

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING
August 7, 2014

Evaluating and Improving Participation in the Seismic Mitigation Program

PURPOSE OF THE REPORT

To discuss methods of increasing the number of projects advancing through the Seismic Mitigation Program (SMP) approval process that has already received initial Eligibility Approval from the Division of the State Architect (DSA).

DESCRIPTION

At the June 2014 State Allocation Board (Board) meeting the Office of Public School Construction (OPSC) presented a report with methods for the Board to increase participation in the SMP. The report included:

- A summary of past Board actions to increase participation in the program, with the resulting increase in funding applications.
- A comparison of the processes to receive SMP funding versus funding for other types of Facility Hardship (health and safety) projects.
- Information to update and clarify true funding demand and the differences between buildings with SMP eligibility and buildings that have progressed further than just determining eligibility in step one of the processes.
- Options for additional steps that could be taken by the Board.

The Board requested the Implementation Committee reconvene to evaluate the process and discuss the reasons why projects are falling off and not progressing past SMP eligibility approval (steps 1 and 2). To facilitate this discussion, Staff has prepared this item to provide background information on the SMP and proposals to increase participation that the Board has previously discussed.

AUTHORITY

See Attachment A.

BACKGROUND

The Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D), approved by California voters in 2006, provided up to \$199.5 million in bond authority “for seismic repair, reconstruction or replacement, pursuant to Education Code Section 17075.10.” Education Code (EC) 17075.10 further defined the criteria for the SMP to include “the most vulnerable school facilities that are identified as a Category 2 building, as defined in the report submitted pursuant to Section 17317 and determined by the department to pose an unacceptable risk of injury to its occupants in the event of a seismic event.”

In September 2007 the Board adopted program regulations which created the SMP. Program criteria included requirements on minimum short-term spectral response acceleration (ground shaking intensity) at the project site and outlined specific types of Category 2 buildings eligible for funding.

As the program progressed, the Board evaluated ways to increase participation. The table below summarizes the major regulation amendments adopted by the Board to date.

Regulation Adoption	Ground Shaking Intensity	Number of Category 2 Building Types	Other Changes	Number of Applications Approved
September 2007	> 1.70	4 of 14	N/A	3
August 2009	> 1.68	8 of 14	N/A	0
June 2011*	Requirement removed.	14 of 14	Additional Geological threats added.	17

*In May 2013 the Board approved a regulatory amendment to allow districts to request the High Performance Incentive grant. However, this amendment was not for the purposes of increasing participation in the SMP.

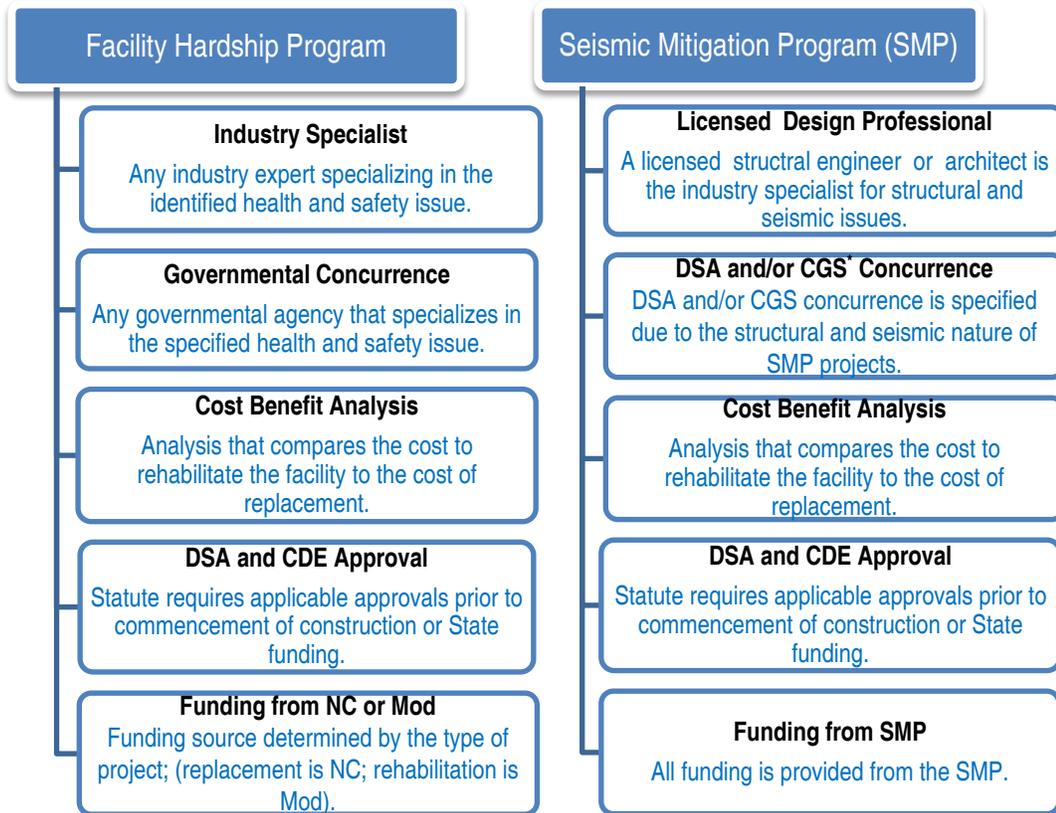
As listed on the table above, three SMP applications were approved for funding from the creation of the SMP to September 8, 2011 when the last and most substantial regulation change became effective. From the September 8, 2011 to present, the Board has approved 24 SMP applications encompassing 56 eligible buildings. Furthermore, the OPSC is currently processing three funding applications in house that include four eligible buildings that are scheduled for the August Board meeting.

