

STATE ALLOCATION BOARD

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Date: April 21, 2006

To: Interested Parties

Subject: **NOTICE OF THE STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on Friday, May 5, 2006 (9:30 am - 3:30 pm) at the Legislative Office Building, 1020 N Street, Room 100, Sacramento.

The Implementation Committee's proposed agenda is as follows:

1. Discussion on the proposed regulatory amendments regarding adjustments to the existing building capacity for classrooms provided after the new construction baseline eligibility is established.
2. Discussion on the proposed regulatory amendments regarding School Facility Program Regulation Section 1859.73.2 which provides an additional grant to replace single-story facilities with multi-story facilities.
3. Discussion on proceeds from the sale of a site funded in part or whole with State funds as requested by the State Allocation Board at its March 22, 2006 meeting.

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Ms. Deah Johnson at (916) 445-3159.

A handwritten signature in black ink that reads "Mavonne Garrity". The signature is written in a cursive style.

MAVONNE GARRITY, Chairperson
State Allocation Board Implementation Committee

MG:dj

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
May 5, 2006

NEW CONSTRUCTION – ADDITIONAL GRANT FOR REPLACED FACILITIES
(ASSEMBLY BILL 1631)

PURPOSE

To present alternatives for modifying the School Facility Program Regulation Section 1859.73.2 *New Construction Additional Grant For Replaced Facilities* [Assembly Bill (AB) 1631, Chapter 904, Statutes of 2003 (Salinas)] to facilitate an increase in participation using this alternative method for relieving dense sites and adding classroom capacity to an existing school site.

BACKGROUND

At the April 6, 2006 meeting of the Implementation Committee, staff presented a recommendation which entailed retaining the 200 pupil grant minimum in place. However the recommendation did propose modifications to the 20 percent of the pupil capacity requirement to only 20 percent of the permanent classrooms counted in the districts' gross classroom inventory for that site. Attachment A is the example from the April 6, 2006 IMP Committee Meeting item that demonstrates the current method for determining the amount of pupil capacity increase required to participate in this additional grant.

The Implementation Committee and members of the audience requested that staff re-evaluate the necessity of the minimum increase in pupil capacity requirement, suggesting that the cost benefit analysis should be the determining factor as to what could be deemed a justified increase in pupil capacity.

The Implementation Committee also made a request to clarify how much acreage would be required per classroom in the cost benefit analysis.

DISCUSSION

The following is staff's analysis of questions posed by the Implementation Committee and members of the audience:

- **Requirement of 200 pupils or 20% of permanent capacity vs. cost benefit analysis approach.**

Staff considered the recommendation of completely removing the minimum capacity increase requirement of 200 pupils or 20 percent of the classroom capacity as currently required and using the cost benefit analysis as the determining factor for the capacity increase. However, the OPSC can not support this request as it does not provide means for ensuring that the economic interests of the State are protected. A project that would provide an increase of less than eight classrooms to a site's capacity would be best funded under the current SFP regulations.

Staff's recommendation to modify the current 20 percent of the existing pupil capacity to 20 percent of the permanent capacity appears to be the most viable option. Please see Attachment B for an example of how this change will affect the minimum scope of a potential project. (Attachment B is reprinted from the April 6, 2006 Implementation Committee item.) This recommendation provides ample opportunity for districts to take advantage of this

additional grant to adequately house pupils while regaining useable acreage for other purposes and keeps within the guidelines of the legislation.

Attachment C shows the changes to the 20 percent required pupil capacity increase at various school sites in California.

Attachment D is a diagram of Example 2 on Attachment C which indicates the number of portables that potentially could be removed from the site to free up additional acreage.

A district can demolish portables excluded pursuant to SFP Regulation Section 1859.73.2(a)(5) *New Construction Additional Grant for Replaced Facilities* and still receive funds for this demolition. However, until all portable classrooms excluded from the district's gross classroom inventory have been replaced, the associated replacement square footage is ineligible for this additional grant. In this scenario a district would have to use their existing new construction eligibility to replace these portables.

- **Clarification of acreage required per pupil/classroom.**

Current SFP Regulation 1859.73.2(a)(3)(C) indicates the acreage amount required per pupil as detailed below:

| Grade Level | Acreage Per Pupil | State Loading Standard | Acreage Per Classroom |
|-------------|-------------------|------------------------|-----------------------|
| K-6 | 0.01775 | 25 | 0.44375 |
| 7-8 | 0.021 | 27 | 0.567 |
| 9-12 | 0.02472 | 27 | 0.66744 |

❖ Please note that Special Day Class pupils are to be requested at the grade level of the project in question.

- One important aspect of this additional grant to keep in mind is that an applicant district does not have to increase the enrollment on a site, only the ability to adequately house pupils. Again, the District is not required to add additional pupils to an existing site to participate in this grant, but may do so if it is deemed educationally appropriate by the CDE.

RECOMMENDATION

Staff has developed the following proposal, while staying within the confines of the law, in an attempt to increase district participation in requesting this additional grant:

1. Change the existing requirement to state that the increase in pupil capacity housed shall be the greater of 200 pupils or 20 percent of the **existing permanent classroom capacity** at the site.

ATTACHMENT A

Under Current Regulations for 20% of the existing pupil capacity with the ability to house additional pupils.

- A high school site has 75 classrooms (50 permanent and 25 portable) which should house 2,025 pupils.
50 permanent classrooms x 27 per loading standards = 1350 pupils
25 portable classrooms x 27 per loading standards = 675 pupils
2,025 pupils
- The school site currently has an enrollment of 2,300 which should require 85 classrooms.
- The site has a permanent building with 10 classrooms that would be demolished.
- The District could use 405 pupil grants (20% of the existing pupil capacity) from their new construction eligibility to construct a 25 classroom multi story facility. The classroom capacity increases by 15 which would house 405 pupils.
- The site now adequately houses the current enrollment of 2300 pupils on a site with a more efficient use of the site. The site could now house an additional 130 pupils beyond the enrollment if it was deemed appropriate by CDE.

| | |
|--|----------------|
| 90 classrooms (75 original + 15 new) x 27 pupils per loading standards = | 2,430 capacity |
| <u>Current enrollment</u> | <u>=2,300</u> |
| Pupil capacity increase to site | 130 |

Under Current Regulations for 200 pupils with an increase in the number of classrooms constructed, but not an increase in enrollment.

- An elementary school site has 10 classrooms (250 pupils) and a small multipurpose room on the site.
- The enrollment at the site is 450 pupils.
- The District demolishes the multipurpose room.
- The District uses 200 pupil grants from the new construction eligibility to construct a new multipurpose room with 8 additional classrooms on the second level.
- The site now adequately houses the current enrollment of 450 pupils, in addition to an improved multipurpose room.

ATTACHMENT B

Example Using Proposed Recommendation.

- A high school site has 75 classrooms (50 permanent and 25 portable) which should house 2,025 pupils.
50 permanent classrooms x 27 per loading standards = 1350 pupils
25 portable classrooms x 27 per loading standards = 675 pupils
2,025 pupils
- The school site currently has an enrollment of 2,300 which should require 85 classrooms.
- The site has a permanent building with 10 classrooms that would be demolished.
- The District could use 270 pupil grants (20% of the permanent design capacity) from their new construction eligibility to construct a 20 classroom multi story facility. The classroom capacity increases by 10 which would house 270 pupils.
- The increased capacity now adequately houses 2,295 pupils and creates a more efficient use of the site.

| | |
|--|----------------------|
| 85 classrooms x 27 pupils per loading standards (50 original permanent, 25 portable and 10 new permanent) | 2,295 pupil capacity |
| <u>Current enrollment</u> | <u>2,300</u> pupils |
| Remaining unhoused pupils at site | (5) |

Comparison of Current and Proposed 20% Calculations

| | | | | | Current | | Proposed | | Potential Number of Portables Remaining On Site |
|------------------|--------|--------------------------------|-------------------------------|----------------------------|-------------------------|---|-----------------------------|--|---|
| | | Number of Permanent Classrooms | Number of Portable Classrooms | Total Number of Classrooms | 20% of Total Classrooms | Current Required Increase in Pupil Capacity | 20% of Permanent Classrooms | Proposed Required Increase in Pupil Capacity | |
| Example 1 (9-12) | 20% | 128 | 0 | 128 | 26 | 702 | 26 | 702 | 0 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 0 |
| Example 2 (7-8) | 20% | 33 | 13 | 46 | 10 | 270 | 7 | 189 | 3 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 5 |
| Example 3 (7-8) | 20% | 29 | 22 | 51 | 11 | 297 | 6 | 162 | 11 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 14 |
| Example 4 (K-6) | 20% | 12 | 25 | 37 | 8 | 200 | 3 | 75 | 17 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 17 |
| Example 5 (9-12) | 20% | 63 | 21 | 84 | 17 | 459 | 13 | 351 | 4 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 13 |
| Example 6 (K-6) | 20% | 18 | 22 | 40 | 8 | 200 | 4 | 100 | 14 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 14 |
| Example 7 (9-12) | 20% | 86 | 52 | 138 | 28 | 756 | 18 | 486 | 24 |
| | 8 CR's | | | | 8 | 200 | 8 | 200 | 44 |

ATTACHMENT C

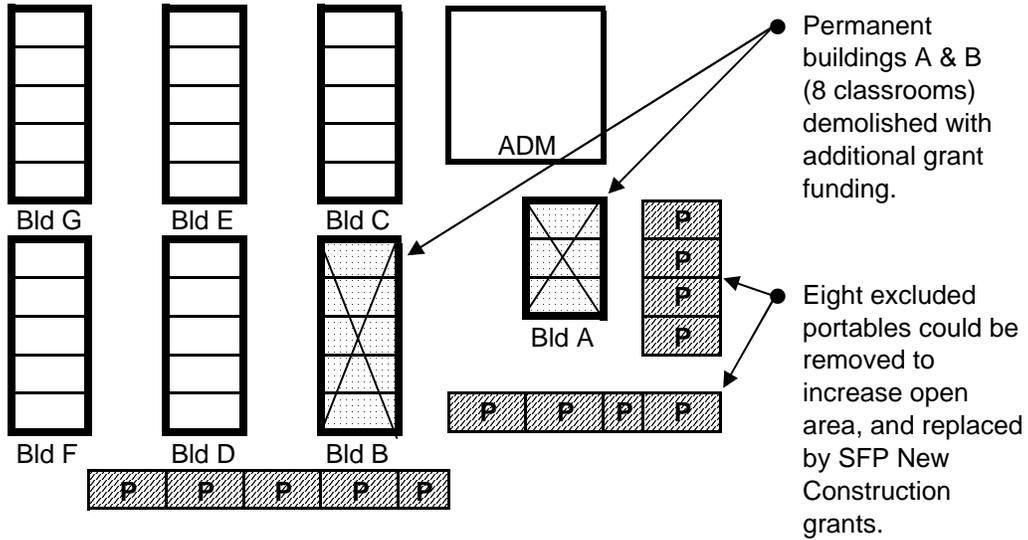
❖ Bolded comparison numbers indicate the required increase for current and proposed 20 percent calculations.

