

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 30, 2005

CLASS B CONSTRUCTION COST INDEX ADJUSTMENT TO THE GRANT AMOUNT FOR 2005

PURPOSE OF REPORT

To provide the Board with alternative options for the Class B Construction Cost Index (CCI) for the 2005 Grant Amount Adjustment as provided in the School Facility Program (SFP) Regulations.

DESCRIPTION

Each year in January grant amounts are adjusted to reflect the Class B CCI. At the June 2004 meeting, the State Allocation Board (SAB) directed Staff and the Implementation Committee to discuss possible ways of addressing the bidding climate, including the possibility of changing the current Class B CCI used by the SAB. The regulatory amendments to delete reference to a specific Class B CCI were approved at the October 2004 SAB meeting and were subsequently approved in February 2005 by the Office of Administrative Law.

By deleting reference to a specific Class B CCI, this allows the SAB to determine which index accurately reflects school construction costs. Staff has reviewed the comparison of two available Class B CCIs to determine which best suits not only the current bidding climate but also the State of California.

AUTHORITY

Pursuant to Education Code Section 17072.10(b), "The board shall annually 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."

As defined in Regulation Section 1859.2, the Class B CCI is a construction factor index for structures made of reinforced concrete or steel frames, concrete floors, and roofs, and accepted and used by the Board.

STAFF COMMENTS

Staff has reviewed the Marshall and Swift (M & S) indexes to determine which best represents the school construction costs in California and addresses the bidding climate. Currently, the base grant amount adjustments are based on the M & S, 10 Western States Index. This index is measured by 12 building material types and six trade labors of 10 cities in the western United States (Billings, MT; Albuquerque, NM; Denver, CO; Phoenix, AZ; Portland, OR; Salt Lake City, UT; Seattle, WA; Los Angeles, San Diego, and San Francisco, CA). The approved Class B CCI for January 2005, based on the M & S, 10 Western States Index, represented an increase of 11.26 percent over the index approved by the SAB in January 2004.

M & S has an additional Class B CCI that measures the same 12 building material types and six trade labors but is based on construction costs in cities that are all within the State of California. Those California cities are Bakersfield, Eureka, Fresno, Los Angeles, Riverside, Sacramento, San Diego and San Francisco. The current M & S, 8 California Cities Index reflects a 12.07 percent increase as compared to the index approved by the SAB in January 2004.

The Office of Public School Construction's research has shown that the construction industry in California has increased in comparison to other western states. This has affected the availability of materials, supplies, and contractors to perform the work, which produces a high bid climate for California school districts. Staff proposes the use of the M & S, 8 California Cities Class B CCI for the 2005 year. This index best represents the construction climate in California, and its use more appropriately aligns the base grant amount adjustments with the California construction industry costs.

STAFF COMMENTS (cont.)

In January 2005, the SAB approved the Class B CCI percentage increase based on the M & S, 10 Western States, which reflected an 11.26 percent increase over the 2004 CCI. If the SAB adopts the Class B CCI based on the M & S, 8 California Cities, the CCI would provide an additional 0.81 percent, or a total increase of 12.07 percent as compared to last year's CCI. The effect of this increase on the grant amounts is shown on the Attachment.

Beginning with the SFP approvals in January 2005, the apportionments were made but were not final. If the SAB adopts the eight California cities-based index, Staff will present an item to the SAB in April to adjust the projects apportioned at the January through March 2005 SAB meetings accordingly.

RECOMMENDATIONS

1. Adopt the M & S, 8 California Cities Class B CCI for the 2005 Grant Amount Adjustment.
2. Approve the index of 1.3 for the M & S, 8 California Cities Class B CCI, which represents a 12.07 percent increase as compared to the CCI in January 2004, for use on SFP applications approved on or after January 1, 2005.
3. Direct Staff to bring back the January through March 2005 SFP projects for an increase to the Grant Amount Adjustment, as appropriate.

BOARD ACTION

In considering this Item on March 30, 2005, the State Allocation Board approved Staff's recommendations with the following additional recommendation:

- Provide that the Class B Construction Cost Index for the 8 California Cities will be the index utilized for a period of two years (through January 2007).

