

ATTACHMENT
State Allocation Board Meeting, June 25, 1997

PART I:
ABANDONMENT AND/OR REHABILITATION OF
SCHOOL FACILITIES

GENERAL

A district may qualify for either the abandonment or the rehabilitation of facilities as long as the building/school meets all the criteria in one or more of the specific categories outlined below. All requests for abandonment or rehabilitation must be made to the Office of Public School Construction (OPSC) on Form SAB 189 and include all normal application documents required for either a growth or modernization application. Any documentation necessary to support the request should also be included. Requests for abandonment and replacement or rehabilitation based on new construction entitlement are filed as growth applications (i.e., 22/) and requests for abandonment and replacement or rehabilitation based on modernization entitlement are filed as modernization applications (i.e., 77/). All requests for either the abandonment or rehabilitation of facilities shall receive processing priority (as an appeal) by the OPSC.

ABANDONMENT/REHABILITATION OF STRUCTURALLY INADEQUATE FACILITIES

The State Allocation Board (SAB) will consider the abandonment and replacement or rehabilitation of structurally inadequate facilities provided all the following criteria have been met:

1. The district has submitted a report from a licensed structural engineer which identifies the structural deficiencies of the building in question and the minimal work necessary to bring the building into structural compliance based on the structural requirements in effect when the building was originally constructed. The report must include a statement that the building is unsafe for occupancy when compared with the structural requirements in existence when the building was originally constructed unless the repairs noted in the structural report are implemented.
2. The district has submitted a letter from the Division of State Architect (DSA) which concurs with the findings in the structural report addressed above.
3. The district has submitted, and the OPSC has agreed with, a detailed cost estimate prepared by the licensed structural engineer of the repairs necessary for continued use as a school building. The cost estimate shall only include the construction costs (i.e., do not include planning or non-building items such as utilities or general site development) of the structural repairs necessary to bring the building back to the structural requirements in existence when the building was originally constructed.

If the district meets the criteria of items 1 and 2 above and qualifies for new area entitlement after the building in question has been deemed non-chargeable, the SAB will consider:

- Replacement (as a growth application) of the building if the cost noted in item 3 above is greater than 50 percent of the current replacement cost of the building. Use current SAB building cost allowances to determine current replacement cost. All replacement area is limited to new building area entitlement.

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ABANDONMENT/REHABILITATION OF STRUCTURALLY INADEQUATE FACILITIES (Con't)

- Rehabilitation (as a growth application) of the building if the cost noted in item 3 above is 50 percent or less of the current replacement cost of the building. The rehabilitation project may be increased for the cost to modernize the building if it qualifies for modernization. If the structurally inadequate area includes only one building, all area of that building may be rehabilitated. If the structurally inadequate area contains more than one building, the area which may be included in the project for rehabilitation shall be limited, as much as possible, by:
 - The area of the buildings being proposed for rehabilitation.
 - The building configuration on the site.
 - The eligible area entitlement based on the capacity of the school where the inadequate facilities are located.
 - Any necessary requirement by the California Department of Education.

In lieu of rehabilitation of the facility, a district may request, on a case-by-case basis, a reduced cost allowance (based on the rehabilitation costs) and replace the area with new construction.

For purposes of this policy, districts may justify new area entitlement on a remote school site basis if specifically approved by the SAB due to health and safety issues at that site.

If the district meets the criteria noted in items 1 and 2 above, but has no new area entitlement, it may still qualify for replacement or rehabilitation if the building qualifies for modernization and the district requests 50/50 funding for the project. Should this occur, the SAB will consider the following:

- Replacement (as a modernization application) of the building if the cost noted in item 3 above is greater than 50 percent of the current replacement cost of the building. Area replaced must equal or exceed the capacity of the facilities abandoned. Use current SAB building cost allowance to determine the current replacement cost. All replacement area is limited to modernization area entitlement. The district will be required to accept a replacement cost allowance limited to 75 percent of permanent new replacement area.
- Rehabilitation (as a modernization application) of the building if the cost noted in item 3 above is 50 percent or less of the current replacement cost of the building. The eligible cost of the project may include the eligible rehabilitation work and the modernization costs which will then be split 50/50 for funding purposes. Same rules apply for the area to be included in the project as noted above for rehabilitation of facilities that qualify based on new area entitlement.
- In lieu of rehabilitation of the facility, a district may request, on a case by case basis, a reduced cost allowance (based on the rehabilitation costs) and replace the area with new construction.

