

ADVISORY ACTIONS

ISSUE NO. 03

from recent
State Allocation Board meetings

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Regulations Update

State Allocation Board Implementation Committee

OPSC Reminders

STATE ALLOCATION BOARD MEETINGS*

- Wednesday, September 28, 2005
- Wednesday, October 26, 2005

IMPLEMENTATION COMMITTEE MEETINGS*

- Friday, September 9, 2005
- Friday, October 7, 2005

PROGRAM FILING PERIODS

The following forms are due September 1, 2005:

- SAB 406C, Community Schools Facilities Report
- SAB 406E, Expelled Pupils Facilities Report

WILLIAMS SETTLEMENT LEGISLATION

School Facilities Needs Assessment Grant Program:

- Web-Based Needs Assessment Report (Form SAB 60-01) one for each eligible school due January 1, 2006.

School Facilities Inspection System:

- All LEAs participating in the SFP and DMP must establish a school facilities inspection system regardless of if the district or county has a decile 1–3 school.

INTEREST EARNED REPORT (FORM SAB 180)

- Due quarterly (March 31, June 30, September 30 and December 31) from each county for all districts that earned interest from the Leroy F. Greene Lease-Purchase Program.



from the desk of Luisa Park, Executive Officer

AT RECENT STATE ALLOCATION BOARD (SAB) MEETINGS, the Office of Public School Construction (OPSC) presented a report to the SAB on the State Relocatable Classroom Program (SRCP). The report provided an overview of the SRCP and the general condition of the relocatable classrooms (relocatables) leased through the program. The report also included three options for managing the SRCP fleet. The SAB directed staff to obtain input from interested parties. This report was discussed at the July 8, 2005 SAB Implementation Committee meeting. The general consensus of the discussion was to go forward with the staff recommendations to phase out the program, provided emergency housing needs could be met through existing programs. School districts strongly urged the Board not to increase the lease payments and to restrict the use of the lease payments to operating and/or phasing out the program. If you are interested in viewing the report, please visit our Web site at www.opsc.dgs.ca.gov. The SAB is scheduled to further discuss the report at its September meeting and is expected to take action that will provide direction to the OPSC regarding future SRCP operations.

The last of the modernization funds from Proposition 47 were apportioned in September of 2003 and the last of the new construction funds were apportioned in June of 2005. There is currently funding available for both new construction and modernization from Proposition 55. The OPSC is available to assist you through the application process for both new construction and modernization. In addition, staff will assist during the planning of your project.

In closing, I am very pleased to announce that Lori Morgan has been appointed as the Deputy Executive Officer of the OPSC. Ms. Morgan brings over 20 years of OPSC experience to her new position.

DSA Approval Needed Prior to Signing Construction Contracts

JAN MOSS, ANALYST, APPLICATION REVIEW TEAM

Districts are required to have their School Facility Program project's final plans and specifications reviewed and approved by the Division of the State Architect (DSA) and the California Department of Education prior to submitting a funding application to the OPSC. Further, final plans and specifications that have been reviewed and approved by DSA are required prior to a district signing a contract for the construction or alteration of any school building for which the district is seeking State new construction, modernization, or deferred maintenance funding or reimbursement. In accordance with the requirements of law, if a district enters into a contract for construction prior to receiving DSA approval of the plans and specifications, State funding may be jeopardized. The DSA approval ensures that the plans and specifications are in compliance with California's requirements for structural safety, fire and life safety, and accessibility.

If you have any questions regarding your funding application, please contact your Project Manager.

Lori Morgan, New Deputy Executive Officer to OPSC

The Office of Public School Construction (OPSC) is pleased to announce the appointment of Lori Morgan as the new Deputy Executive Officer. Ms. Morgan is a 20-year veteran of the OPSC, serving the last 11 years in various management capacities. Prior to Ms. Morgan's appointment to Deputy Executive Officer, she held the position of Program Services Policy Manager and was a member of the State Allocation Board Implementation Committee where she represented the OPSC on the forefront of policy and regulation development. Ms. Morgan devotes her career to the service of California's children and public school districts. Her history with the OPSC will bring rich insights to her new role.

