THE OPSC

Advisory Actions 2002

Department of General Services
Office of Public School Construction

State Allocation Board Meeting: September 25, 2002
Issue Number 08

Executive Corner

Emergency Regulations implementing Assembly (AB) 16 were adopted by the State Allocation Board at the September meeting. The Office of Public School Construction (OPSC) anticipates approval for the regulations from the Office of Administrative Law in October. With that approval the regulations are in effect.

Our office is committed to sharing information regarding AB 16 and changes to the School Facility Program with school districts and other interested parties as quickly as possible. We have posted information on our Web site and scheduled workshops throughout the State. Please see the OPSC Statewide Outreach article in this issue for more information on the workshops.

On September 26, 2002, the Governor signed AB 14 (Goldberg) which changes the language contained in AB 16. AB 14 also adds a Charter School Program to be administered by the SAB. Because AB 14 did not contain an urgency clause, the provisions will become effective on January 1, 2003. We will endeavor to keep you updated on the progress of regulation development associated with this bill.

This is an information packed issue, you will want to read every article.

Sincerely,

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

Assembly Bill 16 And You

By Lisa Jones
Regulation Administrator

Are you aware of the major impacts Assembly Bill (AB) 16 will have on the School Facility Program (SFP)? If you responded yes, great; you are ahead of the crowd but may still want to read on. If you responded no, you definitely want to dive into this article. AB 16 (Hertzberg), Chapter 33, Statutes of 2002 was signed by the Governor on April 26, 2002 and became law April 29, 2002. Since the bill contained an urgency clause, it became effective immediately. The following highlights program features that are a part of the School Facility Program modifications:

Critically Overcrowded Schools

One of the major provisions of AB 16 is the Critically Overcrowded Schools (COS) program. The COS program is established for new construction projects only and provides for a reservation of funding in order to relieve overcrowding on severely impacted school sites. Applications for a preliminary apportionment shall be submitted beginning November 5, 2002 through May 1, 2003, contingent upon the successful passage of Proposition 47. Applicants have up to four years from the date of the preliminary apportionment to convert to a final apportionment. Applicants may request a single one-year extension if the State Allocation Board (SAB) determines that substantial progress has been made towards completing the requirements for filing for final apportionment. Preliminary apportionments include the total estimated costs of the project and site acquisition/development costs. The proposed COS school must be located in the general location (1 mile radius for elementary and 3 mile radius for middle/high schools) of one or more of the qualifying overcrowded schools and must contain at least 75 percent of its qualifying pupils from these overcrowded schools. Any bond dollars remaining after final apportionments have been made will be transferred to the New Construction funding category.

Joint-Use

Another component of AB 16 is the Joint-Use program. The Joint-Use program is established to provide three types of joint-use projects and funding from both the November 2002 and March 2004 bond initiatives. Types I and II are in conjunction with an SFP new construction project, and Type III is a stand alone project where the facility requested does not already exist on the site or is inadequate in size. The thrust of this program is to jointly construct multipurpose rooms, gymnasiums, libraries, and facilities to improve pupil academic achievement, teacher education, and provide childcare facilities. Unlike the current Joint-Use program created by Senate Bill 1795, this program encourages collaborative efforts between K-12 and

(Continued on page 3)

OPSC HITS THE ROAD WITH…

Statewide Assembly Bill 16 Outreach

The State Allocation Board has adopted the regulations implementing the provisions of Assembly Bill (AB) 16 into the School Facility Program. The Office of Public School Construction will be conducting AB 16 workshops throughout the State. The goal of the workshops will be to provide information on new programs and changes to the existing School Facility Program. Please refer to our Workshop Schedule for dates and locations and our Website at www.dgs.ca.gov/opsc for additional information.

If you are interested in attending, please RSVP the OPSC at 916.445.3160.