An additional six SMP projects, comprised of 12 eligible buildings, have conceptual approvals from the Board. Also, the OPSC is currently processing an SMP conceptual approval that is tentatively scheduled for the September Board meeting.

STAFF ANALYSIS/STATEMENTS

Facility Hardship Program and Seismic Mitigation Program Similarities

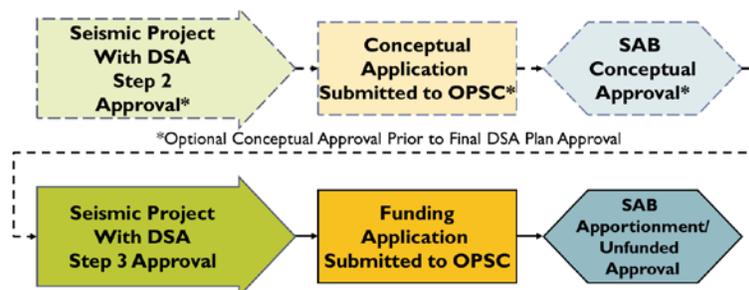
EC Section 17075.10 is the foundation for the School Facility Program (SFP) Facility Hardship Program. The SMP is embedded in the Facility Hardship Regulations and is considered a subset of the Facility Hardship program. The funding application process is the same for both application types. The differences mainly lie in the terminology used for the SMP and the requirements are more specific (i.e. governmental concurrence is provided by the Division of the State Architect (DSA) and California Geological Survey (CGS) if applicable). The chart below demonstrates the similarities between the Facility Hardship and the SMP.