SURVEY OF SCHOOL FACILITY PROGRAM

Financial Hardship Projects

BY JAN MOSS, APPLICATION REVIEW TEAM ANALYST

At the January 2005 State Allocation Board (SAB) meeting, the Board directed Office of Public School Construction (OPSC) Staff to research how many financial hardship districts have eliminated minimum essential facilities from their projects due to high bids. Previously, the OPSC has had several discussions with the Board regarding the high bid climate. The OPSC in conjunction with the California Coalition for Adequate School Housing conducted a survey of the districts that had a School Facility Program financial hardship project with a fund release or apportionment in 2004. A total of 153 projects met the survey criteria. This timeframe was used because an increased number of concerns were raised regarding construction costs and the high bid climate during 2004.

The survey results were inconclusive and appear to indicate the high bidding climate may not be a pervasive problem affecting financial hardship districts throughout the State.

The SAB requested that staff continue to research the challenges faced by financial hardship districts by working with the SAB Implementation Committee and by contacting the districts that did not respond to the survey. The OPSC will present these findings at a future SAB meeting.

DEFERRED MAINTENANCE PROGRAM:

How Does a District Receive Extreme Hardship Funds?

BY BILL JOHNSTONE, DEFERRED MAINTENANCE PROGRAM PROJECT MANAGER

The State Allocation Board (SAB) apportioned extreme hardship funds for the Deferred Maintenance Program critical projects at the December 8, 2004 SAB meeting. To receive these funds the district needs to deposit an amount equal to the maximum basic grant into the district deferred maintenance fund (the annual item lists the amount of each district's maximum basic grant) and submit a Fund Release Authorization (Form SAB 40-23), along with the supporting documentation. This form is due to the OPSC within one year of the apportionment.

If the fund release documents have not been submitted within six months from the date of the apportionment, then a narrative progress report will be required that includes how the district plans to complete the project by the one year timeframe required in law.

The OPSC will process fund releases based on the supporting documentation in the order of the date that they are received. The extreme hardship grant may be prorated if the documents submitted only cover a portion of the project. The following are the supporting documents required to receive a fund release:

Release of funds based on bids only:

- ▶ A copy of the complete bid package including any addendas.
- ▶ A copy of the proposed contract.
- ▶ Plans and specification for the project(s). Approved Division of the State Architect (DSA) plans are needed for those projects that contain work that must be approved by the DSA.

Release of funds based on awarded and signed contracts:

- ▶ A copy of the signed contract.
- ▶ A copy of the complete bid package including any addenda.
- ▶ A summary listing of all the bidders and the bids for the Deferred Maintenance project.
- ▶ Plans and specification for the project(s). Approved DSA plans are needed for those projects that contain work that must be approved by the DSA.
- ▶ All fully executed change orders.

Should you have any questions regarding this process, please contact Bill Johnstone at bill.johnstone@dgs.ca.gov or 916.323.8176.

Change of Project Scope

BY LINDSAY KEYES, OPSC PROJECT MANAGER

As many of you are aware, each application for funding of the full grant phase of a School Facility Program (SFP) modernization or new construction project is accompanied by a complete set of plans and specifications that have been approved by the Division of State Architect (DSA) and the California Department of Education (CDE). The State Allocation Board's (SAB) full and final grant approval is based on the accompanying plans. Therefore, it is imperative that the apportionment is used for the scope of work contained in that specific set of plans.

To ensure your project meets this requirement and is successful, it is important to structure your bid with flexibility by the use of additive and deductive alternates (see page 5 of this issue of the *Advisory Actions* for more information on this topic). This will allow the project to be modified according to fluctuations in the bid climate or costs of materials. For example, as a result of excellent planning or a good bid climate, the budget for the project may exceed the cost of the work in the plans and a district may consider using those excess funds for additional work that was not contemplated in the plans. Or, the cost of materials for construction may have significantly increased and a district may consider eliminating facilities from the project to stay within the budget. When it comes to classrooms and minimum essential facilities (MEF), meaning libraries, gymnasiums, multi-purpose rooms, and toilets which are necessary and support the traditional classroom environment, there are limited circumstances where a project may deviate from the scope of work outlined in the plans that were included with the application and approved by the SAB.

Additions

It is important to keep in mind that the project may not include the addition of area not proposed in the plans approved by the SAB. This applies to classrooms, MEF and non-classroom, non-MEF space. As stipulated in Regulation Section 1859.51(i)(5), the project may include the construction of more classrooms than needed to house the pupils requested in the application as specified, but these classrooms must have been in the plans submitted with the application. The flexible structuring of the bid documents will accommodate the districts' need to make decisions based on the bid results.