WORKSHOP SCHEDULE

Shasta	October 15	(1:00 pm-4:00 pm)
San Diego	October 18	(1:00 pm-4:00 pm)
Riverside	October 21	(1:00 pm-4:00 pm)
Los Angeles	October 24	(1:30 pm -4:00 pm)
Sacramento	October 28	(9:00 am-12:00 pm)
Fresno	October 29	(9:00 am-12:00 pm)
Oakland	November 4	(9:30 am - 12:30 pm)

OPSC Reminders…

- **State Allocation Board Meetings***
  Wednesday, October 23, 2002
  November and December meeting to be announced (TBA)

- **State Allocation Board Implementation Committee Meetings***
  Wednesday, October 16, 2002
  (Rescheduled from October 4, 2002)
  9:30 am- 3:30 pm
  US Bank Plaza
  980 9th Street, 2nd Floor
  Sacramento, CA 95814

  Friday, November 1, 2002
  Ontario, Time and Location TBA

  Friday, December 4, 2002
  Sacramento, Time and Location TBA

- **Interest Earned Report (Form SAB 180)**
  Due quarterly from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.
  - March 31
  - June 30
  - September 30
  - December 31

- **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.

OPSC, DSA and CDE Join Forces in Conducting Post-Occupancy Site Visits

By Noe' Valadez
Audit Supervisor

The project is complete; the bills have been paid; maybe even the Expenditure Audit has been done, but the SFP construction process may not be complete. The Office of Public School Construction (OPSC), the Division of the State Architect (DSA), and the California Department of Education (CDE) are coordinating our efforts to visit the schools you built. Not only will we get to know you better and observe your facilities, but you will have collaborative access to the school facilities State agencies to discuss your facility needs.

These visits will allow us to see what innovative designs worked best, what challenges districts encounter in the building process, and what additional information will improve our processes. The visits will also enable the State to follow up on the project approvals to ensure that the project built or modernized conforms with the project approvals and the DSA and CDE approved plans.

The three State agencies will be coordinating on our end and one agency will contact you to schedule the post-occupancy site visit. We look forward to working with you during this important aspect of the construction process. Post-occupancy site visit questions may be directed to Lien Hoang, Audit Supervisor, at 916.322.0315, or Noe' Valadez, Audit Supervisor, at 916.322.7628.

Outstanding Lien Releases Remain

By Bryan Breaks
Audit Supervisor

Thank you for responding to our requests to remove State liens on district properties. These liens were carryovers from those districts that participated in the old State School Building Programs.

There are still 54 districts that have not cleared these liens as provided in Chapter 407, Statutes of 1998 (SB 50). The Office of Public School Construction (OPSC) would like to release these remaining liens but is prevented from doing so until the 54 districts still outstanding take the appropriate action. The original acknowledgement of lien releases was sent to each impacted district with instructions that the information needed to be presented to the county recorder in order to remove the State lien from the districts properties.

Please view the OPSC Web site under "What's New" at www.dgs.ca.gov/opsc to make sure your district is not one of the outstanding 54 districts. For additional assistance please feel free to contact Mr. Bryan Breaks, Audit Supervisor at bbreaks@dgs.ca.gov / 916.445.3156.

Critical Hardship Fund Release Reminder

By Lisa Constancio
Deferred Maintenance Supervisor

As a general reminder, school districts that received apportionments for a Deferred Maintenance Critical Hardship project are required to bid and complete the project within one year of apportionment.

For those districts that received an apportionment at the October 24, 2001 State Allocation Board meeting, this one year time line is quickly approaching. Please contact Rachel Wong, Deferred Maintenance Project Manager, at rwong@dgs.ca.gov / 916.445.7880 for further information and the appropriate documentation to be submitted by the districts for fund release by October 24, 2002.

(Continued from page 1)

higher education in the construction of these types of facilities. The Joint-Use partner must contribute fifty percent to the project. Funding is done in July of each year for those projects qualifying as Joint-Use.

60/40 Modernization Program

Since the inception of the SFP, modernization projects were funded on an 80/20 basis. AB 16 changed the funding scheme from 80/20 to 60/40 for project applications filed after March 15, 2002*. The per-pupil grant from the state remains the same; however, the district's contribution to the project increases from 20 percent to 40 percent. The Office of Public School Construction (OPSC) presented the SAB with proposed regulatory amendments at its July 24, 2002 meeting, and the SAB adopted the regulatory amendments on an emergency basis. The Office of Administrative Law approved the amendments and filed them with the Secretary of State with an effective date of September 16, 2002.