ATTACHMENT D

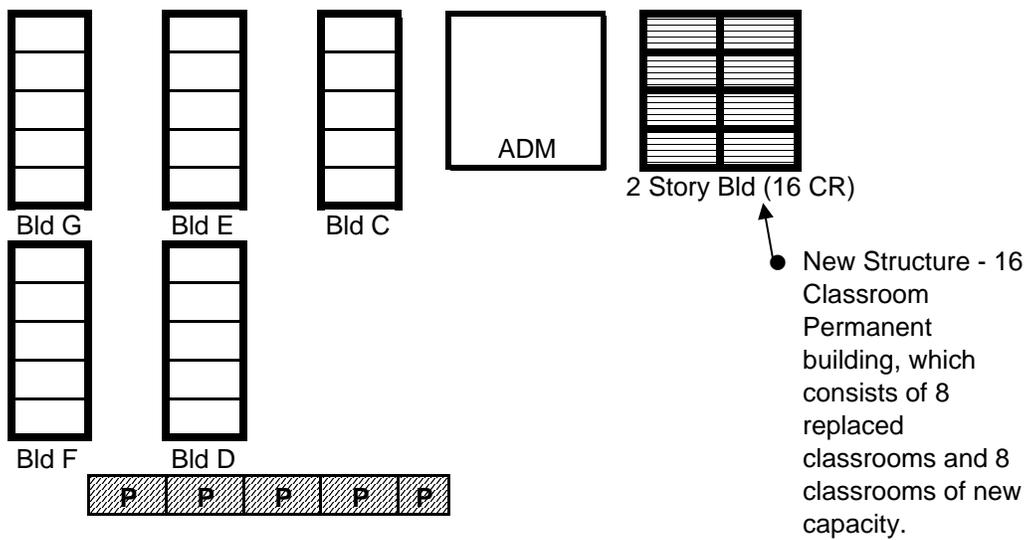
REDUCTION OF PORTABLES ON SITE

Example 2

Existing Site:



New Site:



**STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
May 5, 2006**

**SCHOOL FACILITY PROGRAM:
ADJUSTMENTS TO THE NEW CONSTRUCTION BASELINE ELIGIBILITY**

PURPOSE

To present the proposed School Facility Program (SFP) Regulation changes for the adjustments to the new construction baseline eligibility for locally funded replacement projects and interim housing portables.

BACKGROUND

At the October 19, 2005 meeting of the State Allocation Board (SAB), members requested that the Regulations relating to the adjustments to the new construction baseline eligibility be discussed at a future meeting of the Implementation Committee. At the February 3, 2006 meeting of the Implementation Committee, the Office of Public School Construction (OPSC) presented an overview of the calculation of existing capacity and the impacts of classroom inventory changes on the new construction baseline eligibility. Committee and audience members brought forth a number of concerns in the area of chargeability of portable classrooms. At the April 6, 2006 meeting, the OPSC presented its responses to these concerns and proposed to modify the SFP Regulations to accommodate the issues listed below. The proposed regulation and form changes are contained in the Attachments A, B, and C and described below.

DISCUSSION

Issue 1: Clarification of the SFP Regulations for the required adjustments to the new construction baseline eligibility.

Section 1859.51(i) items (3), (4), (5) and (9) clarify the exclusions to the reporting requirement for additional classrooms provided after the new construction eligibility has been established.

Issue 2: Locally funded replacement projects

Current approved SFP Regulations require an adjustment to the new construction baseline eligibility for any classrooms provided in a locally funded project, including the classrooms that replace existing facilities. This policy results in the reduction of the district's eligibility for any future new construction projects and discourages efforts to raise local funds for facility projects that districts may consider outside of the SFP.

In considering regulatory changes to accommodate locally funded replacement projects without the downward adjustment to the new construction baseline eligibility, the OPSC proposes additional amendments to the modernization eligibility and financial hardship provisions of the SFP Regulations. These changes are necessary to ensure that the replaced facilities do not continue to generate modernization eligibility. In addition, the proposed amendments would require that districts consider the need for matching share funding for future SFP projects when making expenditures on replacement projects because the districts will not be able to seek financial hardship assistance in the five years following the encumbrance of the funds.

Summary of the proposed Regulation changes:

Section 1859.51(i)(10) specifies that a classroom that replaces another classroom in a project for which no State apportionment is made does not generate a downward adjustment to the new construction baseline eligibility providing the district removes the replaced facility from classroom use immediately after the replacement classroom is occupied. This provision applies to both permanent and portable classrooms. In order to identify any classrooms replaced with local funds the *Application for Funding*, Form SAB 50-04, must be modified. The suggested form changes are contained in Attachment B.

Section 1859.61(k) requires that modernization baseline eligibility be reduced for the facilities replaced in a locally funded project as the facilities that generated modernization eligibility no longer exist. This requirement applies to permanent and portable classrooms as well as any other facilities that may be replaced with local funds, such as gymnasiums and libraries. The adjustment is required once the district has signed a contract for construction or acquisition that includes replacement of classrooms or other facilities. The proposed changes to the *Eligibility Determination*, Form SAB 50-03, reflect this new requirement as shown on the Attachment C.

Section 1859.81(d) provides that if a district has signed a construction contract for replacement of classrooms without receiving a State apportionment, the district may not seek financial hardship assistance for a period of five years from the date of the contract. It is possible for a district to have an emergency situation that requires a facility replacement. In such cases, the SAB may determine that the replacement of facilities with local funds should not preclude the district from seeking financial hardship assistance.

Issue 3: Portable classrooms leased for more than five years

Districts must report leased interim housing portables that were excluded in existing building capacity because they were leased less than five years once the portables have been leased for five years, whether in a single lease or cumulative total of several leases. These classrooms are then charged against the district's new construction baseline eligibility and reduce the district's ability to finance future projects to construct actual permanent classrooms. The proposed amendment to the Regulation Section 1859.51(i) specifies that the five year lease requirement shall be project specific and the district shall be eligible to continue to lease the classroom without a downward adjustment to its new construction baseline eligibility for an additional time period as determined by the SAB not to exceed three years.

RECOMMENDATION

Accept the proposed regulations as submitted.

ATTACHMENT A
PROPOSED AMENDMENTS TO THE
SCHOOL FACILITY PROGRAM REGULATIONS
State Allocation Board
Implementation Committee Meeting
May 5, 2006

Amend Regulation Section 1859.51 as follows:

Section 1859.51. Adjustments to the New Construction Baseline Eligibility.

The baseline eligibility for new construction determined on the Form SAB 50-03, will be adjusted as follows:

- ...
- (i) Reduced by the number of pupils housed, based on loading standards pursuant to Education Code Section 17071.25(a)(2)(A), in any Classroom Provided after the baseline eligibility was determined by the Board with the exception of those pupils housed or to be housed in a classroom:
 - (1) That is a trailer and transportable/towed on its own wheels and axles.
 - (2) Of less than 700 interior square feet.
 - ~~(3) Excluded pursuant to Education Code Section 17071.30.~~
 - (3) That is a portable classroom, leased pursuant to Chapter 14 (commencing with Section 17085) of the Education Code.
 - (4) That is a portable classroom leased for a period of less than five years, whether in a single lease or cumulative total of several leases.
 - (5) That is a portable classroom that needs to be leased beyond five years to provide interim housing in a modernization or new construction project provided the cumulative lease term does not exceed a specified time period as determined by the SAB not to exceed three years on each qualifying project.
 - ~~(46)~~ Where the contract for the lease, lease-purchase, purchase, or construction of the classroom was made prior to January 1, 2000.
 - ~~(57)~~ That is included in a SFP project where the district has funded a portion of the project beyond its required district contribution and the pupil capacity of the classroom does not exceed 150 percent of the number of pupils receiving a new construction grant (rounded up) for the SFP project.
 - ~~(68)~~ That was acquired with joint-use funds specifically available for that purpose.
 - (9) That was built or acquired exclusively for regional occupational centers, regional occupational programs, child care, preschool and/or Adult Education Programs, and with funds specifically available for those purposes.
 - (10) That replaces a classroom, previously included in the determination of the district's new construction eligibility pursuant to Education Code Section 17071.75, in a project funded by the district without participation from the State and the district removes the replaced facility from classroom use immediately after the replacement classroom is occupied.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17052, 17070.51, 17071.25, 17071.75, 17071.76, 17072.20 and 17077.40, Education Code.

Amend Regulation Section 1859.61 as follows:

Section 1859.61. Adjustments to the Modernization Baseline Eligibility.

The baseline eligibility for modernization as provided in Section 1859.60 for a specific site will be adjusted as follows:

- (a) Reduced by the number of pupils provided grants in a modernization SFP project at the specific site.
- (b) Reduced by the number of pupils housed, based on the loading standards pursuant to Education Code Section 17071.25(a)(2), in a modernization LPP project funded under the LPP pursuant to Sections 1859.14 and 1859.15.
- (c) Increased by changes in projected enrollment in subsequent enrollment reporting years.

(d) Increased for additional facilities not previously modernized with State funds, that become 25 years old, if permanent, or 20 years old, if portable or as a result of audit findings made pursuant to Sections 1859.90 and 1859.105.

(e) Adjusted as a result of errors or omissions by the district or by the OPSC.

(f) Adjusted as a result of amendments to these Subgroup 5.5 Regulations that affect the eligibility.

(g) For classroom loading standards adopted by the Board for non-severely disabled individuals with exceptional needs and severely disabled individuals with exceptional needs.

(h) As directed by the Board due to a finding of a Material Inaccuracy pursuant to Regulation Section 1859.104.1.