If the project is non-financial hardship, then any project savings may be retained and used for any high priority capital facilities needs or as part of the district's contribution to a future SFP project. This approach would provide an alternative method to later add facilities if the district had not included the additional desired facilities in the plans for the project approved by the SAB. However, the law stipulates that classrooms provided by State or local funding shall be adjusted from the districts' SFP new construction eligibility baseline.

Reductions, Deletions or Modifications

Some flexibility is a recognized part of SFP new construction projects. However, to continue with a project as approved by the Board, the original intent or project scope must be maintained. If modifications are considered by a district, it is critical that the affected State agencies be part of the process and that certain project requirements continue to be met. The State agencies are coordinating efforts in this area to assist districts when these situations arise. Some extenuating circumstances may be considered by the SAB, as outlined in the next column.

CHANGE PROPOSED	PROCEDURE
Deletion of Classrooms	Permitted if: <ul style="list-style-type: none"> • The capacity (based on the State loading standard) is sufficient to house the pupils requested in the application • CDE and DSA have approved the change • The project meets the 60 percent commensurate requirement
Reduction of MEF Area (Facility remains but the square footage is reduced.)	Permitted if: <ul style="list-style-type: none"> • The remaining area proposed meets minimum MEF square footage requirements • DSA and CDE have approved the change • The project meets the 60 percent commensurate requirement • Original intent/purpose of project is maintained
Deletion of MEF Area* *New School Allowance may be reduced or eliminated	Permitted if: <ul style="list-style-type: none"> • Case-by-case review and approval by CDE • DSA has approved the change • Case-by-case consideration and approval by the Office of Public School Construction (OPSC)/SAB • The project meets the 60 percent commensurate requirement
Deletion of Non-Classroom, Non-MEF Area	Permitted if: <ul style="list-style-type: none"> • DSA and CDE have approved the change • The project meets the 60 percent commensurate requirement
Permanent to Modular Construction	Permitted if: <ul style="list-style-type: none"> • DSA and CDE have approved the changes • The project meets the 60 percent commensurate requirement • Original intent/purpose of project is maintained
Modular to Permanent Construction	Not permitted as part of the original project, because the project would receive an inequitable funding advantage due to the timing of the DSA plan approval. Districts may consider reapplication, so the desired type of construction can be built.
Changing the Placement of a Building (i.e., Site conditions discovered in the footprint of construction warrant building placement alteration; however, the building size and function does not change.)	Permitted if: <ul style="list-style-type: none"> • DSA and CDE have approved the change • Original intent/purpose of project is maintained

If you have any questions or you have a situation that is not addressed in this article, please contact your OPSC Project Manager for more information.

FIRE PROTECTION ACT:

Are Your Portables in Compliance?

BY DARLENE J. NEWMAN, POLICY & SPECIALS ANALYST

The Automatic Fire Detection Alarm and/or Sprinkler Systems Act of 2001, introduced by former Senator Jack O'Connell under Senate Bill (SB) 575 (Chapter 725, Statutes of 2001), referred to herein as SB 575, was enacted to further provide California's students with a safe environment. SB 575 required that all school buildings be equipped with prescribed automatic fire detection, alarm, and in certain circumstances, automatic fire detection sprinkler systems (see Education Code Section 17074.50–17074.56).

Included in SB 575 are provisions that allow an automatic three-year exemption from SB 575 requirements for temporary portable buildings that are placed on a school site and being utilized for interim housing. Again, these buildings are exempted from SB 575 requirements for only three years from the date the portable was placed on the site. If your three-year expiration date is approaching, the district has three options to select from prior to the expiration date. If the district has found that it will be utilizing these buildings on a permanent basis, it is necessary for the district to install a fire detection system, alarm, and automatic sprinkler system as applicable prior to the exemption expiration date. If the buildings are being used on a temporary basis and the district requires additional time, the district may file a request for a time extension. If the district has found that use of the portable building is no longer needed, the building must be removed from the site.

In the case that additional time is needed for use of the portable building, SB 575 provides that the district may request a time extension to remain exempt for an additional three-years. If the three-year time extension is granted by the State Allocation Board (SAB), the district will have this additional time to either remove the buildings or install the required SB 575 retrofit. The additional three-year extension of the exemption applies if the portable building was leased as interim housing for a School Facility Program (SFP) modernization project. The time extension request can be filed by submitting a School District Appeal Request (Form SAB 189) to the Office of Public School Construction (OPSC). The request may be granted by the Board if the school district presents compelling evidence demonstrating to the satisfaction of the Board that the extension is necessary.

