

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 20, 2014

ADDITIONAL GRANT FOR GENERAL SITE DEVELOPMENT

PURPOSE OF REPORT

To request direction from the State Allocation Board (Board) regarding the General Site Development grant.

DESCRIPTION

The regulations authorizing the General Site Development grant will expire on January 1, 2015. Regulation amendments were approved by the Board on May 22, 2013 to extend the expiration date to January 1, 2015. This item provides the Board options for consideration to extend the authority to provide the grant or allow it to sunset on January 1, 2015.

AUTHORITY

School Facility Program (SFP) Regulation Section 1859.76 states in part:

In addition to any other funding authorized by these Regulations, the Board shall provide funding equal to 50 percent of the following approved site development and applicable design costs:

...

(d) General Site Development costs within school property lines for an addition to an existing school site project wherein additional acreage is acquired, with the exception of existing school site acreage that is leased pursuant to Section 1859.22, or a new school project, determined as follows:

(1) \$19,200 per Useable Acre as approved by the California Department of Education (CDE). This sum may be increased by the percentage identified in Section 1859.83(b). The per acre amount shown above shall be adjusted annually in the manner prescribed in Section 1859.71.

(2) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the New Construction Grant. For purposes of this calculation, the percentage amount for Severely Disabled Individuals with Exceptional Needs and Non- Severely Disabled Individuals with Exceptional Needs pupils shall be based on the type of project selected by the district on the Form SAB 50-04.

(3) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the funding provided by Sections 1859.71.2, 1859.72, 1859.73, 1859.73.2, 1859.82, 1859.83(a), (b) and (c) and 1859.125(a)(1) through (a)(2). Subsection (d) of this section shall be suspended no later than January 1, 2014, unless otherwise extended by amendments as adopted by the Board.

BACKGROUND

When an applicant applies for SFP New Construction funding, supplemental site grants such as Service Site Development, Off-Site Development, Utilities, and General Site Development may be requested. A description of what is included in each of these grant categories follows.

Service Site Development prepares the site for building or infrastructure construction and is performed within school property lines. This includes items such as site demolition, rough grading, soil compaction, drainage and eligible erosion control.

Off-Site Development includes items such as preparatory grading, collection of site drainage to an existing point of connection, paving, curb, gutter, sidewalks, street lights and planting areas as mandated by local ordinances/authorities.

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BACKGROUND (cont.)

Utility costs are associated with installation of water, sewer, gas, electricity, and communication lines necessary to serve the master-planned capacity of the site.

General site includes, but is not limited to, finish grading, on-site hard surfaced areas for foot traffic, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, athletic fields, and landscaping.

In December 2005, the Board requested that the OPSC create a committee to look at the adequacy of new construction grants. Specifically, the Board asked that the committee address two issues: the equitability of the SFP new construction base grant compared to the equivalent allowances provided under the Lease Purchase Program (LPP) when the State converted programs in 1998; and, if the grants are sufficient to build a complete new school.

In response, the OPSC assembled the Grant Adequacy Ad Hoc Committee (Committee), which included representatives from several school districts, architectural, construction and construction management firms, consultants, the California Building Industry Association, the Department of Finance, the California Department of Education, and OPSC staff. The committee took a two-step approach to the Board's request and its first step concentrated on determining if the SFP new construction base grant was equitable at the time of conversion from the LPP.

The report back to the Board in April 2006 identified that additional analysis was warranted to fully explore the complexities of the funding model and how the additional grants may make up for differences seen when comparing the SFP base grant to the LPP base grants. However, during the course of the analysis the Committee also determined that it was unable to definitively conclude whether the general site allowance was included in the SFP base grant. The Board requested that OPSC return the following month to present a proposal and recommendations regarding general site additional grants.

In May 2006 an item was presented to the Board for consideration of adding an additional grant for general site development. In the report, OPSC staff stated that "if general site development costs were factored into the development of the new construction base grant, then the new construction base grant does not take into account the size of the site." Because larger sites would incur more costs related to general site development, it was considered a reasonable conclusion that the general site costs were not fully factored into the development of the SFP new construction base grant. The Board adopted a temporary general site grant until a complete analysis of the new construction base grant could be completed.