(i) Increased for facilities previously modernized with State funds, which qualify for an additional modernization apportionment pursuant to Section 1859.78.8.

(j) Adjusted as a result of the Reconfiguration of an existing high school under the provisions of the Small High School Program.

(k) Decreased for facilities that were deemed eligible for modernization pursuant to Sections 1859.60 and 1859.61(d) and subsequently replaced, or will be replaced under a signed contract for construction or acquisition of facilities, in a project funded by the district without participation from the State.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.51, 17071.25, 17072.15, 17072.20, 17073.15, 17074.10 and 17074.32, Education Code.

Amend Regulation Section 1859.81 as follows:

Section 1859.81. Financial Hardship.

Except for Joint-Use Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating both of the following the requirements of (a), (c), and (d) below:

(a) The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education. The analysis shall consist of a review of the district's latest Independent Audit regarding funds available from all capital facility accounts, including, but not limited to, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, the appraised value of facilities approved for replacement pursuant to Section 1859.82, bond funds either encumbered, unencumbered or authorized but unsold, and savings from other SFP projects. All funds thus identified that have not been expended or encumbered by a contractual agreement for a specific capital outlay purpose prior to the initial request for financial hardship status shall be deemed available as a matching contribution.

After the initial request for financial hardship status is granted, no further encumbrances will be approved by the OPSC and all prospective revenue made available to the district's capital facility accounts shall be deemed available as matching contribution on the subsequent financial hardship review, with the exception of:

(1) Approved interim housing expenditures.

(2) Funding to pay for previously recognized multi-year encumbrances approved at the initial financial hardship approval.

(3) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the Federal Renovation Program when the amount expended out of that fund does not exceed the maximum Federal Renovation Grant amount.

(4) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the School Facilities Needs Assessment Grant Program or Emergency Repair Program when the amount expended out of that fund does not exceed the maximum grant amount apportioned.

(5) All other capital facility funding for a period of three years when no subsequent financial hardship request is made during this period. The three-year period begins with the date of the most recent financial hardship new construction or modernization adjusted grant funding apportionment.

The financial hardship analysis is subject to approval by the Board.

(b) From the funds deemed available as a matching contribution, the district may retain \$19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in Section 1859.71. The number of classrooms needed for interim housing for the currently unhoused pupils shall be the sum of the positive numbers determined in (b)(7) as follows:

- (1) Determine the current enrollment of the district by grade level as shown on the latest Form SAB 50-01.
- (2) Determine the New Construction Grants apportioned by grade level for all SFP projects and LPP funded under the provisions of Sections 1859.12 or 1859.13 where the district has submitted Form SAB 50-06 indicating that the project is 100 percent complete.
- (3) Subtract (b)(2) from (b)(1).
- (4) Determine the number of classrooms by grade level reported in Part 1, Line 8 on Form SAB 50-02.
- (5) Multiply the classrooms determined in (b)(4) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe.
- (6) Subtract the product determined in (b)(5) from the difference determined in (b)(3) by grade level.
- (7) Divide the difference by grade level determined in (b)(6) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.

From the funds deemed available as a matching contribution, the district may also retain \$19,776 per portable toilet unit in each reporting period for the cost to provide necessary interim toilet facilities for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in Section 1859.71. The number of toilet facilities needed for interim housing shall be the sum of the positive numbers determined in (b)(7) divided by eight rounded up to the nearest whole number.

If the district's available funds, as determined by the OPSC analysis less costs for interim housing, is less than its matching share, the district will be deemed to have met the requirements of this Subsection.

(c) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

- (1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity. Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.
- (2) The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).
- (3) It is a County Superintendent of Schools.
- (4) The district's total bonding capacity at the time of the request for financial hardship status is \$5 million or less.
- (5) Other evidence of reasonable effort as approved by the SAB.

If the district's request for financial hardship status is denied by the Board, the district may be deemed eligible for rental payments of \$2,000 per year per classroom under the Emergency School Classroom Law of 1979 for a two year period when relocatable classroom buildings are available and the district provides financial documentation that it is unable to afford the full rental amount and any other information satisfactory to the Board that the rental reduction is necessary. The number of classrooms eligible for the \$2,000 rental payments shall be the sum of the numbers determined in (c)(5)(B) as follows:

- (A) Determine the number of pupils by grade level that the district requested a New Construction Grant on the Form SAB 50-04 that were denied financial hardship status.
- (B) Divide the number by grade level determined in (c)(5)(A) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.

If the district meets the financial hardship requirements in this Section, the amount of financial hardship is equal to the district's matching share less funds deemed available in (a).

Once a district has been notified by the OPSC that it meets the requirements of financial hardship in this Section, the district may file Form SAB 50-04 under the provisions of financial hardship anytime within a period of 180 calendar days from the date of the OPSC notification.

If the district does not submit Form SAB 50-04 under the provisions of financial hardship within 180 calendar days of the OPSC notification of approval of financial hardship status, the district must re-qualify for financial hardship status under the provisions of this Section by submittal of a new request for financial hardship status.

If the district submits Form SAB 50-04 within 180 calendar days of the OPSC notification of approval of financial hardship and the project(s) has been included on an unfunded list for more than 180 calendar days, a review of the district's funds pursuant to (a) will be made to determine if additional district funds are available to fund the district's matching share of the project(s).

Financial hardship approval status by the OPSC for a separate design and/or site apportionment does not apply to any subsequent funding for the project(s).

(d) The district has not signed a contract for acquisition or construction of classrooms that replaced existing facility(ies) in a locally funded project during the five year period immediately preceding the district's application for financial hardship assistance. This restriction may be lifted if the Board finds that unforeseen circumstances existed that required the district to use local funds to replace the facility(ies).

Note: Authority cited: Sections 17070.35, 17075.15 and 17592.73, Education Code.

Reference: Sections 17075.10 and 17075.15, Education Code.

GENERAL INFORMATION

Once the Board has determined or adjusted the district's eligibility for either new construction or modernization funding, the district may file an application for funding by use of this form. The Board will only provide new construction funding if this form is submitted prior to the date of occupancy of any classrooms included in the construction contract. If the district has a pending reorganization election that will result in the loss of eligibility for the proposed project, the district may not file an application for funding until the Board has adjusted the district's new construction baseline eligibility as required in Section 1859.51. This may be accomplished by completion of Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03.

For purposes of Education Code Section 17073.25, the California Department of Education (CDE) is permitted to file modernization applications on behalf of the California Schools for the Deaf and Blind.

Requests for funding may be made as follows:

A separate apportionment for site acquisition for a new construction project for environmental hardship pursuant to Section 1859.75.1. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
- Contingent site approval letter from the CDE.
- Preliminary appraisal of property.
- Approval letter from the Department of Toxic Substances Control.

A separate apportionment for site acquisition and/or design costs for a new construction project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. Districts may apply for a separate apportionment for the design and for site acquisition on the same project. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02, and Form SAB 50-03 (if not previously submitted).
- Contingent site approval letter from the CDE (site apportionment only).
- Preliminary appraisal of property (site apportionment only).

A separate apportionment for district-owned site acquisition cost pursuant to Section 1859.81.2. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02, and Form SAB 50-03 (if not previously submitted).
- Site approval letter from the CDE.
- Appraisal of district-owned site.
- Cost benefit analysis as prescribed in Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.

A separate apportionment for design cost for a modernization project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. For purposes of this apportionment, the Form SAB 50-03 must accompany this form (if not previously submitted).

A New Construction Adjusted Grant pursuant to Section 1859.70. If the funding request includes site acquisition, the proposed site must either be owned by the district, in escrow, or the district has filed condemnation proceedings and received

an order of possession of the site. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
- Site/plan approval letter from the CDE.
- Appraisal of property if requesting site acquisition funds.
- Plans and specifications (P&S) for the project that were approved by the DSA. Submittal of plans may be on CD-ROM or "Zip Drive" readable in AutoCAD 14. The specifications may be provided on a diskette that is IBM compatible.
- Cost estimate of proposed site development, if requesting site development funding.
- If this request is pursuant to Section 1859.77.2 and the district's housing plan is other than those listed in the certification section of this form, a copy of the school board resolution and the approved housing plan.
- If the site apportionment is requested pursuant to Regulation Section 1859.74.5, a cost benefit analysis as prescribed in Regulation Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.

Modernization Adjusted Grant pursuant to Section 1859.70. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-03 (if not previously submitted).
- P&S for the project that were approved by the DSA.
- DSA approval letter for elevator to meet handicapped compliance, if funding is requested.
- Plan approval letter from the CDE.
- Districtwide enrollment data on Form SAB 50-01 when requesting project assistance (if not previously submitted).
- If the request includes funding for 50 year old permanent buildings pursuant to Section 1859.78.6, a site diagram identifying all buildings to be modernized in the project. The diagram must specify those buildings that are at least 50 years old.

Prior to acceptance of an application for funding that includes a financial hardship request, the district must have its financial hardship status "pre-approved" by the Office of Public School Construction (OPSC). To apply for a financial hardship "pre-approval", consult the OPSC Web site at www.opsc.dgs.ca.gov.

If the district is requesting New Construction funding after the initial baseline eligibility was approved by the Board and the district's current CBEDS enrollment reporting year is later than the enrollment reporting year used to determine the district's baseline eligibility or adjusted eligibility, the district must complete a new Form SAB 50-01 based on the current year CBEDS enrollment data, and submit it to the OPSC with this form. A small district with 2,500 or less enrollment as defined in Section 1859.2 will not have its eligibility reduced for a period of three years from the date the district's baseline eligibility was approved by the Board as a result of reduction in projected enrollment.

For a list of the documents that must be submitted in order for the OPSC to deem a funding request for new construction or modernization complete and ready for OPSC processing, consult the SFP handbook and other information located on the OPSC Web site at www.opsc.dgs.ca.gov.

For purposes of completing this form for a Final Charter School Apportionment, a charter school shall be treated as a school district.