No portable buildings that were constructed, purchased or lease-purchased with and acquired as part of a district's SFP new construction project, should be sited with the intent of moving them within three years. Since the district used its new construction eligibility and elected to construct or acquire portables with the eligibility to house those pupils, the State will consider that those pupils will be housed in those portables. Therefore, these portables do not qualify for the initial exemption nor the additional three-year exemption.

If the district has found that it will be utilizing portable buildings on a permanent basis, and will be installing the required automatic fire detection and alarm system, no additional money from the State will be provided to install the SB 575 required items. This is because the districts received additional funding for these requirements with their original SFP funding.

For more information on how to apply for a time extension, please contact your OPSC Project Manager for assistance.

SPOTLIGHT ON THE APPLICATION FOR FUNDING CERTIFICATIONS:

Career Technical Educational Facilities

BY LINDSAY KEYES, OPSC PROJECT MANAGER

There are many laws and regulations that your district must adhere to when applying for funds from the State. The list of certifications placed on the Application for Funding (Form SAB 50-04) is there to ensure that you are aware of new, little known, and/or exceptionally important requirements that affect your project. It is extremely important that careful attention is paid to these certifications. The ability to self-certify compliance with the various laws and regulations allows districts to apply for and receive funding prior to or without waiting for verification by the State.

One certification made when completing the Form SAB 50-04 concerns vocational and career technical educational (CTE) facilities. With each School Facility Program application for a large new construction or modernization project, the district must certify that it has consulted with the Career Technical Education Advisory Committee (CTEAC) established pursuant to Education Code (EC) Section 8070, and that it has considered the need for vocational and career technical facilities to adequately meet its program needs consistent with EC Section 51224, EC Section 51225.3 subdivision (b), and EC Section 52336.1. A large new construction project means a funding application request for at least 200 new construction grants, which will be used to construct either a new comprehensive high school or an addition to a comprehensive high school. A large modernization project means a funding application request for modernization grants that exceed 50 percent of the current California Basic Educational Data Systems enrollment of a comprehensive high school that will be modernized.

The Board has asked the Office of Public School Construction (OPSC) to review the districts' compliance with this requirement. Please be advised that school districts may be asked to furnish documentation with the submission of its applications in order to be accepted by the OPSC and/or at the closeout of the audit to demonstrate compliance with the vocational and career technical education facilities requirements as set forth in EC Section 17070.95.

Documentation may include any of the following:

- ▶ Minutes from a public meeting by the school district's governing board documenting the discussion with and the recommendations of the local CTEAC regarding the CTE facility needs assessment.
- ▶ Minutes from the meeting with the local CTEAC regarding the CTE facility needs assessment and recommendations.
- ▶ Letter from the local CTEAC to the school district that identifies the subject of the discussion, the CTE facility needs assessment, and recommendations.

If you have any questions regarding this matter, please feel free to contact your OPSC Project Manager for more information.

DEFERRED MAINTENANCE PROGRAM:

Contract Requirements

BY BILL JOHNSTONE, DEFERRED MAINTENANCE PROGRAM PROJECT MANAGER

Districts are advised that all contracts awarded for Deferred Maintenance projects must comply with the Education Code, Government Code, Public Contract Code (PCC), California Code of Regulations (Title 24), and other legal requirements in order to receive State funding. The PCC Section 20111 (b), states in part that “The governing board shall let any contract for a public project... involving an expenditure of fifteen thousand dollars (\$15,000) or more, to the lowest responsible bidder ...or else reject all bids.”

However, if the project meets the requirements under the provisions of PCC Section 20113, an emergency contract may be awarded. In this case, districts must obtain all of the following approvals prior to awarding an emergency contract:

- ▶ School governing board, by unanimous vote.
- ▶ The County Superintendent of Schools.
- ▶ Its legal counsel (contract approval).

In order to ensure that the district does not jeopardize State funding, the Office of Public School Construction strongly encourages districts to seek advice from their legal counsel before entering a contract. If you would like additional information, please contact Bill Johnstone at bill.johnstone@dgs.ca.gov or 916.323.8176.

THE SECRET TO SUCCESS:

Structuring Bids with Flexibility

BY LINDSAY KEYES, OPSC PROJECT MANAGER

Imagine this: As a result of your district’s excellent planning or a good bid climate, the budget for the project may exceed the cost of the work in the plans and the district wishes to use those savings for higher quality materials. Or, the cost of materials for construction has significantly increased and the district is considering switching from permanent to modular construction to stay within the budget. The constant fluctuating costs of materials and labor puts a great deal of pressure on school district staff who are planning construction projects, especially for financial hardship districts that do not have other funds available to cover cost overruns.

