

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 22, 2007

SCHOOL FACILITY PROGRAM JOINT-USE PROJECTS

PURPOSE OF REPORT

To present requests for funding under the School Facility Program (SFP) Joint-Use Program.

BACKGROUND

At the July 2007 State Allocation Board (SAB) meeting, the Board apportioned 38 SFP joint-use projects for a total amount of \$32.2 million. At the Board's request, the Roseland Elementary School District application was held over to review the identified joint-use partner. The Board directed Staff to present for further consideration the Roseland Elementary School District project and 18 additional applications which were evaluated for local bond language compliance. The 18 additional applicants are providing the full 50 percent of local share cost with funds derived from a locally passed bond.

DESCRIPTION

Under the SFP Joint-Use Program, a school district may partner with a local entity to build either a Type I or Type II facility.

- A Type I facility is a joint-use project that is a part of a qualifying SFP new construction project and is constructed under the Joint-Use Program. The proposed facility consists of an increased square footage amount and/or an increase in eligible costs that are greater than that applied to a standard project under the SFP. The joint-use project may consist of a multipurpose room, gymnasium, childcare facility, library, or teacher education facility that is part of a new construction project.
- A Type II facility allows for the construction of new joint-use facilities or the reconfiguration of existing school buildings to provide for a multipurpose room, gymnasium, childcare facility, library, or teacher education facility.

A district may submit more than one application for each type of project; however, after its first application is placed on a funding priority list in date-received order, its subsequent applications are not placed on the priority for funding list until all other districts' initial applications are placed on the list. This allows all districts that have applied, the opportunity to receive funding under the Joint-Use Program. In addition, Type I applications receive funding consideration first and then Type II applications are considered, if remaining funds are available. Applications not apportioned due to the funding priority mechanism shall be returned to the district and may be re-submitted in subsequent filing periods when funds become available.

A financial contribution toward the cost of the joint-use project must be equal to the State's share (50/50). The contribution made by the joint-use partner(s) must be no less than 25 percent of the eligible project costs. The remaining local contribution may come from any other district source that would not otherwise be available to the SAB. However, if the school district has passed a local bond which specifies that such funds are to be used for that joint-use project, then the school district may opt to provide up to the full 50 percent local share of eligible costs. The State share of a joint-use project will be 50 percent of the eligible project costs not to exceed \$1 million if the project is serving an elementary school, \$1.5 million if the project is serving a middle school, or \$2 million if the project is serving a high school. A side-by-side comparison of the Joint-Use Program statute and regulations is attached (see Attachment A).

AUTHORITY

Education Code (EC) Section 17077.40 establishes the authority to fund joint-use projects to construct facilities on Kindergarten to grade 12 school sites.

EC Section 17077.42(c) provides the contribution of the joint use partner shall be no less than 25 percent unless the school district has passed a local bond which specifies that the funds are to be used for the joint-use project.

EC Section 101012 (a) (6) provides \$29 million from Proposition 1D for the purposes set forth in EC Section 17077.40 relating to joint-use projects. In addition to these funds, at the June 2007 SAB meeting, the Board approved a transfer of \$21 million from prior authorized bond funding to the 2006 State School Facilities Fund for joint-use purposes for a total amount of \$50 million available for this funding cycle.

STAFF COMMENTS

The Office of Public School Construction has completed the compliance assessment of the applications referenced above. After thorough review, including consultation with SAB Legal Counsel, 11 projects totaling \$5.4 million listed in priority order on Attachment C are eligible for SAB approval. After considering the value of these additional apportionments, \$12.3 million remain available for joint-use purposes.

At the July SAB meeting, organizational relationships of the joint-use partners and their financial contributions were discussed. Staff reviewed the joint-use application trends since 2003. The analysis (see Attachment B) indicates there is an increasing trend for school districts to utilize specifically designated local bond funds for the entire 50 percent local match, as permitted in statute, relieving the joint-use partner of its financial contribution obligations. Further, the SAB has statutory authority to determine acceptable non-profit organization joint-use partners. Currently, the SFP Regulations provide a definition of "Non-Profit Organization" as an entity that is organized and operated for purposes of not making a profit under the provisions of the Revenue and Taxation Code. All projects presented for funding for the 2006/2007 Joint-Use Program cycle meet the current joint-use partner criteria and all other applicable legal requirements. For future filing periods, the regulatory definition of a non-profit organization could be amended for purposes of this program.

RECOMMENDATION

Apportion \$5,488,364 as shown on Attachment C.

