, as well as renewable and clean on-site generation.

The lending features include:

- Low short-term or variable tax-exempt rates (as low as 3%);
- Low longer-term tax-exempt rates, with repayment up to each project’s useful life;
- Targeting larger loan sizes: 2 million or more per issuance;
- Unlimited maximum loan amounts;
- Multiple bond issues annually; and
- Reduced bond issuance costs via Power Authority financing.

This fund will help government leaders implement clean energy projects with cost-effective paybacks on energy improvements, while simultaneously enabling local control of energy choices and spending decisions. Participants expressing initial interest include cities, counties, school districts, special districts and universities.

If you would like more information, please go to the California Power Authority’s Web site at www.cpowerauthority.ca.gov/financing/PULSE.htm, email cpcpublicloans@dgs.ca.gov, or call 916.651.9750.

Final Proposition 1A New Construction Funding Quarter

\$473,063,648 in new construction funding was apportioned at the August 28, 2002 meeting of the State Allocation Board (SAB). This marked the last of the new construction funding quarters from Proposition 1A funds. The OPSC will continue to process applications in date order and present them to the SAB for unfunded approvals.

Another Successful Groundbreaking

By Karen Graves-Sims
Project Manager

On August 27, 2002, San Francisco Unified School District broke ground on the new Bessie Carmichael Elementary School. Demolition of the former San Francisco Studios (SFS) building began as part of the groundbreaking ceremony. The SFS is located across the street from the existing campus and will be the site of the the new Bessie Carmichael Elementary School. Working with the City of San Francisco, the existing campus will be converted to a park, which the students will have access to through a joint-use agreement.



The existing Bessie Carmichael School campus will be converted to a park.



The old San Francisco Studios was used by stars such as Whoopi Goldberg.

The Honorable Mayor Willie Brown was among the distinguished speakers that attended the groundbreaking ceremony. The students also participated in the ceremony showing their pride with songs, cheers, speeches and dance performances. The replacement school is projected to open in the fall of 2004.



Paul Cardoni, District Representative SFUSD; Dr. Arlene Ackerman, Superintendent, SFUSD; Lori Morgan, OPSC Manager; Karen Sims, OPSC Project Manager; Jill Wynns, President, SFUSD School Board; Sue Reese, OPSC Manager

Status of Funds

At the completion of the August 28, 2002 State Allocation Board Meeting

PROGRAM	BALANCE AVAILABLE AS OF 08.28.02
Proposition 1A	
New Construction	0.7
Modernization	0.0
Hardship	0.0
Facility Hardship (Reserved)	17.7
Subtotal	18.4
Prior Bond Funds	
Contingency Reserves	24.8
AB 191	1.7
Subtotal	26.5
Grand Total	44.9

The SAB funded \$1,628,727 for the Deferred Maintenance Program, and \$20,708 for the Air Conditioning Program.

Funds Released from Prop. 203 and Prop. 1A Prior to the August 28, 2002 Agenda

Total Proposition 203

Apportioned	\$1,981,571,538
Released/Contracted	\$1,926,617,398
Balance	\$54,954,140

Total Proposition 1A

Apportioned	\$6,190,355,439
Released/Contracted	\$5,920,500,954
Balance	\$269,854,485

Construction Cost Indices

Lease-Purchase Program – Construction Cost Indices for August 2002

Class "B" Buildings	1.44
Class "D" Buildings	1.45
Furniture and Equipment	1.39
Historical Savings Index	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 Marshall & Swift Company.

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

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.



Office of Public School Construction
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Home Stretch...

The issues pertaining to Assembly Bill (AB) 16 have all been presented and discussed at the State Allocation Board (SAB) Implementation Committee meetings. There are just a few issues left to be further discussed. Many of the discussions reported in the following articles occurred at various SAB Implementation Committee meetings.

With the November election just around the corner, the Office of Public School Construction (OPSC) is on track in preparing the full regulation package to be presented to the State Allocation Board in September.

Continued Discussion from June and August

URBAN ADJUSTMENT

Under the current School Facility Program Regulations, a project's useable site size determines eligibility for an excessive cost grant due to urban location. Site size, however, is just one indicator that a project may require additional funds to accommodate urban construction costs. As a result, Education Code Section 17075.10(c), added by Assembly Bill 16, directs the State Allocation Board (SAB) to review the increased costs that may be uniquely associated with urban construction and requires adjustments to the per-pupil grant for new construction, and modernization projects as necessary to accommodate those costs.

Research and discussion resulted in the development of the proposal by the Office of Public School Construction (OPSC) for excessive costs correlative to projects in an urban location. The proposal would eliminate the percent of useable site size as a qualifier and replace it with other criteria summarized in this chart.