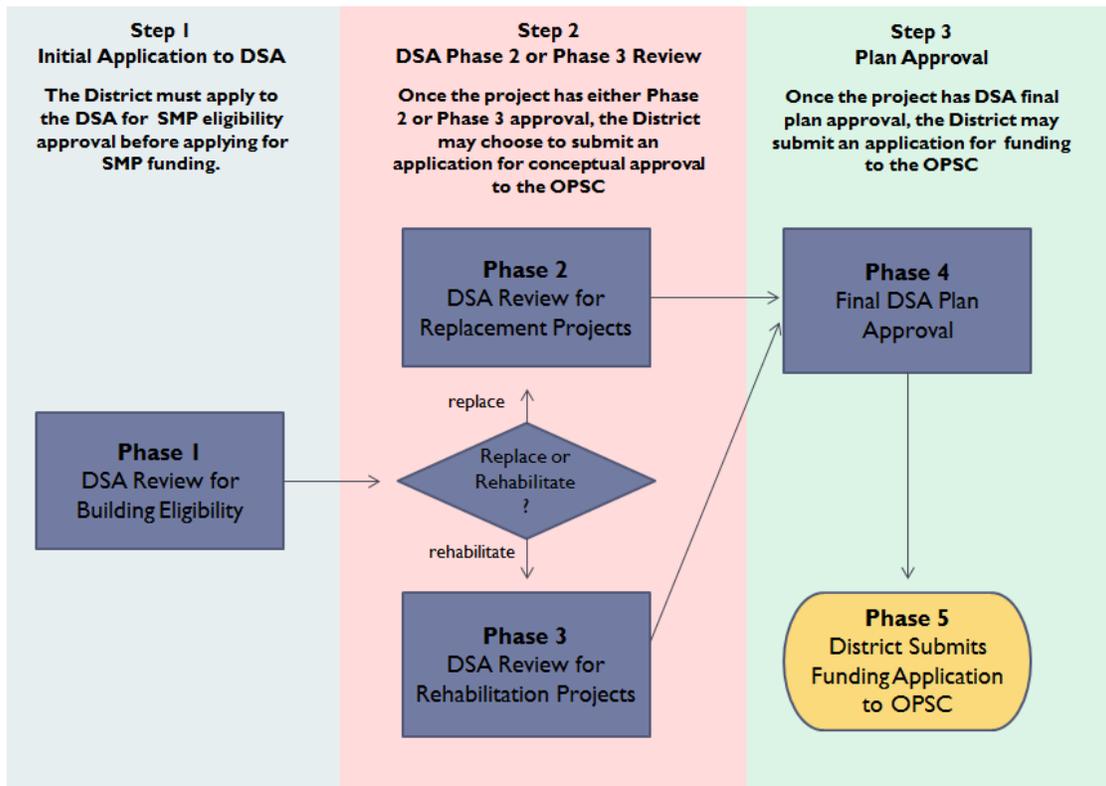
*California Geological Survey (CGS) concurrence is only required for projects that have site where the threat originates from faulting, liquefaction, or landslide potential.

State Allocation Board Approval Process

Once a project obtains approval from DSA for Steps 1 and 2, the District has the option to seek conceptual approval from the Board. Conceptual approval is not a mandatory step in the funding process. This step allows a school district and its stakeholders to receive acknowledgement from the Board that the project meets program requirements and is eligible to apply for funding, if bond authority is available and all other application requirements have been completed. Districts have indicated that this assurance from the Board is helpful when determining whether or not to move forward and spend additional time and funds designing and finalizing the construction plans. Below is a chart showing the funding approval process, including the optional conceptual approval step.