BOARD ACTION

In considering this Item, the Board approved Staff's recommendation. In addition, the Board requested that Staff come back with suggested regulatory language changes to the definition of a non-profit organization and address changing the timelines so there is adequate time to process the joint-use applications.

ATTACHMENT C

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County	School District	Site Name	Application Number	Type of Facility	Joint Use Partner	Joint Use Type	Grade Level	Project Cost				
								Total Estimated Cost	Joint Use Partner Share	District Share	*Additional District/ Partner Contribution	**State Apportionment
Fresno	Kings Canyon Joint Unified	Zumwalt Elementary	52/62265-00-006	Multipurpose	City of Reedley	1	K-8	\$2,821,348	\$0	\$1,000,000	\$821,348	\$1,000,000
Fresno	Kings Canyon Joint Unified	Zumwalt Elementary	52/62265-00-007	Library	City of Reedley	1	K-8	\$1,579,080	\$0	\$789,540	\$0	\$810,590
Sonoma	Roseland Elementary	Roseland Elementary	52/70904-00-001	Library	Roseland Charter School	2	K-6	\$808,214	\$404,107	\$0	\$0	\$404,107
San Diego	Santee Elementary	Cajon Park Elementary	52/68361-00-001	Multipurpose ¹	Santee School District Foundation	2	K-8	\$880,604	\$0	\$440,302	\$0	\$440,302
San Diego	Santee Elementary	Carlton Hills Elementary	52/68361-00-007	Multipurpose ¹	Santee School District Foundation	2	K-8	\$917,834	\$0	\$458,917	\$0	\$458,917
San Diego	Santee Elementary	Prospect Avenue Elementary	52/68361-00-024	Multipurpose ¹	Santee School District Foundation	2	K-8	\$474,680	\$0	\$237,340	\$0	\$237,340
San Diego	Santee Elementary	Harritt (Chet F.) Elementary	52/68361-00-006	Multipurpose ¹	Santee School District Foundation	2	K-8	\$748,798	\$0	\$374,399	\$0	\$374,399
San Diego	Santee Elementary	Pepper Drive Elementary	52/68361-00-005	Multipurpose ¹	Santee School District Foundation	2	K-8	\$664,732	\$0	\$332,366	\$0	\$332,366
San Diego	Santee Elementary	Rio Seco Elementary	52/68361-00-003	Multipurpose ¹	Santee School District Foundation	2	K-8	\$953,562	\$0	\$476,781	\$0	\$476,781
San Diego	Santee Elementary	Carlton Oaks Elementary	52/68361-00-002	Multipurpose ¹	Santee School District Foundation	2	K-8	\$953,562	\$0	\$476,781	\$0	\$476,781
San Diego	Santee Elementary	Hill Creek Elementary	52/68361-00-004	Multipurpose ¹	Santee School District Foundation	2	K-8	\$953,562	\$0	\$476,781	\$0	\$476,781
											Total	\$5,488,364

* Any additional financial contributions can be made by the Joint-Use partner(s), the district or any other local source.

** The State Apportionment has a maximum cap of \$1,000,000 for an elementary school, \$1,500,000 for a middle school, and \$2,000,000 for a high school.

1. The District is not building Minimum Essential Facilities; however, the California Department of Education has approved the reduced square footage.

Attachment B
School Facility Program
Joint-Use Project Trends

Funding Round	2003 *				2004				2005				2006				2007				Totals
Partner Type	Non-Profit		Ed./Gov't		Non-Profit		Ed./Gov't		Non-Profit		Ed./Gov't		Non-Profit		Ed./Gov't		Non-Profit		Ed./Gov't		
Facility Type	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	\$	No \$	
Gymnasium	0	0	5	0	1	0	6	1	0	0	3	4	1	2	9	5	0	2	8	2	49
Multi-Purpose	0	0	4	0	2	0	3	1	3	3	1	5	3	2	3	3	0	0	2	13	48
Library	0	0	3	0	1	1	1	0	0	1	2	3	0	3	1	1	1	4	2	5	29
Childcare	0	0	6	0	2	0	0	0	0	0	2	0	1	0	0	0	0	1	0	0	12
Teacher Education	0	0	0	0	0	0	2	0	0	0	2	0	2	0	4	4	0	9	0	0	23
Totals	0	0	18	0	6	1	12	2	3	4	10	12	7	7	17	13	1	16	12	20	

In 2003, joint-use partners were required to provide total local match.
Starting in 2004, joint-use partner financial contribution requirement reduced to half of local match or an option for no contribution if local bond authority approved.

