



Advisory Actions 2002

Department of General Services
Office of Public School Construction

State Allocation Board Meeting: January 23, 2002
Issue Number 01

Executive Corner



Federal Renovation Program

Regulations for the Federal Renovation Program were adopted by the State Allocation Board at its January 23, 2002 meeting. The Office of Public School Construction has submitted the emergency regulations to the Office of Administrative Law, however, the OAL has ten calendar days upon submittal to review the regulations in order to determine whether an emergency exists. In anticipation that the OAL will approve the regulations as emergency, the OPSC will present proposed timelines at the February 27, 2002 SAB meeting that will enable the OPSC to begin accepting applications for the Federal Renovation Program. The OPSC looks forward to administering this program, which you can learn more about in this issue.

Sincerely,

Luisa M. Park, Executive Officer
Office of Public School Construction

Federal School Renovation and Repair Program

For the past few months, the Office of Public School Construction (OPSC) has been discussing the proposed Federal Renovation Program with the State Allocation Board (SAB) Implementation Committee. At its January 23, 2002 meeting, the SAB adopted the Federal School Renovation and Repair Program (FRP) regulations on an emergency basis. The amount of funding for the program is \$103 million for the urgent renovation and repair of existing school facilities. The SAB will award the grants on a competitive basis. The uniqueness of this program is that it allows for charter and non-profit private schools, in addition to public school districts and county superintendent of schools, to participate by applying for funds through Local Educational Agencies (school districts or county superintendent of schools). To accommodate summer construction for these urgent projects, the OPSC is proposing a swift application acceptance timeline, which will be presented to the SAB at its February 2002 meeting. It is anticipated that the SAB will approve the proposed timeline as follows:

- The OPSC will begin accepting FRP applications on Friday, March 1, 2002.
- The complete applications must be received no later than the close of business on Monday, April 15, 2002.
- The applications received during this 45-day filing period will be processed for presentation at the May 22, 2002 SAB meeting.

The OPSC, beginning early in February, conducted outreach presentations at various locations throughout the State. If you are interested in finding out more about the new regulations, its forms and workshops, further information is available on the OPSC Web site at www.opsc.dgs.ca.gov.

Proposed Amendments for Excessive Cost Hardship Grant Regulations

Current School Facility Program (SFP) Regulation Section 1859.83 provides additional funding for those projects that have certain circumstances beyond the control of a district. This additional funding is referred to as "Excessive Costs" and is available for the following:

- Geographic Location based on a percentage of the base grant
- Small Size Project based on a percentage of the base grant
- New School Project allowance based on the number of classrooms in the project (new construction only)
- Urban Location based on the site size
- Handicap Access based on a percentage of the base grant (modernization only)

On January 23, 2002, the State Allocation Board adopted the proposed SFP Regulations amendments, which alters the manner by which the OPSC calculates the excessive costs. The OPSC anticipates that the regulatory amendments will be filed with the Office of Administrative Law in May 2002. The proposed regulation text can be found on the OPSC Web site at www.opsc.dgs.ca.gov. If you have questions regarding excessive cost hardship grants, please contact your project manager.

OPSC Reminders . . .

▶ State Allocation Board Meetings*

Wednesday, February 27, 2002
 Wednesday, March 27, 2002
 Wednesday, April 24, 2002
 Wednesday, May 22, 2002
 Wednesday, June 26, 2002

▶ State Allocation Board Implementation Committee Meetings*

Friday, March 8, 2002 – Ontario
 Friday, April 5, 2002 – Sacramento
 Friday, May 10, 2002 – Sacramento
 Friday, June 7, 2002 – Ontario

▶ Joint Use Funding Cycle

July 1, 2001 – May 30, 2002: Period for Districts eligible to participate in the Lease-Purchase Program funding of Joint Use projects for gymnasiums, multipurpose rooms and libraries (SB 1795).

▶ SFP New Construction Application Timeline

Applications accepted by the OPSC on or prior to our next quarter date March 29, 2002 will be processed for consideration at the June 26, 2002 SAB Meeting.

▶ Interest Earned Report (Form SAB 180)

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

▶ Project Tracking Number

Project Tracking Number (PTN) required on specified forms effective October 1, 2001.

* Meeting dates subject to change. Check the OPSC Web site at www.dgs.ca.gov/opsc for latest dates and times.

Important Reminder Regarding...

School Facility Program Major Maintenance Requirements

For those districts that receive School Facility Program (SFP) project funding after January 1, 2002, EC Section 17070.77 provides that the district's governing board to annually certify a publicly approved major maintenance plan, specific to the maintenance needs for those specific facilities in any SFP project, which includes and is being implemented with all of the following components:

- Identification of the major maintenance needs of the SFP project.
- A schedule for completing the major maintenance needs.
- A current cost estimate of the major maintenance needs.
- A schedule for funding a reserve for the major maintenance needs.
- Annual review of the plan approved pursuant to EC Section 17070.75(3) as part of the district's annual budget process to update for:
 - ▶ *Revised major maintenance needs identified in the SFP project.*
 - ▶ *Revised costs, if necessary, for the major maintenance needs identified in the SFP project.*
 - ▶ *Adjustments in funding the reserve, if necessary, for the major maintenance needs identified in the SFP project.*
- Availability of the plan for public inspection.
- A provision in the district's annual budget for a reserve to address the total estimated cost of the major maintenance needs specified in the updated plan, and an explanation if the reserve is less than the estimated cost of the major maintenance needs in the plan.