DSA Process for Providing Concurrence and Approvals



Eligibility vs. Funding Demand

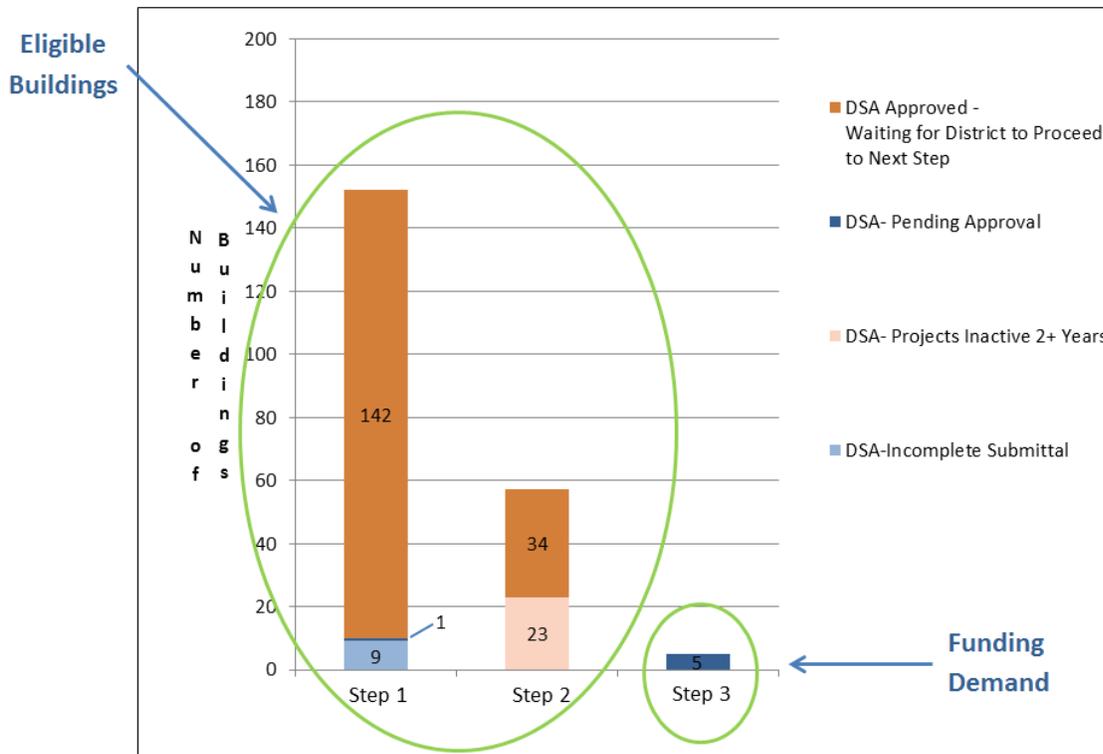
School districts submit projects to DSA for review in steps (previously known as phases). At Step 1, projects receive confirmation of eligibility for the SMP. At Step 2, the licensed design professional submits a report detailing how to mitigate the risk of injury to the buildings occupants in the event of a seismic event; either to rehabilitate the building or replace it. In Step 3, the licensed design professional submits the completed plans and specifications to DSA for approval. Although a number of projects have sought out eligibility determinations in Step 1 and continued to Step 2, a number of projects have not continued on to Step 3 for various reasons.

Similar patterns can be found in other parts of the SFP as well. For example, many districts will establish SFP new construction or modernization eligibility to determine if they are able to proceed with a funding application. Once SFP eligibility is established, it is common for it to remain unused for long periods of time. It is also common for eligibility to not be accessed at any time. This may be due to district priorities, other projects in the district, or many other reasons. The patterns seen in other parts of the SFP could be occurring in the SMP.

Current Estimated Funding Demand

As of June 25, 2014, there were seven buildings in Step 3 with an estimated funding demand of \$37.1 million.

The chart below is included to more clearly illustrate the steps in the program that represent buildings for which a district has explored program eligibility, as compared to the step in the process where there is a more likely demand for bond authority and funding. Numbers in the chart are those published as part of the June SAB agenda.



DISCUSSION

Staff has outlined above the current status of the program and clarified the difference between SMP eligibility and funding demand so that the Implementation Committee can evaluate the overall SMP process and to discuss reasons why projects are falling off and not progressing past Steps 1 and 2.

Implementation Committee membership feedback is being requested as it relates to the reasons why this fall off may be occurring as well as suggestions for improvements to the process to better facilitate the movement of projects with Step 1 and/or 2 approvals to Steps 3.

ATTACHMENT A

AUTHORITY

Education Code (EC) Section 17075.10(a) states:

A school district may apply for hardship assistance in cases of extraordinary circumstances. Extraordinary circumstances may include, but are not limited to, the need to repair, reconstruct, or replace the most vulnerable school facilities that are identified as a Category 2 building, as defined in the report submitted pursuant to Section 17317, determined by the department to pose an unacceptable risk of injury to its occupants in the event of a seismic event.

EC Section 17075.10(b)(2) states:

Funds for the purpose of seismic mitigation work or facility replacement pursuant to this section shall be allocated by the board on a 50-percent state share basis from funds reserved for that purpose in any bond approved by the voters after January 1, 2006. If the board determines that the seismic mitigation work of a school building would require funding that is greater than 50 percent of the funds required to construct a new facility, the school district shall be eligible for funding to construct a new facility under this chapter.

EC Section 17317(a) states:

The Department of General Services shall, in consultation with the Seismic Safety Commission, conduct an inventory of public school buildings that are concrete tilt-up school buildings and school buildings with nonwood frame walls that do not meet the minimum requirements of the 1976 Uniform Building Code. Priority shall be given to the school buildings identified in the act that added this section that are in the highest seismic risk zones in accordance with the seismic hazard maps of the Division of Mines and Geology of the Department of Conservation.