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ABANDONMENT/REHABILITATION OF STRUCTURALLY INADEQUATE FACILITIES (Con't)

If the structural report required to justify replacement or rehabilitation result in an approved project, the reasonable cost necessary to prepare the structural report and cost estimates may be included as an eligible project costs.

If the structural reports support abandonment and the DSA concurs with the report, but the district has no entitlement for either replacement or rehabilitation, the district is not eligible for replacement or rehabilitation but may file a separate application for only the demolition costs of the inadequate facility. The project may include necessary planning and asbestos removal costs and funded as either a priority one or two project.

ABANDONMENT OF STRUCTURALLY ADEQUATE FACILITIES

Under certain conditions, the SAB will consider the abandonment of structurally adequate facilities under the provisions of Education Code Section 17742 (c) which allows the SAB to exclude certain area from the "area of adequate school construction" if it determines that the exclusion is for the benefit of the pupils affected. Each request for abandonment will be addressed on a case-by-case basis. General criteria that may support the districts request for abandonment are as follows:

1. The safety of the pupils is at risk as a result of the location of the building/school relative to a major freeway, airport, electrical facility, dam, pipeline or industrial facility.
2. The health of the pupils is at risk as a result of air quality and location of the school to industrial facilities.
3. The facility was lost or destroyed as a result of a natural disaster such as fire, flood or earthquake. Districts may only apply for lost facilities that are not recoverable by insurance. It is generally understood that all districts are required to have adequate insurance and, therefore, replacement of facilities lost would be unusual.
4. A cost benefit analysis of the total costs to remain in the facility and mitigate the problems outlined in items 1, 2 and 3 above versus the cost to acquire new replacement facilities. The analysis may include the proceeds from the sale of the abandoned school/building or any other costs savings/expenses that may be germane to the specific request. Note that the cost comparisons are only for purposes of this analysis and in no way obligate the SAB to fund any of the mitigation cost claimed by the district.

The documentation to support the criteria above may be in any form and will be weighed independently based on the specific circumstances of the request. Examples of acceptable documentation could include reports from other governmental agencies, private companies or qualified individuals.

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ABANDONMENT OF STRUCTURALLY ADEQUATE FACILITIES (Con't)

If the mitigation cost exceeds 50 percent of new replacement area, the SAB will consider abandonment. Replacement area will be limited to new area entitlement after the facilities in question have been deemed non-chargeable. As an alternative, the district may meet the new area entitlement requirement if the building/school qualifies for modernization and the district meets the following tests:

1. The district is requesting 50/50 funding for the project.
2. The district will accept a 75 percent cost allowance for permanent replacement area. Determination of the 75 percent allowance is described in the above section regarding the abandonment/rehabilitation of structurally inadequate facilities.

If the mitigation cost is less than 50 percent of new replacement area, the SAB will consider funding all or a portion of the mitigation measures on a case-by-case basis.

DETERMINATION OF REDUCED ALLOWANCES

When determining the reduced percentage allowance (i.e., 75 percent, etc.), the SAB will include in the eligible cost of the project the approved percentage (i.e., 75 percent, etc.) of what would have normally been allowed as eligible cost if a 100 percent allowance was provided. This percentage will apply to all cost categories including site acquisition. For example:

The district has abandoned 10,000 square feet and requests replacement under the 75 percent rule. If the district's replacement area is 9,600 square feet (or anything under 10,001 square feet) and the total eligible cost (i.e. SAB cost standards) for this area is \$1.2 million, the eligible cost of the Lease-Purchase project to be split 50/50 is 75 percent of \$1.2 million or \$900,000. If the district's replacement area is 11,500 square feet (even though the district has entitlement for only 10,000 square feet) and the total eligible cost (i.e. SAB cost standards) for the 11,500 square feet is \$1.6 million, the eligible cost of the Lease-Purchase project to be split 50/50 is $10,000/11,500 \times 75 \text{ percent} \times \1.6 million or \$1,043,478.