Status

Methodologies were discussed at the August and September SAB Implementation Committee meetings. A coalition of urban districts also presented proposals which were discussed at the September meeting. Consequently, proposed regulation amendments are still in the development process. It is anticipated that amendments to the current regulations regarding urban location excessive cost amounts will be presented at the October or November SAB meeting for approval.

THE OFFICE OF PUBLIC SCHOOL CONSTRUCTION PROPOSAL FOR URBAN ADJUSTMENT CRITERIA

REQUIREMENT	DESCRIPTION
At least one building constructed in the project must be a Type I or II.	Buildings are identified in the California Building Code as Type I and Type II building construction, in which the structural framework must be iron, steel, concrete or masonry (not wood).
Excessive cost grant will be the lesser of A, B or C.	<p>A. Based on the site density percentages similarly used for Critically Overcrowded Schools, allow an increase in the base grant of a:</p> <ul style="list-style-type: none"> • Maximum of 8 percent New Construction and Modernization if the site density is at least 90 pupils per acre for grades 7-12 and 115 pupils per acre for grades K-6. • Maximum of 15 percent New Construction and Modernization if the site density is at least 113 pupils per acre for grades 7-12 and 145 pupils per acre for grades K-6. • Maximum of 50 percent New Construction and maximum of 25 percent Modernization if the site density is at least 135 pupils per acre for grades 7-12 and 175 pupils per acre for grades K-6. <p>B. Based on a cost estimate prepared by the district's licensed design professional which identifies costs to be incurred due to the urban location of the project associated with the following items:</p> <ul style="list-style-type: none"> • Limited parking for construction staff. • Limited access to site. • Limited site space for contractor to work and store materials. • Increased premiums for insurance. • 24-hour security. • Surcharge on materials and equipment deliveries. • Special permits. • Traffic control. • Construction activities limited to certain times of day or week. • Higher labor costs. • Risk to pedestrian traffic. <p>C. Based on the savings in site cost resulting from the district acquiring a smaller site than recommended by the California Department of Education.</p>

STATUS OF AB 16 ISSUES

10 Member State Allocation Board

2 Positions Pending Appointments

Attendance Area Definition

Ready for the September SAB

Charter Schools

Pending Legislation

Critically Overcrowded School Program

Ready for the September SAB

Energy Efficiency Additional Grant

Ready for the September SAB

Financial Hardship Bonding Requirements

OPSC in Process

Joint-Use Program

Ready for the September SAB

Modernization 60/40

SAB adopted July 24, 2002

Modernization of 50-year-old Buildings

Ready for the September SAB

MTYRE - High School Districts

Ready for the September SAB

Priority Points Modification

Ready for the September SAB

Project Assistance 3 Year Sunset

Ready for the September SAB

Small School Lock on Eligibility

Pending Legislation

Title by Prejudgment Possession

No Action Necessary

Urban Adjustments

Under Discussion

Vocational and Technical Facilities Consideration

Ready for the September SAB

Continued Discussion from July and August

CRITICALLY OVERCROWDED SCHOOLS PROGRAM

The proposed regulations for the Critically Overcrowded Schools Facility Program (COS) created by Assembly Bill 16 to relieve overcrowding at impacted schools is continuing to advance through the implementation process.

The Office of Public School Construction (OPSC) consulted with legal counsel to determine if advance fund releases for financial hardship school districts are permissible. The OPSC also analyzed alternatives to determine the pupil eligibility from a source school and continued discussion on the criteria to receive a one-year time extension.

After consulting with legal counsel, it was agreed during the August SAB Implementation Committee meeting that there are no provisions for an advance release of funds from a COS preliminary apportionment. All districts, including financial hardship districts, will need to ensure they can adequately advance the project to conversion by meeting all the School Facility Program new construction laws and regulations for a final apportionment within a four-year timeframe. A district that has not converted a preliminary apportionment to a final apportionment within four years may request and be granted a single one-year time extension. A district seeking a time extension must demonstrate the project has received

a California Department of Education (CDE) contingent or final site approval and final plans have been submitted to the Division of the State Architect for approval.

Based on the OPSC recommendation, the threshold amounts to determine the qualifying pupils from a source school will be 86 pupils per acre for an elementary school and 68 pupils per acre for a secondary school.

Further discussions with legal counsel determined that the Education Code does not appear to provide the SAB with the authority to transfer funds from the 2004 Critically Overcrowded Facilities Account to the 2002 Critically Overcrowded Facilities Account to provide for project increases.

For additional information regarding the COS program, please contact Project Managers T.J. Rapozo at 916.324.2557 or, Karen Sims at 916.327.3094. For information about the CDE's Source School List and its requirements, please contact Fred Yeager, CDE School Facilities Planning Division, at 916.327.7148.

Status

It is anticipated that the Regulations to implement this program will be presented to the SAB at the September 25th meeting.

