

2003 Advisory Actions

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Issue Number 02: Information from the State Allocation Board meeting held on February 26, 2003

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Time to Act...



from the desk of the executive officer

It's time to act while we have a window of opportunity. There is much to accomplish for all of us to be ready for March 2004. It is important that you know our office is committed to the success of your district and the facility needs of our children.

Districts have expressed their concern about achieving all they need to do during these times of fiscal crisis. While faced with the stark realities of budget cuts and dwindling local resources, you are dealing with the increasingly difficult job of running a school district. Many districts received Proposition 47 funds since December 2002 and are busy managing those construction and modernization projects. To date, the Office of Public School Construction (OPSC) has released \$2.8 billion of the \$5.9 billion apportioned by the State Allocation Board (SAB); we are very aware that you are faced with a very large responsibility. All the while, School Facility Program (SFP) applications for future projects need to be filed while funding is available and to be ready for March 2004.

The OPSC is ready to assist you with services such as:

- ▶ Specialized one-on-one meetings for your needs.
- ▶ Presentations and workshops for you and other districts in your county or area.
- ▶ Explaining regulations and updating you on pending changes.
- ▶ Site visits to complete forms and calculate new and updated SFP eligibility.
- ▶ Completing SFP funding application forms and worksheets.
- ▶ Calculate project grants and adjustments.
- ▶ OPSC Plan Verification meetings to assist you and your architect with construction verification and cost analysis.
- ▶ Fund release requirements and tracking.
- ▶ SFP Facility Hardship and Rehabilitation projects.
- ▶ Assistance with filing for Critically Overcrowded Schools, Charter School and Joint-Use Programs.
- ▶ SFP Financial Hardship eligibility and submittals.
- ▶ Unique program questions and challenges.

- ▶ State Relocatable Classroom Program.
- ▶ Deferred Maintenance Program.
- ▶ Substantial progress and expenditure audit forms to meet reporting requirements for all of our programs.
- ▶ Pre closeout meetings to facilitate audits

The OPSC and SAB processes are fine tuned and in place to swiftly and efficiently process the \$5.5 billion remaining of the "K-12" portion of the Proposition 47 Bond funds. Beyond these services, we continue working closely with our partner State agencies in the school facilities arena to further improve and create seamless processes. To cite just one example; the OPSC is coordinating with the Division of the State Architect (DSA) to learn when your plans have been DSA approved and are contacting the districts to aid in the completion and submittal of your SFP funding applications.

You will read in this issue about our Outreach Program, but let me assure you that these services highlighted here are available to you regardless of your district size or location. My staff has been contacting districts to offer these services, but please don't wait. If you need assistance, please pick up the phone and call your OPSC Project Manager.

Congratulations again to everyone on these unprecedented accomplishments and please remember... *The time to act is now!*

Luisa M. Park, Executive Officer

OPSC Reminders . . .

- ▶ **State Allocation Board Meetings***
Wednesday, March 26, 2003
Wednesday, April 23, 2003
Wednesday, May 28, 2003
- ▶ **Implementation Committee Meetings***
Friday, April 4, 2003
Friday, May 2, 2003
Friday, June 6, 2003
- ▶ **Critically Overcrowded Schools**
To be guaranteed inclusion on the CDE Source School List, submit SFPD 4.16 to CDE by March 28, 2003. To apply for funding with the OPSC, SAB 50-08 applications must be submitted by May 1, 2003.
- ▶ **LPP Joint Use Funding Cycle**
The final funding cycle will end May 31, 2003 for districts eligible to participate in the Lease-Purchase Program funding of Joint Use projects for gymnasiums, multipurpose rooms and libraries (SB 1795). The LPP Joint Use Funding will sunset after May 31, 2003.
- ▶ **SFP Joint Use Funding Cycle**
The filing dates for the AB 16 Joint Use Program are November 5, 2002 through May 31, 2003 to be apportioned July 2003. The next filing period runs June 1, 2003 through May 31, 2004 to be apportioned July 2004 or July 2005.
- ▶ **Charter School Facilities Program**
The application filing period for Charter School Facilities Program ends March 31, 2003.
- ▶ **Interest Earned Report (Form SAB 180)**
Due quarterly (March 31, June 30, September 30, December 31) from each county for all districts which have earned interest from the Leroy F. Greene Lease-Purchase Fund.
- ▶ Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at www.opsc.dgs.ca.gov. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.