SFP Regulation Section 1859.76(d) implementing this additional grant was effective beginning September 5th, 2006 with a suspension date of "no later than January 1, 2008, unless otherwise extended by the amendments as adopted by the Board." Since then, extensions have been approved on the following dates:

First Extension

At the December 12, 2007 meeting, these regulations were extended for the first time to have a new expiration date of "no later than January 1, 2009."

At the May 28, 2008 meeting, Staff presented an item to seek direction on applications that were received by the Office of Public School Construction (OPSC) during the period of time where the regulations were expired from January 1, 2008 to March 2, 2008. Staff recommended that the Board apportion the projects with the General Site Development grant included. Staff cited the December 2007 meeting where the Board indicated that "it wanted the general site development allowance to be seamless with no gaps in funding." The Board approved Staff's recommendation.

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STAFF ANALYSIS/STATEMENTS (cont.)

Subsequent Extensions

At the February 25, 2009 meeting, the Board approved regulations to extend the expiration date to January 1, 2010.

At the November 4, 2009 meeting, the Board approved regulations to extend the expiration date to January 1, 2011.

At the June 23, 2010 meeting, the Board approved regulations to extend the expiration date to January 1, 2012.

At the July 12, 2011 meeting, the Board approved regulations to extend the expiration date to January 1, 2014.

At the May 22, 2013 meeting, the Board approved regulations to extend the expiration date to January 1, 2015.

Approval of an extension to the General Site Development grant regulation would prevent a lapse in regulatory authority and would continue to allow applications to be processed with the grant, provided that the regulation extension is approved by the Board, filed with the Office of Administrative Law (OAL) and in effect before the regulations expire. While there is no bond authority remaining to fund additional New Construction projects, there are other programs with available bond authority whose applications could qualify for the General Site Development grant. These include the Overcrowding Relief Grant Program, the Charter School Facilities Program, and some Facility Hardship projects. Funding applications received after January 1, 2015 would not be able to request this supplemental grant without the extension.

OPTIONS

Staff is seeking the Board's direction on how to proceed with the extension of the General Site Development grant regulations and is presenting two options for the Board's consideration:

OPTION 1 – To extend the expiration date of the General Site Development grant by at least one year or more, at the Board's discretion by approving the proposed regulation changes in the Attachment.

This would allow continued processing of applications that requested the General Site Development grant. Staff estimates that the regulation amendments could be effective by January 1, 2015 based on the standard approval timelines for non-emergency regulations at the OAL. Recent statutory changes limit the effective date of new regulations to January 1, April 1, July 1, and October 1 each year.

OPTION 2 – Do not extend the expiration date of the General Site Development grant which would allow the grant authority to lapse.

This option would allow the grant to sunset on January 1, 2015.

RECOMMENDATIONS

1. Adopt the proposed regulations as shown in the Attachment, which extends the General Site Development grant for one year.
2. Authorize the Executive Officer to file the proposed regulations with the OAL.

This Item was approved by the State Allocation Board on August 20, 2014.

ATTACHMENT

SCHOOL FACILITY PROGRAM REGULATORY AMENDMENTS

Section 1859.76. New Construction Additional Grant for Site Development Costs.

In addition to any other funding authorized by these Regulations, the Board shall provide funding equal to 50 percent of the following approved site development and applicable design costs:

...

(d) General Site Development costs within school property lines for an addition to an existing school site project wherein additional acreage is acquired, with the exception of existing school site acreage that is leased pursuant to Section 1859.22, or a new school project, determined as follows:

- (1) \$19,200 per Useable Acre as approved by the CDE. This sum may be increased by the percentage identified in Section 1859.83(b). The per acre amount shown above shall be adjusted annually in the manner prescribed in Section 1859.71.
- (2) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the New Construction Grant. For purposes of this calculation, the percentage amount for Severely Disabled Individuals with Exceptional Needs and Non-Severely Disabled Individuals with Exceptional Needs pupils shall be based on the type of project selected by the district on the Form SAB 50-04.
- (3) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the funding provided by Sections 1859.71.2, 1859.72, 1859.73, 1859.73.2, 1859.82, 1859.83(a), (b) and (c) and 1859.125(a)(1) through (a)(2). Subsection (d) of this section shall be suspended no later than January 1, ~~2015~~ 2016, unless otherwise extended by amendments as adopted by the Board.