

STATE ALLOCATION BOARD AGENDA

Meeting Date: January 22, 2014

**State Capitol
Room 4202
4:00 p.m.**

Revision date: 01/17/2014

Cover – Replace Cover

Consent – Insert pp. 15 – 21a

Tab 8 – Replace pp. 122 - 131

Thank you,

Ron Koeppel
Office of Public School Construction
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(916) 375-2032

State Allocation Board Agenda



Lisa Silverman, Executive Officer
Office of Public School Construction
707 Third Street
West Sacramento, CA 95605

Public Meeting
Wednesday, January 22, 2014
State Capitol, Room 4202*
4:00 p.m. *

General Information
(916) 376-1771

For further information please contact your Project Manager.

*Meeting room and time subject to change.

A copy of the 10-Day Notice can be found on our web site at: www.dgs.ca.gov/opsc

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 22, 2014

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

To report the index adjustment on the assessment for development which may be levied pursuant to Education Code Section 17620.

DESCRIPTION

The law requires the maximum assessment for development be adjusted every two years by the change in the Class B construction cost index, as determined by the State Allocation Board (Board) at its January meeting. This item requests that the Board make the adjustment it considers appropriate.

AUTHORITY

Education Code Section 17620(a)(1) states the following: "The governing board of any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district, for the purpose of funding the construction or reconstruction of school facilities, subject to any limitations set forth in Chapter 4.9 (commencing with Section 65995) of Division 1 of Title 7 of the Government Code."

Government Code Section 65995(b)(3) states the following: "The amount of the limits set forth in paragraphs (1) and (2) shall be increased in 2000, and every two years thereafter, according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the State Allocation Board at its January meeting, which increase shall be effective as of the date of that meeting."

BACKGROUND

There are three levels that may be levied for developer's fees. The fees are levied on a per-square foot basis. The lowest fee, Level I, is assessed if the district conducts a Justification Study that establishes the connection between the development coming into the district and the assessment of fees to pay for the cost of the facilities needed to house future students. The Level II fee is assessed if a district makes a timely application to the Board for new construction funding, conducts a School Facility Needs Analysis pursuant to Government Code Section 65995.6, and satisfies at least two of the requirements listed in Government Code Section 65995.5(b)(3). The Level III fee is assessed when State bond funds are exhausted; the district may impose a developer's fee up to 100 percent of the School Facility Program new construction project cost.

In 2010, the Board did not adjust the fee because the Class B construction index had decreased, which kept it at the 2008 rate of \$2.97 per square foot for Residential and \$.47 per square foot for Commercial/Industrial. In 2012, the Board approved an increase based on the change in the Class B construction index according to the Marshall & Swift (M&S) Eight California Cities Index.

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STAFF ANALYSIS/STATEMENTS

The assessment for development fees for 2008, 2010, 2012 and 2014 are shown below for information. According to the M&S Eight California Cities Index and Ten Western States Index and the Lee Saylor Index, the cost index for Class B construction increased by 4.93, 5.38 and 2.13 percent respectively during the period of January 2012 through December 2013, requiring the assessment for development fees to be adjusted as follows beginning January 2014:

Eight California Cities Index Maximum Level I Assessment Per Square Foot

	<u>2008</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>
Residential	\$2.97	\$2.96	\$3.20	\$3.36
Commercial/Industrial	\$0.47	\$0.47	\$0.51	\$0.54

Ten Western States Index Maximum Level I Assessment Per Square Foot

	<u>2008</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>
Residential	\$2.97	\$3.00	\$3.20	\$3.37
Commercial/Industrial	\$0.47	\$0.47	\$0.50	\$0.53

Lee Saylor Index Maximum Level I Assessment Per Square Foot

	<u>2008</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>
Residential	\$2.86	\$2.98	\$3.14	\$3.21
Commercial/Industrial	\$0.46	\$0.48	\$0.51	\$0.52

The M&S Eight California Cities Index fits most appropriately for the construction projects in California. Additionally, it will provide more assessment collection to school districts than the alternate indices.

RECOMMENDATION

Increase the 2014 maximum Level I assessment for development in the amount of 4.93 percent using the M&S Eight California Cities Index to be effective immediately.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 22, 2014

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

PURPOSE OF REPORT

To adopt the annual adjustment in the School Facility Program (SFP) grants based on the change in construction costs pursuant to the Education Code (EC) and SFP Regulations.