INTERIM HOUSING FACILITIES

The district may qualify for an interim housing allowance for any facilities approved for replacement or rehabilitation in accordance with the current SAB Interim Housing policy for modernization projects.

FUNDING

Districts may request funding either as a funding priority one or two for the replacement or rehabilitation of facilities. If the district is approved for the abandonment of facilities lost as a result of a fire or flood, the state's share of the project will be reduced by all available insurance.

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DISPOSITION OF ABANDONED FACILITIES

It is the intent of the SAB that any facilities that are approved for abandonment cannot be used as a "school building" as defined in Education Code Section 39141. Any facilities approved for abandonment and replacement may be disposed in any of the following methods:

1. Destroyed. The demolition cost may be included in the cost of the project.
2. Sold. Sale proceeds will be used to reduce the eligible costs of the project.
3. Other. As specifically approved by the SAB.

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PART II:

SEISMIC STRUCTURAL IMPROVEMENTS

GENERAL

A district may qualify for funding to address seismic structural improvements (i.e. seismic retrofit) of a facility to avert future earthquake damage as long as the facility meets the specific criteria outlined below. All requests for seismic retrofit must be made to the Office of Public School Construction (OPSC) on Form SAB 189 and include all normal application documents required as a modernization project. Any documentation necessary to support the request should also be included. If seismic retrofitting of a facility is approved by the SAB, the project will include the seismic work and the modernization work as one project. All requests for seismic retrofit shall receive processing priority by the OPSC.

ELIGIBILITY CRITERIA

The State Allocation Board (SAB) will consider the seismic retrofit of a facility provided all the following criteria are met:

1. The facility is structurally adequate and eligible for modernization funds under the Lease-Purchase Program.

If the facility is structurally inadequate, the district may apply for abandonment and/or rehabilitation of the facility if it meets the criteria outlined in Part I. A facility is deemed to be structurally inadequate if a structural report from a licensed structural engineer indicates the facility is not in compliance with the structural requirements in existence when the facility was originally constructed.

2. All classrooms in the district or high school attendance area which do not require seismic structural improvements must be fully loaded before any unhoused pupils may be assigned to a project requesting seismic funds.
3. The district has submitted a report from a licensed structural engineer which identifies the minimum work necessary to address the seismic structural improvements necessary to avert future earthquake damage. The report must also include a statement that the facility is structurally adequate as it meets the structurally requirements in existence when the facility was originally constructed.
4. The district has submitted a letter from the Division of State Architect (DSA) which concurs with the findings in the structural report addressed above.

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ELIGIBILITY CRITERIA (Con't)

5. The district has submitted, and the OPSC has agreed with, a detailed cost estimate prepared by the licensed structural engineer of the minimum repairs necessary to address the seismic structural improvements outlined in the structural report. The cost estimate shall only include the construction costs (i.e., do not include planning or non-building items such as utilities or general site development) of the structural work identified in the report.

If the district meets the criteria of items 1 through 4 above, the SAB will consider:

- Seismic retrofitting of the facility if the cost noted in item 5 above is 50 percent or less of the current replacement cost of the facility. Use current SAB building cost allowances to determine current replacement cost.
- Replacement of the facility if the cost noted in item 5 is greater than 50 percent and the district will accept a replacement allowance limited to 75 percent of replacement and the district is requesting 50/50 funding for the project. Determination of the reduced allowances are as outlined in Part I.

If the district cannot meet the criteria outlined in items 1 through 4 above or the district is not requesting 50/50 funding for the project, the facility does not qualify for seismic retrofitting or replacement. Additionally, since the facility is deemed to be a structurally adequate facility, the SAB will not accept an application for the demolition of the facility.

COST OF THE PROJECT

In addition to the normal modernization costs and the seismic work identified in the structural report, the project may include the reasonable cost necessary to prepare the structural report and cost estimates used to justify the seismic project.