SPECIFIC INSTRUCTIONS

The district must assign a Project Tracking Number (PTN) to this project. The same PTN is used by the OPSC, the DSA and the CDE for all project applications submitted to those agencies to track a particular project through the entire state application review process. If the district has already assigned a PTN to this project by prior submittal of the P&S to either the DSA or the CDE for approval, use that PTN for this application submittal. If no PTN has been previously assigned for this project, a PTN may be obtained from the OPSC Web site at www.opsc.dgs.ca.gov "PT Number Generator"

1. Type of Application

Check the appropriate box that indicates the type of School Facility Program (SFP) grant the district is requesting for purposes of new construction, modernization, a separate design and/or site apportionment, site apportionment as an environmental hardship or New Construction (Final Apportionment). If the application is for the modernization of school facilities and includes facilities that are eligible for an additional apportionment pursuant to Section 1859.78.8, include a site diagram with this application that specifies the age of each facility eligible for modernization. The diagram should also indicate the date of its original DSA plan approval and the date the facility received its prior modernization apportionment. If known include the project modernization number on the diagram. If the application is for modernization of a California School for the Deaf or Blind, the CDE shall check the box identified as Modernization of California Schools for the Deaf/Blind. If the request is for a separate design apportionment, the CDE shall check the appropriate box. If the eligibility for this project was established as a result of the need for new or replacement facilities pursuant to Section 1859.82 (a) and (b), or rehabilitation pursuant to Section 1859.83 (e), check the appropriate box.

If this request is for an addition to an existing site and advance funding for the evaluation and RA costs, check the appropriate box and refer to Section 1859.74.4.

If this request is to convert a Preliminary Apportionment or a Preliminary Charter School Apportionment to a Final Apportionment, check the New Construction (Final Apportionment or Final Charter School Apportionment) box.

If the district is requesting a separate site and/or design apportionment, complete boxes 2a, 3, 4, the site acquisition data in box 5 (d and e), and boxes 12, 13, 14, 15 and 21 only.

2. Type of Project

- a. Select the type of project that best represents this application request and enter the total number of pupils assigned to the project for each grade group. Include pupils to be housed in a new or replacement school authorized by Section 1859.82 (a). The amount entered cannot exceed the district's baseline eligibility determined on Form SAB 50-03 and will be the basis for the amount of the new construction or modernization grants provided for the project.

If this request is for a Final Apportionment, the pupils assigned to the project must be at least 75 percent, but not more than 100 percent, of the pupils that received the Preliminary Apportionment. Refer to Section 1859.147.

- b. Check the box if the project is eligible for funding for 50 year or older permanent buildings and report, at the option of the district:
 - The total number of eligible classrooms or the total eligible square footage building area at the site. Refer to Section 1859.78.6(b)(1)(A) or (b)(2)(A).

- The total number of permanent classrooms or the total permanent square footage building area that is at least 50 years old and not been previously modernized with state funds. Refer to Section 1859.78.6(b)(1)(B) or (b)(2)(B).
 - Enter the greater percentage as calculated under Regulation Section 1859.78.6(b)(1)(C) or Regulation Section 1859.78.6(b)(2)(C).
 - If this project includes eligible 50 year or older pupil grants, enter the appropriate number assigned to the project for each grade group. The number of pupils entered cannot exceed the cumulative number of 50 year or older permanent buildings pupil grants requested for all modernization funding applications for the site as determined by using the percentage factor above.
- c. Indicate if this request is for funding of a 6–8 school and/or an Alternative Education School.
 - d. Check the box(es) if the district requests and the project qualifies for additional funding for fire code requirements authorized in Sections 1859.71.2 or 1859.78.4.
 - e. Check the applicable box if the district is requesting additional pupil grants assigned to the project that exceed the capacity of the project or if the pupils assigned represent eligibility determined at another grade level and check the appropriate box to indicate under which regulation the district is applying. The pupil capacity of the project may be determined by multiplying the classrooms reported in box 3 by 25 for K–6; 27 for 7–8, 9–12 grades; 13 for non-severe and 9 for severe.
 - f. If the request is for replacement facilities pursuant to Section 1859.82 (a) or (b) on the same site, check the facility hardship box.

3. Number of Classrooms

Enter the:

- Number of classrooms as shown on the plans and specifications (P&S). If there was demolition at the site, report the net increase in the number of classrooms showing in the P&S.
- Master plan site size, as recommended by the California Department of Education.
- Recommended site size, as determined by the California Department of Education.
- Existing Useable Acres already owned at that location (if any).
- Proposed Useable Acres that was/will be purchased as part of the application (if any).

4. Financial Hardship Request

Check the box if the district is requesting financial hardship assistance because it is unable to meet its matching share requirement. Refer to Section 1859.81 for eligibility criteria. Districts requesting financial assistance must have received a pre-approval for financial hardship status by the OPSC. Consult the OPSC Web site at www.opsc.dgs.ca.gov for details and necessary documentation needed in order to determine eligibility.

5. New Construction Additional Grant Request

Check the appropriate box(es) if the district requests an augmentation to the new construction grant for "additional" grants for the items listed or for replacement facilities pursuant to Section 1859.82 (a) and (b). Refer to Sections 1859.72 through 1859.76 and 1859.82 (a) and (b) for eligibility criteria. Enter the:

- a. Therapy area in square feet as provided in Section 1859.72.
- b. Multilevel classrooms in the P&S pursuant to Section 1859.73.

- c. Check the box if the district is requesting project assistance pursuant to Section 1859.73.1. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- d. Indicate the site scenario that best represents the project request. If no RA is required, refer to Section 1859.74. If a RA is required on a site that is not leased or an addition to an existing site, refer to Section 1859.74.2. If RAs are required on a leased site or an addition to an existing site, refer to Sections 1859.74.3 or 1859.74.4, respectively. The limitation of 50 percent may be exceeded when unforeseen circumstances exist, the CDE determines that the site is the best available site, and substantiation that the costs are the minimum required to complete the evaluation and RA.
- (1) Enter 50 percent of the actual cost.
 - (2) Enter 50 percent of the appraised value of the site. If the request is made pursuant to Regulation Section 1859.74.5, enter 50 percent of the appraised value.
 - (3) Enter 50 percent of the allowable relocation cost.
 - (4) Enter two percent of the lesser of the actual cost or appraised value of the site (minimum \$25,000).
 - (5) Enter 50 percent of the Department of Toxic Substances Control (DTSC) fee for review and approval of the phase one environmental site assessment and preliminary endangerment assessment reports. Refer to Sections 1859.74, 1859.74.1, 1859.74.5, 1859.75, 1859.75.1 and 1859.81.1.
- A project that received site acquisition funds under the Lease-Purchase Program (LPP) as a priority two project is not eligible for site acquisition funds under the SFP. A district-owned site acquired with LPP, SFP or Proposition 1A funds is not eligible for funding under Regulation Section 1859.74.5.
- e. Enter 50 percent of the amount allowable for hazardous materials/waste removal and/or remediation for the site acquired pursuant to Sections 1859.74.2, 1859.74.3, 1859.74.4, 1859.75.1 or 1859.81.1. If an RA is required, check the box.
- f. Enter 50 percent of eligible service-site development, off-site development including pedestrian safety paths and utilities costs allowed pursuant to Section 1859.76. Attach cost estimates of the proposed site development work which shall be supported and justified in the P&S. All cost estimates shall reflect 100 percent of the proposed work.
- g. If the district is requesting replacement facilities on the same site, enter the square footage requested as provided in Section 1859.82 (a) or (b).
- h. Enter the square feet of eligible replacement area as provided by Section 1859.73.2.
- i. If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.71.3, enter the percentage of energy efficiency that exceeds Title 24 requirements as prescribed in Section 1859.71.3 (a)(3).

6. Modernization Additional Grant Request

- a. Check the box if the district is requesting project assistance allowance pursuant to Section 1859.78.2. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- b. If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.78.5, enter the percentage of energy efficiency that exceeds Title 24 requirements as prescribed in Section 1859.78.5 (a)(3).
- c. Check the box if the district requests an additional grant for site development utility cost necessary for the modernization of 50 years or

older permanent building(s). Enter 60 percent of the eligible costs allowable pursuant to Section 1859.78.7(a).

7. Excessive Cost Hardship Request

Check the appropriate box to request an augmentation to the New Construction or Modernization Grants for an excessive cost hardship for the items listed. Refer to Section 1859.83 for eligibility criteria. Requests for excessive cost grants for a new two-stop elevator(s) and for additional stops in a modernization project are allowed only if required by the Division of the State Architect (DSA). Attach copy of the DSA letter that requires that the elevator(s) be included in the project for handicapped access compliance.

If the request is for the excessive cost grant for a new Alternative Education school pursuant to Section 1859.83(c)(2) and the district wishes to request less than the maximum allowance, please submit a letter along with application indicating the desired amount.

If the request is for rehabilitation mitigation, report 80 percent or 60 percent (as appropriate) of health/safety rehabilitation mitigation cost for a modernization project as authorized by Section 1859.83 (e).

8. Project Priority Funding Order

Enter the priority order of this project in relation to other new construction applications submitted by the district on the same date. If applications are not received on the same date, the OPSC will assign a higher district priority to the application received first. Check the box(es) if the project meets the criteria outlined in Section 1859.92(c)(3),(4) and (6), as appropriate. This information is needed for purposes of priority points.

9. Prior Approval Under the LPP

If the project the district is requesting SFP grants for received a Phase P, S, or C approval under the LPP, report the application number of that project, regardless if the project actually received funding or was included on an "unfunded" list. Failure to report this information may delay the processing of the application by the OPSC.

10. Prior Apportionment Under the SFP

If the project received a separate apportionment under the SFP for either site and/or design, or site environmental hardship, enter the application number of the project. Failure to report this information may delay the processing of the application by the OPSC.

11. Preliminary Apportionment to a Final Apportionment

If this request is to convert a Preliminary Apportionment to a Final Apportionment, enter the application number of the Preliminary Apportionment. Failure to report this information may delay the processing of the application by the OPSC.

12. Alternative Developer Fee

The district must report certain alternative fees collected pursuant to Government Code Section 65995.7, as of the date of application submittal to the OPSC. Refer to Section 1859.77 for details. Districts are advised that the OPSC may perform an audit of the developer fees collected prior to application approval by the Board.

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 05/05/06)

13. Adjustment to **New Construction** Baseline Eligibility

Complete only for new construction projects.

Pursuant to Section 1859.51 certain adjustments to the district's new construction baseline eligibility must be made each time a district submits [the](#) Form SAB 50-04, to the OPSC for SFP grants. These adjustments are made **automatically** by the OPSC based on information reported by the district on this form.

- a. Report all **additional** classroom(s) provided after the district submitted its request for determination of its new construction baseline eligibility for the grades shown. Refer to Section 1859.51(i).

