REPORT TO THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 26, 1997

LEASE-PURCHASE ROOF REPLACEMENT PROGRAM

PURPOSE OF REPORT

To request the State Allocation Board (SAB) modify its policy regarding the Lease-Purchase Roof Replacement Program.

DESCRIPTION

On September 25, 1996, the SAB set aside $30 million for the Lease-Purchase Roof Replacement Program and on January 22, 1997, the SAB approved a one time extendtion of the final date for receipt of new applications and adopted a policy which included the following provisions:

1. The district has identified roofing projects that need repair and agrees to fund at least 50 percent of the cost of those roofing projects with other district funds.

2. The proposed roofing projects are included, but unfunded, on the district's Deferred Maintenance Five Year Plan as of September 25, 1996.

3. The district certifies that the roofing projects are a high priority on the district's Deferred Maintenance Five-Year Plan.

4. All applications for funding must be received by the SAB no later than December 31, 1996.

5. The district agrees to comply with all applicable provisions of the Lease-Purchase Law, including the two percent maintenance fund provision in Education Code Section 17714, the lien requirement per Education Code Section 17730 and the rent provision outlined in Education Code Section 17732.

The $30 million will be prorated based on the 1995/96 Fiscal Year California Basic Enrollment Data information for each eligible district with the following provisions:

1. The minimum allocation per district is 50 percent of the roofing costs or $25,000, whichever is the lesser.

2. The maximum allocation per district is 50 percent of the roofing costs, or the prorated amount, whichever is the lesser.

3. Reimbursement of eligible expenditures will be made in accordance with the established SAB Reimbursement Policy.

This policy did not specifically address the following issues:

1. The Lease-Purchase Law requires that layout plans for the proposed project must be included with the initial application. This requirement may be addressed by requiring that any apportionments and release of funds made for the program are conditional upon receipt of the layout plans.

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DESCRIPTION (con't)

2. The application process requires that the district enter into a Lease-Purchase agreement, the form and content of the agreement at the discretion of the SAB. For purposes of this program, the current application contains basic information and outlines the requirements of the district in order to receive an apportionment. This application could serve as the Lease-Purchase agreement.

3. The policy did not address the issue regarding the deletion of the roofing projects requested for funding from the district's Five-Year Deferred Maintenance Plan. Many districts believed that all roofing projects requested for funding from this Program must be deleted from the Five-Year Plan. Only those roofing projects that are fully funded with funds from this Program should be deleted from the district's Five-Year Plan.

As a result of these issues, which were not specifically addressed in the original policy, and some misunderstanding of the application process, there were only 200 districts that filed acceptable applications prior to the cut off date of December 31, 1996. It was anticipated that most of the districts in the state would file for roofing funds under this Program. In order to clarify the policy and allow all districts an increased opportunity to file for roofing funds, the OPSC recommends the following modifications to the Program.

RECOMMENDATIONS

1. Extend the final date for receipt of new applications and amendments to previous applications to February 28, 1997.

2. Provide that apportionments and fund releases for the roof replacement funds are conditional pending receipt from the district of layout plans for the project(s).

3. Provide that the application shall serve as the Lease-Purchase Agreement.

4. Require that only roofing projects that are fully funded with state and district funds must be removed from the district's Five-Year Deferred Maintenance Plan.

5. Direct the OPSC to recommend funding for all eligible roofing applications at the March 26, 1997 SAB meeting using the formula for allocation of funds previously adopted.

BOARD ACTION

In considering this Item, the Board adopted the OPSC's recommendations including the addition of the following recommendation:

6. Districts are eligible for reimbursement for any eligible expenditures incurred after September 25, 1996.