EC Section 17317(b) states:

The Department of General Services shall submit a report by December 31, 2001, to the Legislature and the Governor that summarizes the findings of the seismic safety inventory and makes recommendations about future actions that should be taken to address the problems found by the seismic safety inventory. The report shall not identify individual schoolsites on which inventoried school buildings are located.

Report: <http://www.documents.dgs.ca.gov/dsa/pubs/FinalAB300Report.pdf>

SFP Regulation Section 1859.2 states:

“Most Vulnerable Category 2 Buildings” means the building meets the criteria outlined in Section 1859.82(a)(1)(C) and is one of the following building types:

- C1 – Concrete Moment Frame,
- C1B – Reinforced Concrete Cantilever Columns with Flexible Diaphragms,
- C2A – Concrete Shear Wall with Flexible Diaphragms,
- C3A – Concrete Frame with Infill Masonry Shear Walls and Flexible Diaphragms,
- PC1 – Precast/Tilt-up Concrete Shear Wall with Flexible Diaphragms,
- PC1A – Precast/Tilt-up Concrete Shear Wall with Rigid Diaphragms,
- PC2A – Precast Concrete Frame without Concrete Shear Walls and with Rigid Diaphragms,
- PC2 – Precast Concrete Frame and Roofs with Concrete Shear Walls,
- URM – Unreinforced Masonry Bearing Wall Buildings,
- RM1 – Reinforced Masonry Bearing Wall with Flexible Diaphragms,
- URMA - Unreinforced Masonry Bearing Wall with Rigid Diaphragms,
- S1B – Steel Cantilever Columns with Flexible Diaphragm,
- S3 – Steel Light Frame Metal Siding and/or Rod Bracing, or
- M – Mixed construction containing at least one of the above structures types.

SFP Regulation Section 1859.82 states, “A district is eligible for facility hardship funding to replace or construct new classrooms and related facilities if the district demonstrates there is an unmet need for pupil housing or the condition of the facilities, or the lack of facilities, is a threat to the health and safety of the pupils.”

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when, “The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include...seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA....”

SFP Regulation Section 1859.82(a)(1)(A) states:

If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:

1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SFP Regulation Section 1859.82(a)(1)(B) states:

If the request is for replacement facilities that included structural and/or seismic deficiencies, the cost/benefit analysis must also include a report from a licensed design professional identifying the minimum work necessary to obtain DSA approval. The report must contain a detailed cost estimate of the repairs. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. The report and cost estimate shall be subject to review by the OPSC for conformance with the Saylor Current Construction Cost Publication and, at the OPSC's discretion, the DSA. For seismic deficiencies of the Most Vulnerable Category 2 Buildings, the report and the cost estimate for the minimum work necessary must be reviewed by the DSA.

SFP Regulation Section 1859.82(a)(1)(C) states:

The seismic mitigation projects must meet all of the following requirements:

1. The construction contract was executed on or after May 20, 2006;
2. The project funding provided shall be for the minimum work necessary to obtain DSA approval;
3. The building is designed for occupancy by students and staff; and
4. The DSA concurs with a report by a structural engineer, which identifies structural deficiencies that pose an unacceptable risk of injury to its occupants in a seismic event. If the unacceptable risk of injury is due to the presence of faulting, liquefaction or landslide, these hazards must be documented by a geologic hazards report prepared by an engineering geologist in accordance with California Building Code, Part 2, Chapter 18, section 1803A and with the concurrence of the California Geological Survey.

The structural engineer's report shall conform to the guidelines prepared by the DSA, in accordance with Education Code Section 17310.

SFP Regulation Section 1859.95.1(a) states:

When the Board has Insufficient Bond Authority to apportion the School District's funding request on the Form SAB 50-04, the following will apply:

(1) The Office of Public School Construction (OPSC) will receive and determine if the Form SAB 50-04 is an Approved Application. To be placed on the Applications Received Beyond Bond Authority List, the Approved Application for funding shall be accompanied by a school board resolution, as specified in paragraph (b) of this Section. The OPSC will not determine if the Approved Application is ready for Apportionment.