In the additional classroom column, indicate the number of additional net classrooms provided if not previously reported.

In the replacement classroom column, indicate the number of classrooms that were included in the determination of the district's new construction eligibility pursuant to Education Code Section 17071.75 but replaced in a locally funded project.

- b. If the eligibility for this project was determined on a high school attendance area (HSAA) or Super HSAA pursuant to Section 1859.41, enter the number of pupils by grade level type that were included in the latest report by the CDE pursuant to Education Code Section 42268 that received operational grants in that HSAA or Super HSAA.

14. Pending Reorganization Election

Complete only for new construction projects. Indicate if there is a pending reorganization election that will result in a loss of eligibility for this project. If the answer is "yes", the district must complete Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03, to adjust the district's new construction baseline eligibility as a result of the reorganization and submit them with this form.

15. Joint-Use Facility/Leased Property

Check the box if:

- a. The facilities to be constructed/modernized as part of this project will be for joint use by other governmental agencies.
- b. The new construction or modernization grants will be used for facilities located or to be located on leased property.

16. Project Progress Dates

Complete this section for new construction/modernization projects:

- a. Enter the date the initial construction contract was signed for this project. If a construction contract has not been executed, enter N/A.
- b. Enter the issue date for the Notice to Proceed for the construction phase of the project, or enter N/A if a Notice to Proceed has not been issued.

17. Labor Compliance Program

Indicate whether the district is subject to a Labor Compliance Program that has been approved by the Department of Industrial Relations pursuant to Labor Code Section 1771.7 by checking the appropriate box.

18. Construction Delivery Method

Check the box that best represents the construction delivery method that the district has or will use for this project, if known.

19. Architect of Record or Licensed Architect Certification

The architect of record or the licensed architect must complete this section.

20. Architect of Record or Design Professional Certification

The architect of record or the appropriate design professional must complete this section.

21. Certification

The district representative must complete this section. For additional information regarding district certifications, refer to the SFP handbook located on the OPSC web site at www.opsc.dgs.ca.gov.

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM**

The school district named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et seq., of the Education Code and the Regulations thereto.

| | | |
|-----------------|--|--|
| SCHOOL DISTRICT | | APPLICATION NUMBER |
| SCHOOL NAME | | PROJECT TRACKING NUMBER |
| COUNTY | DISTRICT REPRESENTATIVE'S E-MAIL ADDRESS | HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (IF APPLICABLE) |

1. Type of Application—Check Only One

- New Construction
- New Construction (Final Apportionment)
- New Construction (Final Charter School Apportionment)
- Modernization
- Modernization of California Schools for Deaf/Blind

Separate Apportionment

- Site Only—New Construction [Section 1859.81.1]
- Site Only (District owned)—New Construction [Section 1859.81.2]
- Site Only—Environmental Hardship [Section 1859.75.1]
- Design Only—New Construction [Section 1859.81.1]
- Design Only—Modernization
- Design Only—Modernization of California Schools for Deaf/Blind
- Facility Hardship [Section 1859.82(a)]
- Facility Hardship [Section 1859.82(b)]
- Rehabilitation [Section 1859.83(e)]
- Advance Funding for Evaluation and RA

2. Type of Project

- a. Elementary School
- Middle School
- High School

Pupils Assigned:

K-6: _____
 7-8: _____
 9-12: _____
 Non-Severe: _____
 Severe: _____

- b. 50 Years or Older Building Funding (Modernization Only)

Total Eligible Classrooms/Square Footage: _____
 Classroom/Square Footage at Least 50 Years Old: _____
 Ratio of 50 Years Old Classrooms/Square Footage: _____ %
 From 2a above, how many are 50 Year or Older Pupil Grants?

K-6: _____
 7-8: _____
 9-12: _____
 Non-Severe: _____
 Severe: _____

- c. Is this a 6-8 school? Yes No
 If you answered yes, how many K-6 pupils reported above are sixth graders? _____
 Is this an Alternative Education School? Yes No
- d. Automatic Fire Detection/Alarm System
- Automatic Sprinkler System

- e. Is this a use of grant request pursuant to Section 1859.77.2? Yes No
 Is this request pursuant to Section 1859.77.2(c)? Yes No

If yes, enter date of successful bond election: _____

- Is this a use of grant request pursuant to Section 1859.77.3? Yes No
 Is this request pursuant to Section 1859.77.3(c)? Yes No

If yes, enter date of successful bond election: _____

- f. Facility Hardship (no pupils assigned)

3. Number of Classrooms:

Master Plan Acreage Site Size (Useable): _____
 Recommended Site Size (Useable): _____
 Existing Acres (Useable): _____
 Proposed Acres (Useable): _____

4. Financial Hardship Request—Must Have Pre-Approval by OPSC

5. New Construction Additional Grant Request—New Construction Only

- a. Therapy: Toilets (sq. ft.) _____
 Other (sq. ft.) _____
- b. Multilevel Construction (CRS): _____
- c. Project Assistance
- d. Site Acquisition:
 - Leased Site
 - Additional Acreage to Existing Site
 - Addition to Existing Site
 - (1) 50 percent Actual Cost: \$ _____
 - (2) 50 percent Appraised Value: \$ _____
 - (3) 50 percent Relocation Cost: \$ _____
 - (4) 2 percent (min. \$25,000): \$ _____
 - (5) 50 percent DTSC Fee: \$ _____
- e. 50 percent hazardous waste removal: \$ _____
 Response Action (RA)
- f. Site Development
 - 50 percent Service-Site: \$ _____
 - 50 percent Off-Site: \$ _____
 - 50 percent Utilities: \$ _____
- g. Facility Hardship Section 1859.82(a) or (b)
 - Toilet (sq. ft.): _____
 - Other (sq. ft.): _____
- h. Replacement area
 - Toilet (sq. ft.): _____
 - Other (sq. ft.): _____
- i. Energy Efficiency: _____ %

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM**

6. Modernization Additional Grant Request—Modernization Only

- a. Project Assistance
- b. Energy Efficiency: _____ %
- c. Site Development—60 percent utilities: \$ _____

7. Excessive Cost Hardship Request

New Construction Only

- Geographic Percent Factor: _____ %
 - New School Project [Section 1859.83(c)(1)]
 - New School Project [Section 1859.83(c)(2)]
 - Small Size Project
 - Urban/Security/Impacted Site;
- If a new site, \$ _____ per Useable Acre [Section 1859.83(d)(2)(C)]

Modernization Only

- Rehabilitation/Mitigation [Section 1859.83(e)]: \$ _____
- Geographic Percent Factor: _____ %
- Handicapped Access/Fire Code (3 percent)
- Number of 2-Stop Elevators: _____
- Number of Additional Stops: _____
- Small Size Project
- Urban/Security/Impacted site

8. Project Priority Funding Order—New Construction Only

Priority order of this application in relation to other new construction applications submitted by the district at the same time: # _____

- Project meets: Density requirement pursuant to Section 1859.92(c)(3).
 Stock plans requirement pursuant to Section 1859.92(c)(4).
 Energy efficiency requirement pursuant to Section 1859.92(c)(6).

9. Prior Approval Under the LPP

New Construction: 22/ _____
Modernization: 77/ _____

10. Prior Apportionment Under the SFP

Site/Design—New Construction: 50/ _____
Design—Modernization: 57/ _____

11. Preliminary Apportionment to Final Apportionment

Preliminary Apportionment Application Number: # _____

12. Alternative Developer Fee—New Construction Only

Alternative developer fee collected and reportable pursuant to Regulation Section 1859.77: \$ _____

13. Adjustment to New Construction Baseline Eligibility—New Construction Only

a. ~~Additional~~ Classroom(s) provided:

| Additional: | Replacement: |
|-------------------|-------------------|
| K-6: _____ | K-6: _____ |
| 7-8: _____ | 7-8: _____ |
| 9-12: _____ | 9-12: _____ |
| Non-Severe: _____ | Non-Severe: _____ |
| Severe: _____ | Severe: _____ |

Construction Contract(s) for the project signed on:

b. Operational Grant (HSAA) only:

- K-6: _____
- 7-8: _____
- 9-12: _____
- Non-Severe: _____
- Severe: _____

14. Pending Reorganization Election—New Construction Only Yes No

15. Joint-Use Facility/Leased Property

- a. Joint-Use Facility
- b. Leased Property

16. Project Progress Dates

- a. Construction Contract signed on: _____
- b. Notice to Proceed issued on: _____

17. Labor Compliance Program

Will you be required to initiate and enforce a Labor Compliance Program pursuant to Labor Code Section 1771.7 for this project? Yes No

18. Construction Delivery Method

- Design-Bid-Build
- Design-Build
- Developer Built
- Lease Lease-Back
- Energy Performance Contract
- Other: _____

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM**

SAB 50-04 (REV 05/05/06)

19. Architect of Record or Licensed Architect Certification

I certify as the architect of record for the project or as a licensed architect that:

- The P&S for this project were submitted to the OPSC by electronic medium (i.e., CD-ROM, zip disk or diskette) or as an alternative, if the request is for a modernization Grant, the P&S were submitted in hard copy to the OPSC.
- Any portion of the P&S requiring review and approval by the Division of the State Architect (DSA) were approved by the DSA on _____ (enter DSA approval date). (If the P&S were not approved by the DSA enter N/A.)
- Any portion of the P&S not requiring review and approval by the DSA meets the requirements of the California Code of Regulations, Title 24, including any handicapped access and fire code requirements.
- If the request is for a Modernization Grant, the P&S include the demolition of more classrooms than those to be constructed in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)
- If the request is for a Modernization Grant, the P&S include the construction of more classrooms than those to be demolished in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)

ARCHITECT OF RECORD OR LICENSED ARCHITECT (PRINT NAME)

| | |
|--------------------|---------------|
| _____ SIGNATURE | _____ DATE |
|--------------------|---------------|

20. Architect of Record or Design Professional Certification

I certify as the architect of record for the project or the appropriate design professional, that:

- If the request is for a New Construction Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S including deferred items (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less site acquisition costs. This cost estimate does not include site acquisition, planning, tests, inspection, or furniture and equipment and is available at the district for review by the OPSC.
- If the request is for a Modernization Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S, including deferred items and interim housing (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share. This cost estimate does not include planning, tests, inspection or furniture and equipment and is available at the district for review by the OPSC.