There are limited circumstances where a School Facility Program (SFP) project may deviate from the scope of work outlined in the plans that were included with the application (see page 3 of this issue of the *Advisory Actions* for additional information on Change of Scope). Because of this, it is extremely important to structure bids with flexibility so that projects can be modified in the face of positive or negative changes in construction costs. By including additive and deductive alternates in your plans and specifications, you will be able to handle both situations within the budget provided for your SFP project in a way that is consistent with the law and State Allocation Board regulations.

Please contact your OPSC Project Manager for additional information.

School Groundbreakings and Openings

BY CHRISTINE SANCHEZ, OPSC PROJECT MANAGER

The Office of Public School Construction would like to congratulate the following districts for their groundbreakings and new school dedication ceremonies:

SCHOOL DISTRICT	COUNTY	PROJECT	GROUNDBREAKING
Antelope Valley Union High	Los Angeles	Eastside High	June 2005
Oroville Union High	Butte	Las Plumas High School: Gymnasium	June 2005
Oakland Unified	Alameda	Hillcrest Elementary: Library Building	June 2005

SCHOOL DISTRICT	COUNTY	PROJECT	DEDICATION DATE
Columbia Union Elementary	Tuolumne	Columbia Elementary School	April 2005
Fontana Unified	San Bernardino	Wayne Ruble Middle School	May 2005
Napa Valley Unified	Napa	Canyon Oaks Elementary School	May 2005

To help us highlight your celebrations, please reference the table above for the necessary data, and submit the information with your project’s School Facility Program application number to the Office of Public School Construction, attention New School Dedications and Groundbreakings.

Guidelines for Relocation Expenses

BY KELLY LONG, OPSC PROJECT MANAGER

The School Facility Program provides additional funding, as part of the site acquisition grant, for relocation expenses that conform to the guidelines presented in Title 25 of the California Code of Regulations, Section 6000, et seq. The relocation assistance is intended to assist persons and businesses displaced as a result of land acquisition by a public entity, ensuring fair and equitable treatment.

School districts, as public entities that acquire land for school purposes, must implement a relocation assistance plan for persons and businesses being displaced from the acquired property. The plan should evaluate the relocation needs of each person and/or business and establish the appropriate compensation for each. It is the sole responsibility of the school district to ensure that the benefits provided to displaced persons comply with the relevant code. The State share of relocation assistance is based on the eligible relocation expenses incurred by the applicant school district, pursuant to the relocation plan.

The Office of Public School Construction (OPSC) has established the following guidelines to assist districts with the documentation necessary to support relocation expenses when requesting a new construction apportionment. An applicant school district must submit a summary of the relocation expenses provided by their plan, detailing payments by beneficiary (person or business) and the type of payment provided. Eligible payments outlined in Title 25 include:

- ▶ moving expenses;
- ▶ reestablishment expenses;
- ▶ loss of tangible property (i.e. furniture and equipment);
- ▶ replacement housing payments for homeowners;
- ▶ rental assistance for tenants;
- ▶ other types of payments.

The OPSC does not accept lump-sum amounts, as they cannot be used to verify that the payments constitute eligible relocation benefits. The summary may be prepared as a letter or spreadsheet and must be signed by the authorized district representative and/or the district's relocation consultant.

The OPSC recognizes an applicant school district may apply for matching State funding before the relocation assistance plan has been fully implemented. The OPSC can adjust the site acquisition apportionment for actual eligible relocation expenses incurred, even if it exceeds the initial amount, during the project audit. The district should be prepared to submit a copy of their approved relocation plan and documentation to demonstrate how the relocation payments were determined.

If you have additional questions about how to substantiate relocation expenses, please contact your Project Manager.

EDUCATION CODE SECTION 17462

Use of Site Sale Proceeds

BY BRYAN BREAKS, AUDIT SUPERVISOR

With school districts' budgets getting more and more difficult to balance each year, different sources of income are being explored. One source rarely utilized is the proceeds from the sale of real property, pursuant to Education Code (EC) Section 17462.