DESCRIPTION

This item presents the State Allocation Board (Board) with the annual adjustment to the SFP grants based on the statewide cost index for Class B construction. Each year the Board adjusts the SFP grants to reflect construction cost changes. In January 2012, the Board adopted the Marshall & Swift (M&S) Eight California Cities index for 2012 and future years. This item presents the 2014 annual adjustment to SFP grants based on the M&S Eight California Cities index.

AUTHORITY

For New Construction grant, EC Section 17072.10(b) states, "The board annually shall adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board."

EC Section 17072.11(a)(3) states, "The board shall conduct an analysis of the relationship between the per-unhoused-pupil grant eligibility determined under this article and the per-pupil cost of new school construction for elementary, middle, and high school pupils."

For Modernization funding, EC Section 17074.10(b) states, "The board shall annually adjust the factors set forth in subdivision (a) according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the board."

SFP Regulations Section 1859.71 states, "The new construction per-unhoused-pupil grant amount, as provided by Education Code Section 17072.10(a), will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January. The new construction per-unhoused-pupil grant amount, as provided by Education Code Section 17072.10(a), may be increased by an additional amount not to exceed six percent in a fiscal year, or decreased, based on the analysis of the current cost to build schools as reported on the Project Information Worksheet (New 09/07) which shall be submitted with the Forms SAB 50-05 and 50-06 and as approved by the Board."

For the assistance on Small School Districts' new construction projects, SFP Regulations Section 1859.73.1 and Section 1859.78.2 both state the amount will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January.

SFP Regulations Section 1859.78 states, "The modernization per-unhoused-pupil grant amount, as provided by Education Code Section 17074.10(a), will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January."

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AUTHORITY (cont.)

Government Code Section 66452.6 states:

(a)(1) An approved or conditionally approved tentative map shall expire 24 months after its approval or conditional approval, or after any additional period of time as may be prescribed by local ordinance, not to exceed an additional 12 months. However, if the subdivider is required to expend two hundred thirty-six thousand seven hundred ninety dollars (\$236,790) or more to construct, improve, or finance the construction or improvement of public improvements outside the property boundaries of the tentative map, excluding improvements of public rights-of-way which abut the boundary of the property to be subdivided and which are reasonably related to the development of that property, each filing of a final map authorized by Section 66456.1 shall extend the expiration of the approved or conditionally approved tentative map by 36 months from the date of its expiration, as provided in this section, or the date of the previously filed final map, whichever is later. The extensions shall not extend the tentative map more than 10 years from its approval or conditional approval. . . .

(2) Commencing January 1, 2012, and each calendar year thereafter, the amount of two hundred thirty-six thousand seven hundred ninety dollars (\$236,790) shall be annually increased by operation of law according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the State Allocation Board at its January meeting. The effective date of each annual adjustment shall be March 1. The adjusted amount shall apply to tentative and vesting tentative maps whose applications were received after the effective date of the adjustment.

BACKGROUND

Statute requires an annual adjustment to the per-unhoused-pupil grant amounts of the SFP based on the change in the statewide Class B Construction Cost Index (CCI) each January.

The Board has considered three indices in the past:

- M&S Eight California Cities
- M&S Ten Western States
- Lee Saylor Index (LSI)

The Board made the 2009, 2010, 2011, 2012 and 2013 adjustments according to the M&S Eight California Cities Index. At its January 2012 meeting, the Board expressed a preference for the M&S Eight California Cities index as the permanent index because it is the only Class B index that uses exclusively California cities to capture material and prevailing wage costs in California. The M&S Eight California Cities Index most accurately reflects the conditions under which districts will be building their schools with the SFP. The LSI uses data from up to 20 U.S. cities nationwide, only two of which (San Francisco and Los Angeles) are in California. As its title suggests, the M&S Ten Western States uses data from 10 western states.

Pursuant to Government Code Section 66452.6(a)(2) as set forth above, the Board's CCI adjustment determination also changes the threshold amount of public improvement costs that triggers an extension of the expiration of tentative maps. The Board's January 2013 CCI increase of 3.13 percent raised this threshold sum to \$253,383 for the period of one year commencing March 1, 2013.

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STAFF ANALYSIS/STATEMENTS

The M&S Eight California Cities CCI increased by 1.74 percent during the period of January 1, 2013 through December 31, 2013. The figures shown on the Attachment reflect the calculated increase for all SFP grants.