Continued Discussion from July and August

JOINT-USE PROGRAM

Several issues were debated at the July State Allocation Board (SAB) Implementation Committee meeting regarding the Joint Use Program created under Assembly Bill 16. Key issues addressed included whether a school district may submit more than one application, and how projects should be prioritized within each type of Joint Use project. After consulting with legal counsel, it was determined that by limiting the number of applications per district, some districts may be denied equal access to Joint Use funding and it may create constitutional challenges. As a result, it was agreed that a district may submit more than one Joint Use project. It was also agreed that date order received was an equitable solution to prioritizing Joint Use applications within each type of Joint Use project.

The Office of Public School Construction (OPSC) presented draft regulations for the Joint Use Program at the August SAB Implementation Committee meeting, which resulted in productive discussion of key issues. It was agreed that it is important to make the Joint Use Program accessible to more districts. To accomplish this it was decided that, if a district submits more than one application per type of Joint Use project, the first project would be ranked and funded in date order received with other district's first applications. Districts' second applications would be ranked and funded with other districts' second applications in date order received, and so on within each type of Joint Use

project. This methodology will enhance each district's ability to receive funding for a project.

At the September SAB Implementation Committee Meeting, the OPSC presented the revised draft regulations based on the changes discussed at the August SAB Implementation Committee meeting. After discussion, few changes were made to the draft Regulations. One issue that was discussed at the September meeting was whether another district or County Office of Education (COE) may be the Joint Use partner. It was decided that if a Joint Use partner is a governmental agency, the Joint Use partner may be another district or COE, provided the funds they contribute are not otherwise available to the program.

For eligibility criteria and other pertinent information regarding the Joint Use Program, you can locate the SAB Implementation Committee Issue Papers on the OPSC Web site at www.dgs.ca.gov/opsc, or look for further updates in future Advisory Actions.

Status

It is anticipated that the Regulations to implement this program will be presented to the SAB at the September 25th meeting.

Continued Discussion from June

ATTENDANCE AREA DEFINITION CHANGE

The definition of Attendance Area will be changed by the deletion of “or proposed” thereby permitting districts to establish an Attendance Area only where there is an existing high school. Current language states that eligibility determination for a High School Attendance Area (HSAA) or Super HSAA includes a high school that serves any combination of grades nine through twelve and is not a continuation high school. The regulation will be changed to “includes an operating high school that serves any combination of grades nine through twelve and is not a continuation high school”. Lastly, the regulation language will be clarified by stating that the high school that is the basis of the HSAA or Super HSAA is operated by the applicant district.

Status

This amendment to the regulations will be presented at the September meeting of the State Allocation Board.

Continued Discussion from June

MODERNIZATION OF 50-YEAR OLD BUILDINGS

Additional funding will be provided to districts to modernize school buildings that are at least 50 years old to help mitigate some of the higher costs associated with the modernization of older buildings. These grants may not be used for any building which has been previously modernized with State funds. An additional per pupil grant will be provided as follows:

Type of Pupil	State's Share at 60% for Buildings at least 50 years old
Elementary	\$ 3,120
Middle	\$ 3,300
High	\$ 4,320
Non-Severe	\$ 6,650
Severe	\$ 9,944

An additional allowance will be provided for utility upgrades serving the site and the 50 year-old buildings. The utility upgrades will be provided for water, sewer, electrical, gas, and communication.

This additional allowance will be the lesser of the eligible work for utility upgrades or an amount not to exceed 20 percent of the pupil grant amount calculated.

Status

Proposed regulations will be presented at the September State Allocation Board meeting.

Education Facilities

Bond Proposals 2002-2004

Program	Bond 2002: \$13,050,000,000	Bond 2004: \$12,300,000,000
New Construction	\$ 3,450,000,000 (\$100 million: charter schools ¹) (\$ 25 million: housing assistance ²) (\$ 14.2 million: energy incentive ³)	\$ 5,260,000,000 (\$300 million: charter schools ¹) (\$ 25 million: housing assistance ²)
Modernization	\$ 1,400,000,000 (\$ 5.8 million: energy incentive ³)	\$ 2,250,000,000
New Construction Backlog	\$ 2,900,000,000	—
Modernization Backlog	\$ 1,900,000,000	—
Critically Overcrowded Schools (COS)	\$ 1,700,000,000	\$ 2,440,000,000
Joint-Use	\$ 50,000,000	\$ 50,000,000
Total K-12	\$ 11,400,000,000	\$ 10,000,000,000

¹An “up to” amount specified for charter school applications contingent on subsequent legislation.

²Housing assistance funding only if 2002 housing bond fails. If approved, these amounts will revert to the new construction category.

³A total of up to \$20 million from each bond may be used to increase the grants for projects with qualifying energy efficiency provisions. It is anticipated that the \$20 million amount will be funded as follows: \$14.2 from new construction and \$5.8 from modernization.