ATTACHMENT
State Allocation Board Meeting, March 30, 2005

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

Grant Amount Adjustments

| | | Regulation Section | Current Adjusted Grant Per Pupil Effective 1-1-05 * | Proposed Adjusted Grant Per Pupil Retroactive to 1-1-05 ** |
|-------------------------|--|--------------------|---|--|
| New Construction | Elementary | 1859.71 | \$6,720 | \$6,769 |
| | Middle | 1859.71 | \$7,107 | \$7,159 |
| | High | 1859.71 | \$9,305 | \$9,372 |
| | Special Day Class – Severe | 1859.71.1 | \$21,419 | \$21,575 |
| | Special Day Class – Non-Severe | 1859.71.1 | \$14,325 | \$14,429 |
| | Automatic Fire Detection/Alarm System – Elementary | 1859.71.2 | \$9 | \$9 |
| | Automatic Fire Detection/Alarm System – Middle | 1859.71.2 | \$12 | \$12 |
| | Automatic Fire Detection/Alarm System – High | 1859.71.2 | \$21 | \$21 |
| | Automatic Fire Detection/Alarm System – Special Day Class – Severe | 1859.71.2 | \$39 | \$39 |
| | Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe | 1859.71.2 | \$27 | \$27 |
| | Automatic Sprinkler System – Elementary | 1859.71.2 | \$128 | \$129 |
| | Automatic Sprinkler System – Middle | 1859.71.2 | \$152 | \$154 |
| | Automatic Sprinkler System – High | 1859.71.2 | \$158 | \$159 |
| | Automatic Sprinkler System – Special Day Class – Severe | 1859.71.2 | \$404 | \$407 |
| | Automatic Sprinkler System – Special Day Class – Non-Severe | 1859.71.2 | \$271 | \$273 |
| Modernization | Elementary | 1859.78 | \$2,903 | \$2,924 |
| | Middle | 1859.78 | \$3,071 | \$3,093 |
| | High | 1859.78 | \$4,020 | \$4,049 |
| | Special Day Class - Severe | 1859.78.3 | \$9,249 | \$9,316 |
| | Special Day Class – Non-Severe | 1859.78.3 | \$6,188 | \$6,233 |
| | State Special School – Severe | 1859.78 | \$15,418 | \$15,531 |
| | Automatic Fire Detection/Alarm System – Elementary | 1859.78.4 | \$93 | \$94 |
| | Automatic Fire Detection/Alarm System – Middle | 1859.78.4 | \$93 | \$94 |
| | Automatic Fire Detection/Alarm System – High | 1859.78.4 | \$93 | \$94 |
| | Automatic Fire Detection/Alarm System – Special Day Class – Severe | 1859.78.4 | \$259 | \$261 |
| | Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe | 1859.78.4 | \$174 | \$175 |
| | Over 50 Years Old – Elementary | 1859.78.6 | \$4,032 | \$4,061 |
| | Over 50 Years Old – Middle | 1859.78.6 | \$4,265 | \$4,296 |
| | Over 50 Years Old – High | 1859.78.6 | \$5,583 | \$5,624 |
| | Over 50 Years Old – Special Day Class – Severe | 1859.78.6 | \$12,852 | \$12,945 |
| | Over 50 Years Old – Special Day Class – Non-Severe | 1859.78.6 | \$8,594 | \$8,656 |
| | Over 50 Years Old – State Special School – Severe | 1859.78.6 | \$21,419 | \$21,575 |

* Based on M&S, 10 Western States Index.

** Based on M&S, 8 California Cities Index, pending the Board's approval.

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ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS (cont.)

Grant Amount Adjustments

| New Construction / Modernization / Joint-Use | Regulation Section | Current Adjusted Grant Per Pupil Effective 1-1-05 * | Proposed Adjusted Grant Per Pupil Retroactive to 1-1-05 ** |
|--|---|---|--|
| Therapy/Multipurpose Room/Other (per square foot) | 1859.72 1859.73.2 1859.82 1859.125 1859.125.1 | \$123 | \$124 |
| Toilet Facilities (per square foot) | 1859.72 1859.73.2 1859.82 1859.125 1859.125.1 | \$225 | \$226 |
| New Construction Only | | | |
| Parking Spaces | 1859.76 | \$9,693 | \$9,764 |
| Project Assistance (for school district with less than 2,500 pupils) | 1859.73.1 | \$4,599 | \$4,633 |
| Modernization Only | | | |
| Two-stop Elevator (60/40) | 1859.83 | \$77,539 | \$78,104 |
| Additional Stop (60/40) | 1859.83 | \$13,955 | \$14,057 |
| Project Assistance (for school district with less than 2,500 pupils) | 1859.78.2 | \$2,452 | \$2,470 |
| Facility Hardship / Rehabilitation | | | |
| Current Replacement Cost - Other (per square foot) | 1859.2 | \$248 | \$250 |
| Current Replacement Cost - Toilets (per square foot) | 1859.2 | \$447 | \$451 |
| Interim Housing – Financial Hardship (per classroom) | 1859.81 | \$25,551 | \$25,737 |

* Based on M&S, 10 Western States Index.