The following chart shows the CCI for all three indices considered previously by the Board for reference purposes: M&S Eight California Cities, M&S Ten Western States and LSI.

	Marshall and Swift 8 California Cities	Marshall and Swift 10 Western States	Lee Saylor Index
Percentage Change	1.74% Increase	2.62% Increase	0.9429% Increase

Resulting Base Grants					
	Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-13	Current Grant Per Pupil Effective 1-1-14	Current Grant Per Pupil Effective 1-1-14	Current Grant Per Pupil Effective 1-1-14
Elementary	1859.71	\$9,751	\$9,921	\$10,006	\$9,843
Middle	1859.71	\$10,312	\$10,491	\$10,582	\$10,409
High	1859.71	\$13,119	\$13,347	\$13,463	\$13,243
Special Day Class – Severe	1859.71.1	\$27,396	\$27,873	\$28,114	\$27,654
Special Day Class – Non-Severe	1859.71.1	\$18,321	\$18,640	\$18,801	\$18,494

In addition, the 1.74 percent CCI increase would raise the threshold amount for Government Code Section 66452.6(a)(2) from \$253,383 to \$257,792 for the period of one year commencing March 1, 2014.

RECOMMENDATION

Adopt an increase of 1.74 percent for 2014 SFP grants based on the M&S Eight California Cities CCI.

ATTACHMENT

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS
 State Allocation Board Meeting, January 22, 2014

Grant Amount Adjustments

		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-13	Current Adjusted Grant Per Pupil Effective 1-1-14
New Construction	Elementary	1859.71	\$9,751	\$9,921
	Middle	1859.71	\$10,312	\$10,491
	High	1859.71	\$13,199	\$13,429
	Special Day Class – Severe	1859.71.1	\$27,396	\$27,873
	Special Day Class – Non-Severe	1859.71.1	\$18,321	\$18,640
	Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$11	\$11
	Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$17	\$17
	Automatic Fire Detection/Alarm System – High	1859.71.2	\$26	\$26
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$51	\$52
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$34	\$35
	Automatic Sprinkler System – Elementary	1859.71.2	\$164	\$167
	Automatic Sprinkler System – Middle	1859.71.2	\$195	\$198
	Automatic Sprinkler System – High	1859.71.2	\$202	\$206
	Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$518	\$527
	Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$347	\$353
Modernization	Elementary	1859.78	\$3,713	\$3,778
	Middle	1859.78	\$3,928	\$3,996
	High	1859.78	\$5,141	\$5,230
	Special Day Class - Severe	1859.78.3	\$11,829	\$12,035
	Special Day Class – Non-Severe	1859.78.3	\$7,914	\$8,052
	State Special School – Severe	1859.78	\$19,721	\$20,064
	Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$119	\$121
	Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$119	\$121
	Automatic Fire Detection/Alarm System – High	1859.78.4	\$119	\$121
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$332	\$338
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$223	\$227
	Over 50 Years Old – Elementary	1859.78.6	\$5,157	\$5,247
	Over 50 Years Old – Middle	1859.78.6	\$5,456	\$5,551
	Over 50 Years Old – High	1859.78.6	\$7,142	\$7,266
	Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$16,437	\$16,723
	Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$10,992	\$11,183
	Over 50 Years Old – State Special School – Severe	1859.78.6	\$27,396	\$27,873

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**ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS
January 2014**

Grant Amount Adjustments

New Construction / Modernization / Joint-Use	Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-13	Current Adjusted Grant Per Pupil Effective 1-1-14
Therapy/Multipurpose Room/Other (per square foot)	1859.72 1859.73.2 1859.77.3 1859.82 1859.125 1859.125.1	\$159	\$162
Toilet Facilities (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125.1	\$287	\$292
New Construction Only			
Parking Spaces	1859.76	\$12,399	\$12,615
General Site Grant (per acre for additional acreage being acquired)	1859.76	\$15,846	\$16,122
Project Assistance (for school district with less than 2,500 pupils)	1859.73.1	\$5,884	\$5,986
Modernization Only			
Two-stop Elevator	1859.83	\$99,172	\$100,898
Additional Stop	1859.83	\$17,849	\$18,160
Project Assistance (for school district with less than 2,500 pupils)	1859.78.2	\$3,135	\$3,190
Facility Hardship / Rehabilitation			
Current Replacement Cost - Other (per square foot)	1859.2	\$317	\$323
Current Replacement Cost - Toilets (per square foot)	1859.2	\$572	\$582
Interim Housing – Financial Hardship (per classroom)	1859.81	\$32,680	\$33,249
Charter School Facilities Program - Preliminary Apportionment Amounts			
Charter School Elementary	1859.163.1	\$9,244	\$9,405
Charter School Middle	1859.163.1	\$9,786	\$9,956
Charter School High	1859.163.1	\$12,781	\$13,003
Charter School Special Day Class - Severe	1859.163.1	\$29,454	\$29,966
Charter School Special Day Class - Non-Severe	1859.163.1	\$19,696	\$20,039