ARCHITECT OF RECORD OR DESIGN PROFESSIONAL (PRINT NAME)

| | |
|--------------------|---------------|
| _____ SIGNATURE | _____ DATE |
|--------------------|---------------|

21. Certification

I certify, as the District Representative, that the information reported on this form, with the exception of items 16 and 17, is true and correct and that:

- I am an authorized representative of the district as authorized by the governing board of the district; and,
- A resolution or other appropriate documentation supporting this application under Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et. seq., of the Education Code was adopted by the school district's governing board or the designee of the Superintendent of Public Instruction on, _____; and,
- The district has established a "Restricted Maintenance Account" for exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Section 17070.75 and 17070.77 (refer to Sections 1859.100 through 1859.102); and,
- Pursuant to Education Code Section 17070.755, the district has made a priority of the funds in the restricted maintenance account, established pursuant to Education Code Section 17070.75, to ensure that facilities are functional and meet local hygiene standards; and,
- The district has considered the feasibility of the joint use of land and facilities with other governmental agencies in order to minimize school facility costs; and,
- If this funding request is for the modernization of portable classrooms eligible for an additional apportionment pursuant to Education Code Section 17073.15, the district certifies that (check the applicable box below):
 - 1. The state modernization funds will be used to replace the portable classrooms and permanently remove the displaced portables from the classroom use within six months of the filing of the Notice of Completion for the project; or,
 - 2. It has provided documentation to the Office of Public School Construction which indicates that modernizing the portable classrooms eligible for an additional apportionment is better use of public resources than the replacement of these facilities.
- Facilities to be modernized have not been previously modernized with Lease-Purchase Program, Proposition 1A Funds or School Facility Program state funds; and,
- All contracts entered on or after November 4, 1998 for the service of any architect structural engineer or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5, of Title 1, of the Government Code; and,
- If this request is for new construction funding, the district has received approval of the site and the plans from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- If this request is for modernization funding, the district has received approval of the plans for the project from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- The district has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- This district has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM**

- The district matching funds required pursuant to Sections 1859.77.1 or 1859.79 has either been expended by the district, deposited in the County School Facility Fund or will be expended by the district prior to the notice of completion for the project; and,
- The district has received the necessary approval of the plans and specifications from the Division of the State Architect unless the request is for a separate site and/or design apportionment; and,
- If the district is requesting site acquisition funds as part of this application, the district has complied with Sections 1859.74 through 1859.75.1 as appropriate; and,
- With the exception of an apportionment made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105); and,
- If the apportionment for this project was made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 12 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105.1); and,
- The district understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Section 1859.90); and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief; and,
- All school facilities purchased or newly constructed under the project for use by pupils who are individuals with exceptional needs, as defined in Education Code Section 56026, shall be designed and located on the school site so as to maximize interaction between those individuals with exceptional needs and other pupils as appropriate to the needs of both; and,
- This form is an exact duplicate (verbatim) of the form provided by the OPSC. In the event a conflict should exist, the language in the OPSC form will prevail; and,
- The district understands that some or all of the State funding for the project must be returned to the State as a result of an audit pursuant to Sections 1859.105, 1859.105.1, 1859.106; and,
- The district has complied with the provisions of Sections 1859.76 and 1859.79.2 and that the portion of the project funded by the State does not contain work specifically prohibited in those Sections; and,
- If the SFP grants will be used for the construction or modernization of school facilities on leased land, the district has entered into a lease agreement for the leased property that meets the requirements of Section 1859.22; and,
- If the application contains a "Use of New Construction Grant" request, the district has adopted a school board resolution and housing plan at a public hearing at a regularly scheduled meeting of the governing board on _____ as specified in Sections 1859.77.2, or 1859.77.3, as appropriate. The district's approved housing plan is as indicated (check all that apply):

- 1. The district will construct or acquire facilities for housing the pupils with funding not otherwise available to the SFP as a district match within five years of project approval by the SAB and the district must identify the source of the funds. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
- 2. The district will utilize higher district loading standards providing the loading standards are within the approved district's teacher contract and do not exceed 33:1 per classroom. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
- 3. The pupils requested from a different grade level will be housed in classrooms at an existing school in the district which will have its grade level changed, to the grade level requested, at the completion of the proposed SFP project. [Applicable for Sections 1859.77.2(b) and 1859.77.3(b)]
- If the district requested additional funding for fire code requirements pursuant to Sections 1859.71.2 or 1859.78.4, the district will include the automatic fire detection/alarm system and/or automatic sprinkler system in the project prior to completion of the project; and
- If this request is for a Large New Construction Project or a Large Modernization Project, the district has consulted with the career technical advisory committee established pursuant to Education Code Section 8070 and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code Sections 51224, 51225.3(b) and 52336.1; and
- If the district is requesting an Additional Grant for Energy Efficiency pursuant to Sections 1859.71.3 or 1859.78.5, the increased costs for the energy efficiency components in the project exceeds the amount of funding otherwise available to the district; and
- If this application is submitted after January 1, 2004 for modernization funding, the district has considered the potential for the presence of lead-containing materials in the modernization project and will follow all relevant federal, state, and local standards for the management of any identified lead; and
- The district has or will initiate and enforce a Labor Compliance Program that has been approved by the Department of Industrial Relations, pursuant to Labor Code Section 1771.7, if the project is funded from Propositions 47 or 55 and the Notice to Proceed for the construction phase of the project is issued on or after April 1, 2003; and,
- Beginning with the 2005/2006 fiscal year, the district has complied with Education Code Section 17070.75(e) by establishing a facilities inspection system to ensure that each of its schools is maintained in good repair.

| | |
|--------------------------------------|------|
| SIGNATURE OF DISTRICT REPRESENTATIVE | DATE |
|--------------------------------------|------|

**ELIGIBILITY DETERMINATION
SCHOOL FACILITY PROGRAM**

SAB 50-03 (REV 06/0405/06)

Page 1 of 4

GENERAL INFORMATION

This form is used by the School District to calculate the district's eligibility for new construction and modernization funding under the School Facility Program (SFP). The business address entered on the application should be the location that the school district wishes the Office of Public School Construction (OPSC) to mail all correspondence regarding this application.

Part I

Complete to designate or change the authorized district representative and/or alternate. Should this be the case, complete the school district information, identify the district representative(s) in Part I and complete the district certification information at the bottom of the form, including the date the district's governing board took appropriate action.

Part II

Complete for new construction baseline eligibility determination. This part is also used to request an adjustment to an approved new construction baseline eligibility as a result of subdivisions (f), (k) and (l) of Section 1859.51 due to either errors or omissions of information submitted by the district when it requested the initial baseline eligibility, because of a reorganization election that has changed the classroom inventory of the district or to change the classroom inventory that was reported at the time the district requested its initial determination of existing school building capacity as a result of special day class loading. The following documentation is necessary to determine new construction baseline eligibility and must be submitted with this form:

- A completed Form SAB 50-01 based on the latest enrollment data.
- A completed Form SAB 50-02.

Part III

Complete for modernization baseline eligibility determination at a specific site. Districts must be able to provide a drawing of the site where eligibility for modernization is generated with its request for an eligibility determination. The drawing must identify all permanent and portable classrooms on the site and their ages. If the district intends to use the square footage method in Option B, the drawings must also identify the square footage of all facilities on the site.

Part III is also used to request an adjustment to the approved baseline eligibility at a specific site as a result of subdivisions (c), (d), (e) (g), (i) and (k) of Section 1859.61 due to one or more of the following:

- an increase in enrollment,
- additional facilities becoming at least 20/25 years old,
- facilities becoming eligible for an additional modernization apportionment, for permanent school buildings every 25 years after the date of its previous apportionment or for portable classrooms every 20 years after the date of its previous apportionment,
- because of errors or omissions of information submitted by the district when it requested the initial baseline eligibility for the site, or

- to change the classroom inventory that was reported at the time the district requested its initial determination of existing school building capacity as a result of special day class loading,
- a replacement of a facility that was previously deemed eligible for modernization but subsequently replaced in a project funded with local funds with no participation from the State. The district should submit a site diagram indicating replaced facilities, and a copy of the contract for construction or acquisition of facilities..

Complete for modernization baseline eligibility determination at a specific site. Districts must be able to provide a drawing of the site where eligibility for modernization is generated with its request for an eligibility determination. The drawing must identify all permanent and portable classrooms on the site and their ages. If the district intends to use the square footage method in Option B, the drawings must also identify the square footage of all facilities on the site. Part III is also used to request an adjustment to the approved baseline eligibility at a specific site as a result of subdivisions (c), (d), (e) (g) and (i) of Section 1859.61 due to either an increase in enrollment, additional facilities becoming at least 20/25 years old, facilities becoming eligible for an additional modernization apportionment, for permanent school buildings every 25 years after the date of its previous apportionment or for portable classrooms every 20 years after the date of its previous apportionment, because of errors or omissions of information submitted by the district when it requested the initial baseline eligibility for the site or to change the classroom inventory that was reported at the time the district requested its initial determination of existing school building capacity as a result of special day class loading. The following documentation is necessary (if not previously submitted to the OPSC) to determine modernization baseline eligibility and must be submitted with this form (as appropriate):

- Site diagram of school where modernization funding is requested. The diagram must indicate the ages and number of all permanent and portable classrooms on the site in accordance with the gross classroom inventory as provided by Section 1859.31.
- If the modernization eligibility will be determined by Option B, the site drawings must also include square footage and/or dimensions of all buildings on the site.

If modernization funding is requested for permanent or portable classrooms previously modernized with State funds, and qualifies for an additional apportionment pursuant to Section 1859.78.8, for purposes of establishing the beginning of the 25/20 year, it shall begin on the date of its previous modernization apportionment.

It is not necessary to complete Part III if the district is only requesting funding for new construction and it is not necessary to complete Part II if the district is only requesting funding for modernization.

A district may request that eligibility for new construction or modernization be reviewed and approved by the Board pursuant to Section 1859.20 prior to submitting Form SAB 50-04 to the Board.

For a list of the documents that must be submitted in order for the OPSC to deem an eligibility request for new construction or modernization complete and ready for OPSC processing, consult the OPSC Web site at www.opsc.dgs.ca.gov.