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

What's New?

Critically Overcrowded Schools Program

By T.J. Rapozo, OPSC Project Manager

First Off...What's the COS?

The Critically Overcrowded Schools (COS) Program provides for a preliminary apportionment or "reservation of funds" for anticipated future construction grant funding for qualifying school projects prior to submitting a complete, adjusted grant funding application under the provisions of the School Facility Program (SFP). Proposition 47 made \$1.7 billion available specifically for COS projects; districts interested in applying must do so by submitting a *Preliminary Application of Funding* (Form SAB 50-08) by May 1, 2003 to the Office of Public School Construction (OPSC). Please refer to the OPSC Web site at www.opsc.dgs.ca.gov for a complete list of Preliminary Application Submittal Requirements.

Who Can Apply?

Districts with SFP new construction eligibility and school sites included on the California Department of Education's (CDE) Source School List may apply. To qualify for the CDE Source Schools List, school sites must have pupil densities of at least 115 for grades K-6 and 90 for grades 7-12 based upon 2001/2002 CBEDS enrollment data. To ensure inclusion on CDE Source School List before the May 1, 2003 application-filing period deadline, districts must certify their school site information by completing and submitting SFPD Form 4.16 to the CDE prior to March 28, 2003.

So What's New?

The State Allocation Board (SAB) at its January 2003 meeting adopted regulations regarding the urban adjustment and the preliminary site acquisition apportionment. The COS urban adjustment is now based on the new SFP sliding scale for projects on sites that are 60 percent or less of the CDE recommended site size, and the preliminary site apportionment includes an amount equal to one-half the estimated property value for future potential hazardous substances/toxic remediation cost.

At its February 2003 meeting, the SAB authorized significant additions to the emergency regulations for the COS Program as follows:

- ▶ Allow districts to apply for a project that had a separate design apportionment in the SFP prior to November 5, 2002.
- ▶ Provide for advance fund releases for financial hardship districts with the exception of environmental hardships, similar to the SFP, prior to converting the Preliminary Apportionment to a Final Apportionment.
- ▶ In the event a district's enrollment has decreased below 75 percent of the pupils included in the Preliminary Apportionment, accept the remaining justifiable eligibility when converting to a Final Apportionment.

What Are Those Important Dates Again?

- ▶ SFPD 4.16 to the CDE prior to March 28, 2003.
- ▶ Complete COS Preliminary Application to the OPSC by May 1, 2003.

Who Do I Contact for Questions?

For information regarding the CDE Source School List, contact Fred Yeager at 916.327.7148 or visit the CDE Web site at www.cde.ca.gov.

For assistance or additional information regarding the COS Program, please contact your OPSC Project Manager.

Outstanding Lien Releases Remain

By Bryan Breaks, Audit Supervisor

Thank you for responding to our previous 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 40 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 clear these remaining liens but is prevented from doing so until the 40 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.opsc.dgs.ca.gov to make sure your district is not one of the outstanding 40 districts. For additional assistance, please feel free to contact Mr. Bryan Breaks, Audit Supervisor, by E-mail to bbreaks@dgs.ca.gov or by telephone at 916.445.3156.

Requesting Fund Releases

We’d like to remind districts to keep a close eye on requesting release of its money. School districts with School Facility Program (SFP) apportionments will want to be certain to request a fund release prior to the 18-month timeline from the date of apportionment.

The law requires a district to submit its *Fund Release Authorization*, Form SAB 50-05, within 18 months of its apportionment date or its apportionment will be rescinded. The law does not provide for any extensions to this time period.

Be on the look out for a series of three reminder letters sent to the districts as a service from Office of Public School Construction (OPSC). After the third reminder letter, the OPSC will require that a copy of the signed construction contract be included with the fund release request. Also, following the third reminder letter, the OPSC will contact the district by telephone to follow up with the district regarding its fund release request.