** Based on M&S, 8 California Cities Index, pending the Board's approval.

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ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS (cont.)

New School Adjustments (Regulation Section 1859.83)

| Class-rooms in Project | Elementary School Previous Grant Effective 1-1-05 * | Elementary School Adjusted Grant Retroactive to 1-1-05 ** | Middle School Previous Grant Effective 1-1-05 * | Middle School Adjusted Grant Retroactive to 1-1-05 ** | High School Previous Grant Effective 1-1-05 * | High School Adjusted Grant Retroactive to 1-1-05 ** | Alternative Education New School Allowance Effective 1-1-05 * | Alternative Education New School Allowance Retroactive to 1-1-05 ** |
|------------------------|---|---|---|---|---|---|---|---|
| 1 | \$206,772 | \$208,278 | \$871,030 | \$877,371 | \$1,894,551 | \$1,908,344 | \$561,775 | \$565,865 |
| 2 | \$487,208 | \$490,755 | \$977,000 | \$984,112 | \$1,970,801 | \$1,985,149 | \$681,573 | \$686,535 |
| 3 | \$731,457 | \$736,782 | \$1,085,555 | \$1,093,458 | \$2,436,039 | \$2,453,774 | \$1,191,474 | \$1,200,149 |
| 4 | \$926,599 | \$933,345 | \$1,204,448 | \$1,213,217 | \$2,849,582 | \$2,870,328 | \$1,340,467 | \$1,350,226 |
| 5 | \$1,088,139 | \$1,096,061 | \$1,328,512 | \$1,338,184 | \$3,137,772 | \$3,160,616 | \$1,489,460 | \$1,500,304 |
| 6 | \$1,319,468 | \$1,329,074 | \$1,453,869 | \$1,464,453 | \$3,425,960 | \$3,450,902 | \$1,638,453 | \$1,650,381 |
| 7 | \$1,553,378 | \$1,564,687 | \$1,579,224 | \$1,590,722 | \$3,714,149 | \$3,741,189 | \$1,787,444 | \$1,800,457 |
| 8 | \$1,733,012 | \$1,745,629 | \$1,716,212 | \$1,728,707 | \$3,936,430 | \$3,965,088 | \$1,943,880 | \$1,958,032 |
| 9 | \$1,733,012 | \$1,745,629 | \$1,860,951 | \$1,874,500 | \$4,114,771 | \$4,144,727 | \$2,105,434 | \$2,120,762 |
| 10 | \$2,038,001 | \$2,052,838 | \$2,006,985 | \$2,021,596 | \$4,291,820 | \$4,323,066 | \$2,266,988 | \$2,283,492 |
| 11 | \$2,038,001 | \$2,052,838 | \$2,153,018 | \$2,168,692 | \$4,470,160 | \$4,502,704 | \$2,893,897 | \$2,914,965 |
| 12 | \$2,145,263 | \$2,160,881 | | | \$4,632,994 | \$4,666,724 | \$3,055,450 | \$3,077,694 |
| 13 | | | | | \$4,793,242 | \$4,828,138 | \$3,217,004 | \$3,240,424 |
| 14 | | | | | \$4,953,491 | \$4,989,554 | \$3,378,558 | \$3,403,155 |
| 15 | | | | | \$5,115,034 | \$5,152,273 | \$3,540,111 | \$3,565,884 |
| 16 | | | | | \$5,275,279 | \$5,313,685 | \$3,701,666 | \$3,728,615 |
| 17 | | | | | \$5,436,822 | \$5,476,404 | \$3,863,220 | \$3,891,345 |
| 18 | | | | | \$5,597,071 | \$5,637,819 | \$4,024,774 | \$4,054,075 |
| 19 | | | | | \$5,757,319 | \$5,799,234 | \$4,186,328 | \$4,216,805 |
| 20 | | | | | \$5,918,860 | \$5,961,950 | \$4,347,881 | \$4,379,534 |
| 21 | | | | | \$6,079,110 | \$6,123,367 | \$4,509,551 | \$4,542,382 |
| 22 | | | | | \$6,239,358 | \$6,284,782 | \$4,671,105 | \$4,705,112 |
| 23 | | | | | | | \$4,832,660 | \$4,867,843 |
| 24 | | | | | | | \$4,994,213 | \$5,030,572 |
| 25 | | | | | | | \$5,155,765 | \$5,193,300 |
| 26 | | | | | | | \$5,317,321 | \$5,356,033 |
| 27 | | | | | | | \$5,478,874 | \$5,518,762 |

* Based on M&S, 10 Western States Index.
 ** Based on M&S, 8 California Cities Index, pending the Board's approval.

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