FUNDING

Districts may request funding either as a funding priority one or two for the seismic retrofitting or replacement of the facility. All projects approved will be deemed "seismic" and funded with specific funds set aside for this purpose by the SAB. The application for seismic funds must include an accounting of all capital facilities funds, federal funds and state and local funds that may be available to assist to finance the project. The SAB shall review the available funding sources and may require that all or a portion of these funds be used to finance the project.

DISPOSITION OF ABANDONED FACILITIES

Same as Part I.

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PART III:
HARDSHIP STATUS FOR FUNDING

GENERAL

A district may qualify for "hardship status" for a specific project, either as a funding priority one or two, if it meets certain criteria. Hardship status, if approved by the State Allocation Board (SAB), will entitle the district to:

1. First priority for funding as either a priority one or two project.. This means that if the request is for 50/50 funding, the project will be placed ahead of all priority one projects awaiting funding. If the request is for 100 percent funding, the project will be placed ahead of all priority two projects awaiting funding. If the SAB sets aside specific funds only for "hardship" projects in one or both of the funding priorities, the projects will be funded, based on those priorities and in accordance with the earliest date the project receives hardship status for a specific phase.
Any hardship funding balances available from Proposition 203 shall continue to be used to fund any hardship project, regardless of funding priority (i.e., first come first serve).
2. Priority for processing by both the Office of Public School Construction and the Division of State Architect (DSA).
3. Apportionment of Phase C funds or placement on the "zero" list when the final plans and specifications have been accepted by the DSA for review.
4. First priority for portables under the State Relocatable Program. No provision will be made for reduced or waiver of the current rental requirement.

HARDSHIP STATUS FOR NEW CONSTRUCTION PROJECTS

The district has unhoused pupils as a result of any of the following:

1. The loss of facilities as a result of a natural disaster such as fire, flood or earthquake.
2. The continued use of the facility poses a life or safety hazard as evidenced by all the following:
 - The facility qualifies for replacement or rehabilitation under the provisions of the abandonment policy.
 - An appropriate state level health or safety agency has made a finding that a threat to life and safety exists at the facility in question (the Division of State Architect concurrence letter of the structural report will meet this requirement), or
 - A local public health or safety agency has made a finding that is supported by an appropriate state level agency that a threat to life and safety exists at the facility in question.

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HARDSHIP STATUS FOR NEW CONSTRUCTION PROJECTS (Con't)

An appropriate state/local health or safety agency referred to above must be one that has expertise in the area in question. For example, if there is a life and safety issue as a result of traffic on an interstate, the state level agency finding should come from the California Highway Patrol or the Department of Transportation, not the Department of Health.

3. The district is a "one-school" school district as shown in the latest edition of the California Public School Directory and meets all the following:
 - The district has entitlement for new construction area.
 - The district has a fully funded modernization project that will be completed in concert with the new construction area on the same site; thus, a savings will be realized by both the state and the district.
 - The final plans for both the modernization and new construction area have been approved by the DSA.
4. A case by case determination by the SAB that a life and safety hazard exists. In these cases, the OPSC will make a recommendation to the SAB to either support or deny hardship status based on the merits of the documentation submitted by the district to support the life and safety issue.

HARDSHIP STATUS FOR MODERNIZATION PROJECTS

If a district has a modernization project on a site where the district has met the hardship policy for a new construction project, that modernization project shall be deemed to meet the hardship criteria also.

FINANCIAL REQUIREMENTS

As noted in the General Section above, districts granted hardship status will be placed ahead of all other projects on either the priority one or two "zero" lists. Projects requesting 50/50 funding will be placed on the priority one list and projects requesting 100 percent state funding will be placed on the priority two list. Any district that qualifies for hardship status may receive priority one status and be funded at 100 percent provided all the following criteria are met:

1. The district has submitted an accounting of all capital facilities funding, included any federal or local funding that could be used to fund the project. The SAB will review the funding sources and may require that some or all of any available funding be used to off-set the state's portion of the project costs.
2. A letter from the California Department of Education that concurs with the financial accounting made by the district in item 1.
3. The district may be required to demonstrate that there are no other facilities available to house the displaced pupils.