ELIGIBILITY DETERMINATION SCHOOL FACILITY PROGRAM

SAB 50-03 (REV 06/04/05/06)

SPECIFIC INSTRUCTIONS

Part I – District Representative Information

Enter the name(s) of district employee(s) that can act on behalf of the district's board. A consultant who is on contract with the district to communicate with the OPSC on behalf of the district's board may be listed. The designee of the Superintendent of Public Instruction shall file modernization applications on behalf of the California Schools for the Deaf and Blind.

Part II – New Construction Eligibility Determination

Indicate if this request is for a new or adjusted eligibility determination. Enter the district-wide information unless filing on a High School Attendance Area (HSAA) or Super HSAA basis. The enrollment projection and the existing school building capacity data are obtained from information reported and determined on the Form SAB 50-01 and the Form SAB 50-02. Once the OPSC has verified the information provided on these forms, it will automatically be transferred to this form to determine the district's eligibility for new construction. The district may manually enter the information from these forms and compute its eligibility; however, it may be adjusted by the OPSC based on verification of Form SAB 50-01 and Form SAB 50-02.

1. Enter the five year projected enrollment as shown in Part G of Form SAB 50-01 for grades K–6, 7–8, 9–12 and for the total of non-severe and severe special day class (SDC) projected enrollment.
2. Enter the amounts on Form SAB 50-02, Part III, line 5 for grades K–6, 7–8, 9–12, non-severe and severe.
3. New construction eligibility (i.e., the "baseline eligibility") is determined by subtracting the existing school building capacity (line 2) from the projected five year enrollment (line 1). Report negative numbers in brackets.

Adjustments to the district's new construction baseline eligibility will be made by the OPSC pursuant to Section 1859.51. Contact your project manager at the OPSC for the adjusted baseline eligibility for future request for new construction grants.

Part III – Modernization Eligibility Determination

Modernization eligibility is calculated based on information at a specific site when modernization SFP grants are requested within the district. Therefore, completion of Form SAB 50-01 and Form SAB 50-02 are not needed to determine eligibility for modernization funding. Since the eligibility is site specific, the district must submit a separate Form SAB 50-03 for each site for which it is requesting modernization funding. Indicate if this request is for new baseline eligibility determination or for an adjustment to an approved baseline eligibility as a result of Section 1859.61.

The district may use one of two options to calculate its modernization eligibility at a specific site within the district. The district may select only one option at a time to calculate its modernization eligibility at any given school site. The district may switch options at a later date, if it results in a net gain in eligibility at the site, regardless of whether a funding application has been submitted. Hence, for purposes of adjusting modernization eligibility to include non-classroom buildings previously modernized under the Lease-Purchase Program, a district may switch options for the purposes of obtaining additional modernization apportionments as provided by Section 1859.78.8. To assure timely processing of the application, districts must provide a drawing of the site (if not previously submitted to the OPSC) where modernization funds are generated with the eligibility request to the OPSC. The drawing must identify all permanent and portable classrooms and their ages on the site. If the square

footage of Option B is selected, the drawings must also identify the square footages of all facilities on the site. In item 1, enter the school site name from the California Public School Directory published by the California Department of Education. For purposes of determining the age of the building for modernization funding, the 25/20 year period shall begin 12 months after the plans for the building were approved by the Division of the State Architect (DSA); or in the case of permanent or portable classrooms previously modernized with State funds, which are eligible for an additional apportionment, the 25/20 year period shall begin on the date of its previous modernization apportionment. Any drawing that includes classrooms eligible for an additional apportionment pursuant to Section 1859.78.8 should specify both the date the classroom's plans were originally approved by the DSA and the date of its previous modernization apportionment.

1. Enter the school site name from the California Public School Directory published by the California Department of Education.

Option A

2. Enter the number of permanent classrooms by grade level at the school site that would have been included in the Gross Classroom Inventory pursuant to Section 1859.31 that are at least 25 years old and include any permanent classrooms not previously reported that have become at least 25 years old. If the school is a 6–8 middle school only, then report all classrooms at the 7–8 grade level. If this request is to adjust the classrooms reported for non-severe or severe pupil loading, the total classrooms reported must be equal to the classrooms reported at the time of the district request for initial modernization baseline eligibility. In no event may the number of classrooms reported for non-severe or severe pupils exceed the number of classrooms needed to house non-severe and severe pupils as reported on line 6 using loading standards of 13 for non-severe and 9 for severe classrooms. For purposes of the California Schools for the Deaf and Blind, the loading standard for these severe pupils shall be 9.
3. Enter the total number of portable classrooms by grade level at the school site that would have been included in the Gross Classroom Inventory pursuant to Section 1859.31 that are at least 20 years old and include any portable classrooms not previously reported that have become at least 20 years old. If the school is a 6–8 middle school only, then report all classrooms at the 7–8 grade level. If this request is to adjust the classrooms reported for non-severe or severe pupil loading, the total classrooms reported must be equal to the classrooms reported at the time of the district request for initial modernization baseline eligibility. In no event may the number of classrooms reported for non-severe or severe pupils exceed the number of classrooms needed to house non-severe and severe pupils as reported on line 6 using loading standards of 13 for non-severe and 9 for severe classrooms.
4. Add lines 2 and 3 by the grades shown.
5. Multiply line 4 by 25 for K–6, 27 for 7–8 and 9–12, 13 for non-severe and 9 for severe.
6. Enter the latest California Basic Educational Data Systems (CBEDS) enrollment for the school site identified as it would have been reported utilizing the criteria in Parts A, B and C of Form SAB 50-01. Report continuation high pupils as 9–12. If the school is a 6–8 middle school only, report 6th graders as 7–8.
7. Modernization eligibility (i.e., the baseline eligibility) is the lesser of each column of lines 5 or 6.

**ELIGIBILITY DETERMINATION
SCHOOL FACILITY PROGRAM****Option B**

2. Enter the total number of permanent classrooms at the school site that would have been included in the Gross Classroom Inventory pursuant to Section 1859.31 or all permanent square footage at the site that is at least 25 years old.
3. Enter the total number of portable classrooms at the school site that would have been included in the Gross Classroom Inventory pursuant to Section 1859.31 or all portable square footage at the site that is at least 20 years old pursuant to Section 1859.60.
4. Add lines 2 and 3.
5. Enter the remaining number of permanent and portable classrooms at the school site that would have been included in the Gross Classroom Inventory pursuant to Section 1859.31 or all remaining permanent or portable space that is under 25/20 years old.
6. Add lines 4 and 5.
7. Determine the percentage of space on the site that is at least 25/20 years old by dividing line 4 by line 6. Round to four decimal places.
8. Enter the latest CBEDS enrollment for each grade group at the school site identified as it would have been reported utilizing the criteria in Parts A, B and C of Form SAB 50-01. Report continuation high pupils as 9–12. If the school is a 6–8 middle school only, report 6th graders as 7–8.
9. Modernization eligibility (i.e., the baseline eligibility) is determined by multiplying line 7 by each grade group reported in line 8. Round up.

Adjustments to the District's modernization baseline eligibility will be made pursuant to Section 1859.61. These adjustments will **automatically** be made by the OPSC. Contact your project manager at the OPSC for the adjusted baseline eligibility for future requests for modernization grants at the specific site.

DRAFT

STATE OF CALIFORNIA
ELIGIBILITY DETERMINATION
SCHOOL FACILITY PROGRAM

SAB 50-03 (REV 06/04 05/06)

| | |
|------------------|--|
| SCHOOL DISTRICT | FIVE-DIGIT DISTRICT CODE NUMBER (SEE CALIFORNIA PUBLIC SCHOOL DIRECTORY) |
| BUSINESS ADDRESS | HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (IF APPLICABLE) |
| CITY/COUNTY | |

Part I – District Representative Information

The following individual(s) have been designated as district representative(s) by school board minutes or the designee of the Superintendent of Public Instruction:

| | | |
|-------------------------|------------------|----------------|
| DISTRICT REPRESENTATIVE | TELEPHONE NUMBER | E-MAIL ADDRESS |
| DISTRICT REPRESENTATIVE | TELEPHONE NUMBER | E-MAIL ADDRESS |

Part II – New Construction Eligibility Determination NEW ADJUSTED

| | K-6 | 7-8 | 9-12 | Non-Severe | Severe |
|---|-----|-----|------|------------|--------|
| 1. Projected Enrollment (Part G, Form SAB 50-01) | | | | | |
| 2. Existing School Building Capacity (Part III, Line 5 of Form SAB 50-02) | | | | | |
| 3. New Construction Baseline Eligibility (Line 1 minus Line 2) | | | | | |

Part III – Modernization Eligibility Determination NEW ADJUSTED

| | | | | | |
|--|------------|------------|-------------|-------------------|---------------|
| 1. School Name | | | | | |
| Option A | K-6 | 7-8 | 9-12 | Non-Severe | Severe |
| 2. Permanent classrooms at least 25 years old | | | | | |
| 3. Portable classrooms at least 20 years old | | | | | |
| 4. Total (Lines 2 and 3) | | | | | |
| 5. Multiply Line 4 by: 25 for K-6, 27 for 7-8 and 9-12, 13 for Non-Severe and 9 for Severe | | | | | |
| 6. CBEDS enrollment at school | | | | | |
| 7. Modernization Eligibility (lesser of each column of Lines 5 or 6) | | | | | |

| | | | | | |
|---|------------|------------|-------------|-------------------|---------------|
| Option B | | | | | |
| 2. Permanent space at least 25 years old (report by classroom or square footage) | | | | | |
| 3. Portable space at least 20 years old | | | | | |
| 4. Total (Lines 2 and 3) | | | | | |
| 5. Remaining permanent and portable space (report by classroom or square footage) | | | | | |
| 6. Total (Lines 4 and 5) | | | | | |
| 7. Percentage (divide Line 4 by Line 6) | | | | | |
| | K-6 | 7-8 | 9-12 | Non-Severe | Severe |
| 8. CBEDS enrollment at school | | | | | |
| 9. Modernization Eligibility (multiply Line 7 by each grade group reported on Line 8) | | | | | |

I certify, as the District Representative, that the information reported on this form is true and correct and that:

- I am designated as an authorized district representative by the governing board of the district or the designee of the Superintendent of Public Instruction; and,
- A resolution or other appropriate documentation supporting this application under Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et seq., of the Education Code was adopted by the School District's Governing Board or the designee of the Superintendent of Public Instruction on _____; and,
- This form is an exact duplicate (verbatim) of the form provided by Office of Public School Construction. In the event a conflict should exist, then the language in the OPSC form will prevail.

| | |
|--------------------------------------|------|
| SIGNATURE OF DISTRICT REPRESENTATIVE | DATE |
|--------------------------------------|------|

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
May 5, 2006

SITE SALE PROCEEDS

DISTRICT DEPOSIT OF SITE SALE PROCEEDS

PURPOSE

To discuss the adequacy of the five-year exclusion period from any State facility funding program related to the usage of site sale proceeds.