EC Section 17462 clearly states that site sale proceeds can only be used for capital outlay or major building maintenance needs not recurring within a five year period of time. The only exception to this restriction on the use of site sale proceeds is if the State Allocation Board (SAB) and the local school district's governing board agree the school district has no capital outlay or major facility maintenance needs that cannot be taken care of with local funds for the next five years. In this case, the site sale proceeds can be deposited in the district's General Fund. However, the law also includes a consequence for this type of action. The district would be prohibited from participation in any State funded facility programs for a period of five years.

If you have any questions or need assistance in submitting a request to the SAB for a waiver of EC Section 17462, please contact Bryan Breaks, Audit Supervisor at bbreaks@dgs.ca.gov or 916.445.3156.

2005 Joint-Use Funding

BY KATRINA BENNY, OPSC PROJECT MANAGER

This year's joint-use projects were presented at the July 2005 State Allocation Board (SAB). The SAB apportioned funds to 25 school districts for 31 projects. The SAB approved the apportionment of \$27,854,074, leaving over \$30 million dollars for the next funding cycle of the Joint-Use Program.

We are currently accepting applications for the next funding cycle in July 2006. The filing period for the next funding cycle runs through May 31, 2006. Do you need a new gym or multi-purpose room to hold your next performance? Do you have a joint-use partner in mind?

Districts filing for joint-use funding in the next funding cycle have two options:

Type 1: Part of a new construction project that will increase the size, create extra cost, or does both beyond that necessary for school use of the:

- ▶ Multipurpose room
- ▶ Gymnasium
- ▶ Childcare facility
- ▶ Library
- ▶ Teacher Education facility

Type 2: A stand alone joint-use project or part of a modernization project located at a school that does not have the type of facility or the existing facility is inadequate, and will reconfigure existing buildings, construct a new school building, or both to provide for the:

- ▶ Multipurpose room
- ▶ Gymnasium
- ▶ Childcare facility
- ▶ Library
- ▶ Teacher Education facility

For more information regarding the SFP Joint-Use Program, please visit the OPSC Web site at www.opsc.dgs.ca.gov. As always, please feel free to contact your OPSC Project Manager, or contact Katrina Benny at 916.445.9602 or Rachel Wong at 916.445.7880.

EXCLUSIVE OF THE JULY 27, 2005 SAB AGENDA

Proposition Funds Put to Work

PROGRAM	BOND ALLOCATION	APPORTIONED	RELEASED/CONTRACTED
PROPOSITION 55			
New Construction	\$ 4,960,000,000	\$ 97,208,395	\$ 21,196,969
Modernization	2,250,000,000	864,347,944	528,820,103
Charter School	300,000,000	276,810,763	1,919,303
Critically Overcrowded Schools	2,440,000,000	1,887,970,777	0
Joint Use	50,000,000	0	0
Total Proposition 55	\$ 10,000,000,000	\$ 3,126,337,879	\$ 551,936,375
PROPOSITION 47			
New Construction	\$ 6,250,000,000	\$ 6,173,632,778	\$ 5,853,835,247
Modernization	3,300,000,000	3,293,242,836	3,245,453,144
Charter School	100,000,000	97,034,156	0
Critically Overcrowded Schools	1,700,000,000	1,681,404,400	16,324,182
Joint Use	50,000,000	39,576,443	16,313,971
Total Proposition 47	\$ 11,400,000,000	\$ 11,284,890,613	\$ 9,131,926,544
Grand Total	\$ 21,400,000,000	\$ 14,411,228,492	\$ 9,683,862,919

AS OF JULY 27, 2005

Status of Funds

PROGRAM	BALANCE AVAILABLE
PROPOSITION 55	
New Construction	\$ 4,695.6
Energy	14.0
Small High School	20.0
Modernization	1,199.5
Energy	5.8
Small High School	5.0
Critically Overcrowded Schools	
15% COS Unrestricted Fund Available	283.0
	269.0
Charter School	
DTSC/Relocation	13.1
Hazardous Material	2.6
Joint Use	33.2
Total Proposition 55	\$ 6,540.8
PROPOSITION 47	
New Construction	\$ 3.7
Charter School	0.5
Energy	2.9
Modernization	1.1
Energy	3.3
Critically Overcrowded Schools	
Reserved	18.6
Joint Use	0.0
Total Proposition 47	\$ 30.1
Grand Total	\$ 6,570.9

Note: Amount shown are in millions of dollars.

REGULATIONS UPDATE

Typically, emergency regulatory tracts take approximately 30–45 days to become an effective emergency regulation after they are approved by the State Allocation Board (SAB) and prior to filing with the Office of Administrative Law. Non-emergency regulatory tracts take 120–180 days from the date the SAB approves the agenda item until the regulation(s) become effective.