Should you have questions regarding the SFP requirements, please contact your OPSC Project Manager. Should you require assistance in completing the *Fund Release Authorization*, Form SAB 50-05, or for contract clarification, please contact Laurie Stetson, Accounting Supervisor, at 916.322.0140 or by E-mail to lstetson@dgs.ca.gov. A copy of Form SAB 50-05 can be located on the OPSC Web site at www.opsc.dgs.ca.gov.

Lease-Purchase Program

Joint Use Program

At the December 18, 2002 meeting of the State Allocation Board (SAB) two important changes were made to the ECS 17052 (SB 1795) Joint Use Lease-Purchase Program (LPP):

- ▶ The LPP Joint Use Program will continue to accept applications through May 31, 2003, for funding consideration in July 2003.
- ▶ The LPP Joint Use Program will be discontinued on May 31, 2003.

Districts are encouraged to explore the \$50 million currently available for School Facility Program (SFP) Joint Use Projects under AB 16 and Proposition 47. Please visit the Office of Public School Construction Web site for the most current Regulations, the new *Application for Joint-Use Funding* (Form SAB 50-07), and to view the Joint Use AB 16 Statewide Outreach Workshop Presentation.

For more information regarding the LPP Joint Use Program, also visit the OPSC Web site at www.opsc.dgs.ca.gov. You may also contact either Brian LaPask at brian.lapask@dgs.ca.gov or by telephone at 916.327.0298 or Stevan Wood at stevan.wood@dgs.ca.gov or 916.323.7109.

February 26, 2003 Agenda

Funds Released from Proposition 47

PROGRAM	APPORTIONED	RELEASED/CONTRACTED	APPORTIONMENT BALANCE
New Construction	\$3,509,551,984	\$2,120,233,662	\$1,389,318,322
Modernization	2,374,316,752	756,738,832	1,617,577,920
Charter School	0	0	0
Energy	0	0	0
Critically Overcrowded Schools	0	0	0
Joint Use	0	0	0
Total	\$5,883,868,736	\$2,876,972,494	\$3,006,896,242

Charter School Facilities Program Reminder

Filing Deadline Fast Approaching...

By Elizabeth Dearstyne, OPSC Project Manager

Last month, the application filing period for the new Charter School Facilities Program began upon approval of the regulations from the Office of Administrative Law. By statute, the filing period ends March 31, 2003. If you have not already submitted an application but plan on doing so by the end of March, here are a couple of reminders to assist in submitting a complete application:

- ▶ Review the *Charter School Facility Application Submittal Requirements* available on the Office of Public School Construction's Web site at www.opsc.dgs.ca.gov.
- ▶ Review the California School Finance Authority's (CSFA) regulations for detailed information on the requirements for being deemed financially sound.

If you have any questions regarding the *Application for Charter School Preliminary Apportionment*, Form SAB 50-09, please contact either Lisa Constancio, Supervisor, at 916.322.0317 or Elizabeth Dearstyne, Project Manager, at 916.323.0073. For questions relating to financial soundness, please contact Lara Larramendi Blakely, Executive Director, CSFA at 213.620.4467.

SB 1795 Sunsetting

What's Next?

By Katrina Valentine, OPSC Project Manager

The Senate Bill (SB) 1795 Joint Use Program under the Lease-Purchase Program (LPP) will sunset after the current funding cycle, which ends May 31, 2003 as directed by the State Allocation Board (SAB) at its December 2002 meeting. Final apportionments will be made at the July 2003 SAB meeting.

Although the SB 1795 LPP Joint Use Program is sunsetting, a new program, the School Facility Program (SFP) Joint Use Program, went into effect April 29, 2002. The first filing period for the SFP Joint Use Program began November 5, 2002 and ends on May 31, 2003. Under the SFP Joint Use Program, \$50 million dollars will be available to be apportioned at the July 2003 SAB meeting. A second filing period will run from June 1, 2003 through May 31, 2004, with another \$50 million dollars available for apportionment either in July 2004 or July 2005, pending voter approval.

The SFP Joint Use Program is a great way for a district to utilize funds from the Joint Use Partner to build a facility the district wouldn't otherwise be able to build due to lack of financial resources. In addition, the SFP Joint Use Program in some instances can provide funding to enlarge a facility or provide extra money for the enhancement of an existing facility.