The certification is required as a condition of receiving an SFP apportionment. Once the regulatory amendments are final, a revised Form SAB 50-04, *Application for Funding*, will contain the specific certification language. Because the regulatory language is not in effect, the OPSC will accept, as evidence of compliance, the certification currently required by all applicants which states that the district is "complying with all applicable laws." Compliance with the annual certification will be part of the district's Deferred Maintenance Five Year Plan, Form SAB 40-1, which will be required on an annual basis for those districts funded under the SFP after January 1, 2002.

It is important for districts to be aware that compliance with this law is the sole responsibility of the applicant school district, and that the legislation defines major maintenance as "...all actions necessary to keep roofing, siding, painting, floor and window coverings, fixtures, cabinets, heating and cooling systems, landscaping, fences, and other items designated by the governing board of the school district..."

Annual Adjustment to School Facility Program Grants

The State Allocation Board (SAB) approved an adjustment in the School Facility Program (SFP) grants as provided by law, based on the change in the Class B Construction Cost Index from January 2001 to January 2002. The change represented an increase in the grant amounts of 1.42 percent and shall apply to all SFP applications approved for funding on or after January 1, 2002. All applications presented for funding approval at the January 23, 2002 included this adjustment.

	PREVIOUS GRANT EFFECTIVE JANUARY 1, 2001	ADJUSTED GRANT EFFECTIVE JANUARY 1, 2002	Education Code Sections 17072.10 and 17074.10 authorize the SAB to adjust the per-unhoused-pupil grant for new construction and modernization. The SFP regulation sections that provide for these adjustments are Sections 1859.71 and 1859.78.
New Construction			
Elementary	\$5,640	\$5,720	
Middle	\$5,965	\$6,050	
High	\$7,809	\$7,920	
Modernization			
Elementary	\$2,436	\$2,471	
Middle	\$2,577	\$2,614	
High	\$3,374	\$3,422	

Additional amounts were also adjusted as specified in law. For a complete listing of the annual adjustments, please refer to the OPSC web page at <http://www.opsc.dgs.ca.gov>.

Index Adjustment on the Assessment for Development

On January 23, 2002, the State Allocation Board accepted a report which indicated an increased index adjustment to the statutory (Level One) assessment for development to \$2.14 per square foot for residential construction and \$0.34 per square foot for commercial/industrial construction. School districts wishing to meet the financial hardship criteria of levying the maximum assessment for development allowed by law have six months to implement the new assessment fee. Financial hardship applications submitted to the OPSC after June 23, 2002 that do not indicate the new assessment fee will be returned to the District. For further questions regarding the assessment for development, please contact Julie Ennis, Audit Supervisor, at 916.445.0019.

Good News...

\$12 Million Transferred to Deferred Maintenance Program

At the SAB meeting on January 23, 2002, the SAB approved the transfer of over \$12 million of excess State Relocatable Classroom funds to the State School Deferred Maintenance Fund in order to fund critical hardship projects on the “unfunded” list as of October 24, 2001.

Historically, the funding for the Deferred Maintenance Program (DMP) has not kept pace with the steady increase of deferred maintenance projects, especially critical hardship projects. The annual allotment of DMP funds limits the funding available for critical hardship projects to ten percent of the total amount available. Enactment of Senate Bill 2066 (O’Connell), Chapter 590, Statutes of 2000, adds Section 17088.2 to the Education Code, and allows the State Allocation Board (SAB) to transfer funds within the State School Building Aid Fund that are in excess of the amounts needed by the SAB for the maintenance of portable buildings or for the purchase of new portable buildings, for that fiscal year, to the State School Deferred Maintenance Fund. The SAB may use 100 percent of those funds for purposes of funding critical hardship projects.

The projects on the “Unfunded” list as of October 24, 2001 will be presented for funding in the Consent Section at the February 2002 SAB meeting. Please direct your DMP questions to Robert Young at 916.445.0083.

Redding Satellite Office Up and Running

The Office of Public School Construction (OPSC) is pleased to announce its satellite office located at the Shasta County Office of Education.

For our clients’ convenience, an OPSC representative is in the office one day each month from 10:30 a.m. to 5:00 p.m. District’s can either drop in or make an appointment. To schedule an appointment, please contact Sally Lemenager at Sally.Lemenager@dgs.ca.gov or at 916.323.0139.

The following dates have been scheduled through July 2002:

- ▶ Monday, March 25
- ▶ Tuesday, April 23
- ▶ Wednesday, May 15
- ▶ Wednesday, June 19
- ▶ Wednesday, July 17

If these dates are not convenient, please contact the OPSC and we will make arrangements to meet your needs.

Redding Satellite Office

Shasta County Office of Education

1644 Magnolia Avenue
Redding, CA 96001

530.225.0212 Tel
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Status of Funds

Per the January 23, 2002 State Allocation Board Meeting

PROGRAM	FUNDS AVAILABLE AS OF 12.13.01	APPORTIONMENTS AND ADJUSTMENTS	BALANCE AVAILABLE AS OF 01.23.02
Proposition 1A			
New Construction	693.8	(1.0)	692.8
Modernization	0.8	0.0	0.8
Hardship	0.2	0.0	0.2
Facility Hardship (Reserved)	36.2	2.9	39.1
Subtotal	731.0	1.9	732.9
Prior Bond Funds			
Contingency Reserves	32.7	1.9	34.6
AB 191	3.2	0.0	3.2
Subtotal	35.9	1.9	37.8
Grand Total	766.9	3.8	770.7

Note: Amounts are in millions of dollars. Amounts within parentheses () are negative amounts.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at www.dgs.ca.gov/opsc. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.

Construction Cost Indices

Lease-Purchase Program – Construction Cost Indices for January 2002

Class "B" Buildings	1.43
Class "D" Buildings	1.43
Furniture and Equipment	1.40
Historical Savings Index	9.07

Class "B" Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class "D" Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.



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