The following regulation amendments were approved at the January 26 and February 23, 2005 State Allocation Board meetings.

Williams Update

BY LINDSAY KEYES, OPSC PROJECT MANAGER

We are pleased to announce that the School Facilities Needs Assessment Grant Program (SFNAGP) and Emergency Repair Program (ERP) regulations are in effect! The regulations became effective on May 31, 2005 and the Office of Public School Construction (OPSC) is now accepting Applications for Reimbursement and Expenditure Reports (Form SAB 61-03) for funding under the ERP. Senate Bill 80 (Chapter 39, Statutes of 2005) amended the

Budget Act of 2005. This bill increased the expenditure authority for the Emergency Repair Program during the 2005/06 Fiscal Year from \$100 million to \$183,508,000.

Additionally, the responses to the SFNAGP Progress Report Survey provided by participating Local Educational Agencies has been compiled into a report entitled Report on the Progress of the School Facility Needs Assessments Required by the Williams Settlement. This report, which was accepted by the State Allocation Board at its June meeting, was provided to the Governor and the Legislature by June 30, 2005 as required by statute.

The following regulation amendment was approved at the July 27, 2005 State Allocation Board meeting.

NON-EMERGENCY

AB 1465 Small High School Pilot Program

BY TONI MARTINEZ, OPSC PROJECT MANAGER

Assembly Bill 1465, Chapter 894, Statutes 2004, created a pilot program under the School Facility Program (SFP) for the purposes of constructing new small high schools or reconfiguring existing high schools into two or more smaller schools.

The Small High School Program will begin as a pilot program on January 1, 2006, and will remain in effect until January 1, 2008. The funding consists of a total of \$25 million; \$20 million for new construction projects and \$5 million for the costs associated with the reconfiguration of existing high schools.

The OPSC will begin accepting applications for new construction projects on January 1, 2006 through September 30, 2006. It is anticipated that accepted projects will be apportioned at the December 2006 or January 2007 State Allocation Board meeting. Applications for the modernization program will be accepted once the regulations have been adopted by the Office of Administrative Law and will be apportioned on an ongoing basis until all funds have been exhausted.

As prescribed in statute, the pilot program participants must broadly represent Northern, Central and Southern regions of the State and encompass urban, suburban and rural school districts. Districts who would have otherwise built a small high school due to sparse population in a geographical area are precluded from participating.

What's New:

- A "Small High School," for purposes of this bill, is defined as a high school with an enrollment of 500 pupils or less.
- Approved new construction projects will be funded at a 60/40 State and district share versus the 50/50 State and local matching share currently used under the regular SFP.

- The reconfiguration grant for the modernization program will be treated as a separate apportionment from the actual modernization work and will not require a district matching share.
- The reconfiguration grant may not exceed an aggregate of \$500,000, regardless of the number of new small high schools created by the reconfiguration.
- Districts will be required to provide actual construction costs to the Office of Public School Construction so the cost evaluation required by statute can be conducted.
- Districts will be required to report academic data to California Department of Education as required by statute.

Please refer to the OPSC Web site for further information, requirements to participate and a schedule of statewide workshops that will be presented primarily in September 2005.

For specific questions regarding the Small High School Program, you may contact Toni Martinez at 916.445.9329, Brian LaPask at 916.327.0298 or Regina Bills at 916.323.7935.

To view additional information regarding these regulatory amendments, please view the OPSC Web site at www.opsc.dgs.ca.gov.

For any of your questions, please contact your OPSC Project Manager.



STATE ALLOCATION BOARD'S

Implementation Committee

MAVONNE GARRITY, ASSISTANT EXECUTIVE OFFICER, STATE ALLOCATION BOARD

At the previous meetings...

The following topics were discussed at the recent meetings of the State Allocation Board (SAB) Implementation Committee.

RESIDUAL MODERNIZATION GRANTS

At the February 2005 SAB meeting, the Board requested that the Office of Public School Construction prepare a report regarding the use of residual modernization grants. The report was presented to the SAB at the May 3, 2005 meeting and the Board requested that the issue be discussed further by the SAB Implementation Committee. The topic of residual modernization grants was originally introduced through proposed legislation, Assembly Bill 1300 (Arambula), which is currently being held in the Assembly Appropriations Committee as a two-year bill.