The eligibility criteria and project submittal requirements for the SFP Joint Use Program differ from those of the SB 1795 LPP Joint Use Program, so be sure to review the SFP Guidebook located on the OPSC Web site for a detailed list of requirements under the SFP Joint Use Program.

District Outreach

By Steve Paul, Program Supervisor

Just in time for Spring, the Office of Public School Construction (OPSC) is rolling out with a new and improved District Outreach. Starting with districts with approximately 2,500 ADA or less that have never established new construction and/or modernization eligibility, the OPSC will come to your district and will assist in preparing your eligibility application(s). This service is timely as districts experience dwindling local resources.

By having the OPSC prepare your application, you can be assured your documents will be prepared accurately the first time with no hassles. What do you need to do? The process is as easy as one, two, three. Just pick up the phone and call your OPSC Project Manager to schedule an appointment. If your eligibility is already established, your Project Manager is available to visit your district and present the latest information on Deferred Maintenance, State Relocatable Classrooms, and other important OPSC programs.

To view the OPSC Project Manager listing, please visit the OPSC Web site at www.opsc.dgs.ca.gov or call Lauri Lathrop at 916.322.7867.

Adjustments to the Modernization Baseline Eligibility for Enrollment Changes

It's a new year! Have you checked your CBEDS lately? Have an increase?...

As you may be aware, Regulation Section 1859.61(c) allows districts to increase modernization baseline eligibility for increases in enrollment. If your district wishes to increase a site's modernization baseline eligibility for enrollment increases, you must report the California Basic Educational Data System (CBEDS) increase on the *Eligibility Determination*, Form SAB 50-03, and submit the form to the OPSC using the latest CBEDS report available approximately October 15th of each year. *Important:* You must submit Form SAB 50-03 requesting the increase during the CBEDS reporting period in order to take advantage of that enrollment and to increase your baseline. Any decrease in enrollment following the establishment of a site's baseline eligibility does not have to be reported.

For example:

- ▶ A site's modernization baseline eligibility was established in March 1999 utilizing 1998/1999 CBEDS of 1,000 K–6 pupils.
- ▶ The district's site enrollment increases to 1,100 K–6 pupils in the 2001/2002 CBEDS year.
- ▶ The district's site enrollment decreases to 900 K–6 pupils in the 2002/2003 CBEDS year.

If...	Then...
the district submits its Form SAB 50-03 with the 1,100 K–6 pupils (2001/2002 CBEDS) in March 2002...	the district's modernization baseline for this site will be adjusted to capture the increase of 100 K–6 pupils.
the district waits and submits its Form SAB 50-03 with the 1,100 K–6 pupils (2001/2002 CBEDS) in March 2003...	the district's modernization baseline will not be adjusted. The baseline will NOT be decreased to 900; it will remain at 1,000 K–6 pupils.

Confused? No need to worry! Let us take a look at your forms; we are here to help. Please contact your OPSC Project Manager should you have any questions or need clarification.

Status of Funds

PROGRAM	BALANCE AVAILABLE AS OF FEBRUARY 26, 2003 (AMOUNTS ARE IN MILLIONS OF DOLLARS)
PROPOSITION 47	
New Construction	
New Construction	2,724.5
Charter School	97.5
Energy	14.2
Modernization	
Modernization	919.7
Energy	5.8
Critically Overcrowded Schools	1,700.0
Joint Use	50.0
TOTAL PROPOSITION 47	5,511.7
PROPOSITION 1A	
New Construction	0.0
Modernization	0.0
Hardship	0.3
Proposition 1A Subtotal	0.3
PRIOR BOND FUNDS	
Contingency Reserve	21.2
AB 191	0.2
Prior Bond Funds Subtotal	21.4
TOTAL PROPOSITION 1A/PRIOR BOND FUNDS	21.7

February 26, 2003

Construction Cost Indices

INDEX	RATE
Class "B" Buildings	1.46
Class "D" Buildings	1.46
Furniture and Equipment	1.41
Historical Savings Index	8.25

Index Definitions

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.