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ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

January 2014

New School Adjustments (Regulation Section 1859.83)

Classrooms in Project	Elementary School Adjusted Grant	Elementary School Adjusted Grant	Middle School Adjusted Grant	Middle School Adjusted Grant	High School Adjusted Grant	High School Adjusted Grant	Alternative Education New School	Alternative Education New School
	Effective 1-1-13	Effective 1-1-14	Effective 1-1-13	Effective 1-1-14	Effective 1-1-13	Effective 1-1-14	Effective 1-1-13	Effective 1-1-14
1	\$264,460	\$269,062	\$1,114,044	\$1,133,428	\$2,423,123	\$2,465,285	\$718,508	\$731,010
2	\$623,137	\$633,980	\$1,249,578	\$1,271,321	\$2,520,645	\$2,564,504	\$871,730	\$886,898
3	\$935,530	\$951,808	\$1,388,420	\$1,412,579	\$3,115,685	\$3,169,898	\$1,523,891	\$1,550,407
4	\$1,185,117	\$1,205,738	\$1,540,486	\$1,567,290	\$3,644,604	\$3,708,020	\$1,714,451	\$1,744,282
5	\$1,391,725	\$1,415,941	\$1,699,162	\$1,728,727	\$4,013,198	\$4,083,028	\$1,905,013	\$1,938,160
6	\$1,687,595	\$1,716,959	\$1,859,494	\$1,891,849	\$4,381,790	\$4,458,033	\$2,095,575	\$2,132,038
7	\$1,986,766	\$2,021,336	\$2,019,821	\$2,054,966	\$4,750,381	\$4,833,038	\$2,286,133	\$2,325,912
8	\$2,216,516	\$2,255,083	\$2,195,029	\$2,233,223	\$5,034,679	\$5,122,282	\$2,486,214	\$2,529,474
9	\$2,216,516	\$2,255,083	\$2,380,150	\$2,421,565	\$5,262,773	\$5,354,345	\$2,692,841	\$2,739,696
10	\$2,606,594	\$2,651,949	\$2,566,926	\$2,611,591	\$5,489,223	\$5,584,735	\$2,899,467	\$2,949,918
11	\$2,606,594	\$2,651,949	\$2,753,701	\$2,801,615	\$5,717,316	\$5,816,797	\$3,701,281	\$3,765,683
12	\$2,743,784	\$2,791,526			\$5,925,581	\$6,028,686	\$3,907,906	\$3,975,904
13					\$6,130,536	\$6,237,207	\$4,114,535	\$4,186,128
14					\$6,335,495	\$6,445,733	\$4,321,162	\$4,396,350
15					\$6,542,109	\$6,655,942	\$4,527,787	\$4,606,570
16					\$6,747,062	\$6,864,461	\$4,734,414	\$4,816,793
17					\$6,953,674	\$7,074,668	\$4,941,041	\$5,027,015
18					\$7,158,631	\$7,283,191	\$5,147,669	\$5,237,238
19					\$7,363,588	\$7,491,714	\$5,354,295	\$5,447,460
20					\$7,570,197	\$7,701,918	\$5,560,921	\$5,657,681
21					\$7,775,158	\$7,910,446	\$5,767,697	\$5,868,055
22					\$7,980,114	\$8,118,968	\$5,974,325	\$6,078,278
23							\$6,180,952	\$6,288,501
24							\$6,387,578	\$6,498,722
25							\$6,594,202	\$6,708,941
26							\$6,800,834	\$6,919,169
27							\$7,007,459	\$7,129,389

THE MERCED COE ITEM HAS BEEN WITHDRAWN