The Implementation Committee discussed the viability of sharing residual modernization grants between school campuses. While some audience members maintained that sharing residual modernization grants would afford districts flexibility in determining modernization needs, some Committee members held that retaining grants at the site that generated the grants would ensure district-wide equity in the use of modernization grants. Following the brief discussion of the merits and potential problems of sharing residual modernization grants, the Committee discussed the appropriateness of issuing an opinion as a Committee on pending legislation. The Committee concurred that the central role of the Implementation Committee is to make recommendations to the SAB on the implementation of current law through regulations. The Committee agreed that there is ample opportunity for Committee members, as individuals and as representatives of various school facility groups, to provide input through the legislative process on proposed legislation. The preference expressed by the Committee is to not speak as a collective body on the merits of a particular bill until the legislative process is complete. The Committee's recommendation was presented to the Board at the June SAB meeting.

FINANCIAL HARDSHIP

A report on Financial Hardship Equity Issues was presented to the SAB at the May 3, 2005 meeting. The report discussed several situations of inequity and possible remedies. The SAB requested that the report be taken to the Implementation Committee for further discussion. The SAB also requested that the Implementation Committee discuss possible negative impacts to school districts currently in the financial hardship program.

Financial hardship issues were considered at the June, July, and August 2005 Implementation Committee meetings and it is anticipated that the Committee will review proposed financial hardship regulations resulting from these discussions at its September meeting.

Among some of the specific financial hardship issues discussed were the perceived inadequacy of new construction per pupil grants to fully fund a complete school, the length of time required for a hardship district to be under the rules of the hardship program, and the length of time between hardship reviews by the Office of Public School Construction (OPSC).

The Committee concurred that there is concern regarding whether per pupil grants are adequate to fully fund a new school construction project. It was further noted that financial hardship districts carry the additional burden of returning funds to the State, under certain circumstances, if local funds are secured, and therefore, can not use those funds to complete a financial hardship project. The OPSC staff proposed to allow, on a case-by-case basis, financial hardship districts to retain local funds, secured within the financial hardship project period, for completion of the project's minimum essential facilities as specified by the California Department of Education (CDE) and in accordance with the original scope of the project approved by the SAB.

Currently, a financial hardship district is required to fall under the jurisdiction of financial hardship rules and regulations for a period of three years beyond the project apportionment. Both OPSC staff and Committee members agreed that the three year period is inadequate for the State to fully capture local funds for a financial hardship project. The Committee determined that requiring that financial hardship districts be subject to the rules of hardship until a 100 percent complete final expenditures report is submitted is a more reasonable length of time to hold these districts accountable.

The Committee learned that the current 6 month financial hardship renewal period can be a considerable burden for some school districts and county offices of education (COE). To ease this obligation, the Committee proposes to lengthen the renewal period to one year. Districts and COEs will have the option of coming in for full renewal or simply providing current financial statements which will allow OPSC to expedite financial hardship renewals when districts are ready to proceed with a financial hardship project.

IMPLEMENTATION OF ASSEMBLY BILL 1465: SMALL HIGH SCHOOL PILOT PROGRAM FOR NEW CONSTRUCTION AND MODERNIZATION

Final proposed regulations for AB 1465 (Chan), the Small High School Pilot Program, were completed by the Implementation Committee at its July 2005 meeting and accepted by the State Allocation Board at its July 2005 meeting.

Applicants for the Small High School Pilot Program new construction grants will be required to submit an Academic Reform Strategy plan to the CDE by February 1, 2006. The CDE will release Program

Academic Reform Strategy Guidelines on approximately August 31, 2005. It is anticipated that CDE and the OPSC will hold joint workshops on the Small High School Pilot Program this Fall, beginning in September 2005.

The final date to submit a complete application for the pilot program to OPSC, including a CDE-scored Academic Reform Strategy plan, will be September 30, 2006. It is expected that the Board will apportion funds to the pilot program participants in December 2006 or January 2007.

Watch for...

The following topic will be discussed at a future Implementation Committee meeting. You may log onto the OPSC Web site at www.opsc.ca/gov/SAB/Imp_Calendar.htm to view the agenda for the next Committee meeting and determine if items of interest are scheduled.

FINANCIAL HARDSHIP EQUITY ISSUES

Discussion on the criteria on financial hardship funding and the equity of the funding distribution.

The next meeting...

The SAB Implementation Committee meeting will be held on Friday, September 9th at the East End Complex, 1500 Capitol Avenue, Rooms 72.149B and 72.148C in Sacramento.