**NOTE: This date has changed to April 29, 2002 when AB 14 becomes effective in January 2003.*

Grant Increase for Modernization of Over 50 Year Old Facilities

The existing Modernization Program under the SFP has been expanded to include those buildings that are at least 50 years old and that have not been previously modernized with State funding. This expanded aspect of the program will provide for an increased modernization grant equal to 50 percent of the cost to replace a building, shared by the State at 60 percent and the school district at 40 percent. Further, a site utility development allowance will be provided, subject to certain limitations, to ensure that sufficient dollars are available for infrastructure needs associated with buildings over 50 years old.

Energy Efficiency Grant

New construction and modernization projects that meet energy efficiency criteria will be eligible for a supplemental grant increase of up to five percent of the new construction or modernization grant. Projects must exceed the nonresidential building energy efficiency standards by an amount not less than 15 percent for new construction projects and by not less than 10 percent for modernization projects. These projects shall show a savings return over a period not to exceed seven years.

Priority Points

The priority point system is eliminated for new construction projects funded by bond proceeds approved by the electorate after January 1, 2002.

Project Assistance

The small school district project assistance allowance for new construction and modernization has been made permanent.

High School District Eligibility

High school districts will no longer receive an automatic eligibility reduction that assumed a percentage of their enrollment was on a multi-track year-round education schedule.

Change in SAB Membership

Those of you that have been affiliated with the SAB over the years know that the SAB has historically been comprised of seven members; three department directors and four legislators. However, as a result of AB 16, the membership of the SAB changes from a seven-member board to a ten-member board. The increase to the SAB is one additional member from each house, Senate and Assembly, as well as a person appointed by the Governor.

If you have any questions regarding AB 16 subject matter, please contact your Project Manager.

Education Facilities

Bond Proposals 2002–2004

Program	Bond 2002: $13,050,000,000	Bond 2004: $12,300,000,000
New Construction	$ 3,450,000,000 ($100 million: charter schools[1]) ($ 25 million: housing assistance[2]) ($ 14.2 million: energy incentive[3])	$ 5,260,000,000 ($300 million: charter schools[1]) ($ 25 million: housing assistance[2])
Modernization	$ 1,400,000,000 ($ 5.8 million: energy incentive[3])	$ 2,250,000,000
New Construction Backlog*	$ 2,900,000,000	—
Modernization Backlog*	$ 1,900,000,000	—
Critically Overcrowded Schools (COS)	$ 1,700,000,000	$ 2,440,000,000
Joint-Use	$ 50,000,000	$ 50,000,000
Total K–12	**$ 11,400,000,000**	**$ 10,000,000,000**

[1] An "up to" amount specified for charter school applications contingent on subsequent legislation.

[2] Housing assistance funding only if 2002 housing bond fails. If approved, theses amounts will revert to the new construction category.

[3] A total of up to $20 million from each bond may be used to increase the grants for projects with qualifying energy efficiency provisions. It is anticipated that the $20 million amount will be funded as follows: $14.2 from new construction and $5.8 from modernization.

*Applications on file as of February 1, 2002

Status of Funds

At the completion of the September 25, 2002 State Allocation Board Meeting

PROGRAM	BALANCE AVAILABLE AS OF 09.25.02
Proposition 1A	
New Construction	1.5
Modernization	0.0
Hardship	0.0
Facility Hardship (Reserved)	18.5
Subtotal	20.0
Prior Bond Funds	
Contingency Reserves	25.0
AB 191	1.7
Subtotal	26.7
Grand Total	46.7

Funds Released from Prop. 203 and Prop. 1A Prior to the September 25, 2002 Agenda

Total Proposition 203

Apportioned	$1,981,439,027
Released/Contracted	$1,926,551,246
Balance	$54,887,781

Total Proposition 1A

Apportioned	$6,662,974,761
Released/Contracted	$5,938,987,784
Balance	$723,986,977

Construction Cost Indices

Lease-Purchase Program – Construction Cost Indices for September 2002

Class "B" Buildings	1.45
Class "D" Buildings	1.45
Furniture and Equipment	1.39
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 Marshall & Swift Company.

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

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.

THE OPSC *Advisory Actions 2002*

Office of Public School Construction
1130 K Street, Suite 400
Sacramento, CA 95814