BACKGROUND

During the discussion of an item regarding a district's sale of a surplus school site at the September 2005 State Allocation Board (SAB) meeting, several concerns were raised by Board members regarding the use of surplus site sale proceeds for on-going operational costs. The Board advised all districts to endeavor to use these site sale proceeds for one-time expenses rather than recurring annual costs. At the conclusion of the discussion, the SAB requested that Staff provide feed-back regarding the adequacy of the five-year exclusion period from the School Facility Program (SFP) and Deferred Maintenance Program (DMP) once the Board grants a waiver from using the site sale proceeds for capital outlay purposes.

AUTHORITY

Education Code (EC) Sections 17462 and 17463 provide that site sale proceeds and interest earned thereon must be used for capital outlay or for the costs of facility maintenance. EC Section 17462 allows school districts to submit requests to the SAB for waivers from the restriction to only use site sale proceeds for capital outlay and/or major maintenance, with only a five-year lockout from participating in both the SFP and DMP. Districts are only allowed to make this SAB waiver request in those situations where the District has no anticipated needs for additional sites, building construction or deferred maintenance for the five-year period following the site sale or lease. When the Board approves the waiver, the site sale or lease funds may be deposited into the District's General Fund for any operating purpose.

STAFF COMMENTS

Adequacy of the Five-Year Program Exclusion

Staff analyzed the viability of the SAB Capital Outlay waiver and five-year exclusion currently prescribed in law. The five-year exclusion period has been in statute for thirty years. Based on the small number of districts requesting the waiver historically, it appears to be functioning as an effective deterrent to districts selling surplus school property with the express goal of bypassing Capital Outlay funding needs and moving the proceeds directly into their General Fund. The SAB has been presented with a few more requests of this type more recently than it has typically in the past, however, it is too early to detect a trend. Further, the five-year exclusion from the SFP and DMP in situations where the Board approves a waiver generally corresponds and is in alignment with the five-year enrollment projection method utilized to determine SFP eligibility and the five-year plan utilized in the DMP as a planning tool to substantiate the need for major maintenance activities.

It also appears that the Legislature has provided clear direction when the five-year period should be modified through either current or prospective legislation. EC Section 17463 imposes a ten-year prohibition from participating in State funded programs in cases when districts deposit interest from site sale proceeds

STAFF COMMENTS (cont.)

into their General Fund. This statute further stipulates that after the first five years, districts shall submit to the SAB a capital outlay plan for the district for the subsequent five-year period.

Taking into these factors above, the OPSC is seeking additional input and comments from the Committee prior to making any recommendations to the SAB.

RECOMMENDATION

Staff will present a report to the SAB after this Committee discussion.

DISTRIBUTION OF SITE SALE PROCEEDS

PURPOSE

The SAB directed staff to make recommendations and establish a policy to capture proceeds from the sale of sites funded by the SAB.

BACKGROUND

The SFP provides funding in the form of grants for school districts to construct new school facilities or modernize existing school facilities. As part of the new construction process, the State may participate in the acquisition of school sites. However, failure to use property acquired with State assistance for a school site, or the subsequent disposition of a school site purchased and constructed with State funds, creates a situation that is not specifically addressed by existing SFP regulations. The SAB is concerned that State funding apportioned to a school district may finance the purchase of property that is later sold for profit, exclusively to the benefit of the school district. Retention of site sale proceeds, defined as the State and district contributions plus any profit made in the transaction, by the district appears to be contrary to the basic premise of SFP. The Board is seeking to clarify its position regarding the capture of proceeds realized from the sale of appreciated property, thereby preventing confusion on the part of school districts.

AUTHORITY

The SAB requested the guidance of SAB legal counsel regarding the ability of the Board to pursue site sale proceeds. SAB legal counsel opined that:

"Pursuant to EC Section 17072.12(a)(2) when a district has applied to the SAB for funding for another school project, including site acquisition funding, the district must certify that the proceeds available from an earlier sale of a site, including the State's and the district's share, will first be applied to the acquisition of the new site in order to be eligible to receive any site acquisition and improvement funding for the new project under this section. Without this certification, the district would not be eligible for any site acquisition and development assistance for the new project. In effect, this approach will require an offset of the sale proceeds including the State and district's share to be applied against the acquisition costs of the new site."

"Pursuant to EC Section 17076.10(c), the SAB may make a determination that the district, by not proceeding with the completion of the project, did not expend the apportionment in accordance with the chapter. The funds were provided for the purpose of acquiring a site on which a school was to be constructed. The district sold the site without constructing a school. Therefore, the funds were not used for their intended purpose, and the State school bond funds should be returned to the State bond fund from which they were derived."

EC Section 17072.12(a)(2) is addressed in SFP regulations by Section 1859.75, which stipulates that a district must "(a) certify there is no available Alternative District-Owned Site for that project deemed useable for school purposes by CDE; or (b) certify that it intends to sell an available Alternative District-Owned Site and use the proceeds for the purchase of the new site." Current SFP Regulations do not specifically address the disposition of site sale proceeds.

DISCUSSION

Site Sale Circumstances

Staff recognizes that many situations may lead to the sale of a school site by a school district. Further, Staff also recognizes that the sale may occur when a district acquires a piece of property but does not immediately use it for a school site or after construction of a school on the site. Conditions that may lead to the sale of a school site include:

- sudden demographic shifts;
- changes to district priorities after purchase of site;
- changes to district's financial situation after acquisition of site;
- community and/or agency concerns regarding location.

As a result of one or more of these circumstances, a district may be in a position to sell property acquired with State assistance for more than its purchase price.

Reporting and Identification of Proceeds

Two programs overseen by the SAB may monitor the disposition of real property: the Unused Site Program (USP) and the SFP. The USP requires school districts to report all property not used for school sites, including sites acquired under the SFP. Unused sites are reported on an annual basis and sites not used for school purposes may be subject to the imposition of fees, with certain exclusions. Fees may be canceled upon notification of sale of the unused site.

Current SFP reporting requirements identify the expenditure of State funds allocated for the acquisition of real property, but do not track the sale of a site subsequent to the purchase. Purchase of a site may be identified in the substantial progress and expenditure reports that are required under Regulation Sections 1859.104 and 1859.105. However, there is no device in these provisions to monitor the disposition of a site once it has been purchased under SFP. In certain circumstances a site purchased under SFP and sold at a later date may be recognized during the Financial Hardship review under Section 1859.81(a) in which "...sale proceeds from surplus property..." are identified. However, Section 1859.81(a) has no applicability to non-Financial Hardship districts.

Similarly, there is no existing system in the SFP to identify proceeds from a transaction involving State-funded property. A typical project that does not come to fruition is audited and the apportionment reduced to costs incurred under the provisions of Section 1859.105. Eligible expenditures are identified and deducted from the State and district shares of the apportionment; the remainder of the State share is then returned to the State. Alternatively, in the case of resale of a purchased site where there is a realized profit, reduction to costs incurred is not appropriate, since there are no net costs. In either situation, the closeout audit would recognize valid expenditures on the SFP project, including planning, site, or construction expenses.

Steps to Capture Proceeds

The OPSC is seeking to develop a mechanism that ensures the sale of a site is reported and the appropriate portions of the proceeds from the property transaction are utilized in accordance with the intent of the SFP. Minimally, three steps are required to achieve this goal.

1. Report sale of property.

- Determine that a site has been sold.
 - i. Disclose through USP
 - ii. Letter from district (particularly if project has already been audited, and the property sold at a later date)
 - iii. Disclose at audit (if sale occurs prior to audit)
 - iv. Modify existing Application for Funding, Form SAB 50-04
- Impose lien on property purchased with State assistance under the SFP. The State would maintain a lien on property for a period of 30 years. If school site sold, notification of sale would alert the OPSC to audit the district for sale proceeds.
 - i. Implementation of a lien would require legislation.

2. Identification of proceeds.

Site sale proceeds may be determined through an audit.

- Closeout audits that result in a reduction to costs incurred typically apply to a project if site is used for a school site.
 - i. Notification of other use or disposition of site would trigger separate audit specifically to identify site sale proceeds.
 - ii. Determine that "costs incurred" may show a positive balance (profit), not just negative.

3. Distribution of proceeds.

After identifying the sale of property and determining the proceeds of the transaction, the appropriate share of State contribution, interest and profit would be distributed. Depending on the circumstances of the transaction, bond funds may be returned to the State or offset on future projects. Recovery options are based on the appropriate use and disposition of the property within five years from the date of apportionment by the SAB. Any recovered State contribution and interest would be returned to the SFP New Construction fund, thereby extending the lifespan of the bond to the benefit of all eligible school districts.

- If a school district fails to use property for school purposes within five years from the date of apportionment, the board shall demand the return of the apportionment, plus accrued interest at the legal rate, unless the district demonstrates intent to use the property for school purposes within a determinable period.
- If a school district sells or otherwise disposes of property, or a portion thereof, the board shall demand the repayment of the apportionment, or a portion thereof, plus accrued interest at the legal rate. The board shall also offset from future projects which request the purchase of a new site the amount realized from the sale of the property.

The following chart presents the distribution of proceeds in a variety of scenarios that may be encountered when a district obtains property under the SFP.

Chart 1. Distribution of Site Sale Proceeds from State-funded Property Acquisition.

| | Scenario | Action |
|---|--|--|
| 1 | School not built in 5 years, site unsold | Return State contribution and interest because not used for intended purpose |
| 2 | School not built, site sold within 5 years | Return State contribution and interest; profit applied to future site because not used for intended purpose |
| 3 | School not built, site sold after 5 years | Return State contribution and interest at 5 years; profit applied to future site because not used for intended purpose |
| 4 | Site used for intended purpose, but later sold | Use of site sale proceeds will dictate use of funds pursuant to EC 17462 |

RECOMMENDATION

Accept the proposed clarifications. Staff will present clarifying regulations to SAB.