



Office of Public School Construction

STAFF TO THE STATE ALLOCATION BOARD

March 2015 Update

Eighth Priority Funding Request Round

The Eighth Priority Funding (PF) filing round opened on November 12, 2014 and closed on December 11, 2014. The requests will be valid from January 1, 2015 through June 30, 2015.

There are currently 78 projects on the Unfunded List (Lack of AB55 Loans). OPSC received PF requests for 43 projects from 23 Districts in the amount of \$127.3 million.

A Priority Funding List showing the receipt of submitted valid request letters for projects on the Unfunded List (Lack of AB55 Loans), a list showing projects that have received one occurrence, and a list showing projects that have received two occurrences are all available on OPSC's homepage at <http://www.dgs.ca.gov/opsc/Home.aspx>.

For more information, please contact Tasha Brennan, Supervisor, at Tasha.Brennan@dgs.ca.gov or 916-375-4138 or Lina Lyda, Supervisor, at Lina.Lyda@dgs.ca.gov or (916) 375-4027.

REMINDER: All Programs Are Now Required to Participate in the Priority Funding Process

The Board took action at the March 26, 2014 State Allocation Board (SAB) to include Career Technical Education Facilities Program (CTEFP), Charter School Facilities Program (CSFP) conversion, and the Overcrowding Relief Grant (ORG) projects in the participation requirements for the PF process to promote activity on the Unfunded List (Lack of AB55 Loans) and equity among the programs. The updated regulations are currently in effective as of October 1, 2014. The requirements can be found in School Facility Program (SFP) Regulation Section 1859.90.3 that outlines the criteria for participation in the Priority Funding process.

The following chart outlines how the Non-Participation Regulations affect the current PF procedure. The CSFP projects that are in the stage of advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment are not required to participate in the PF process.

PF Request Round 11/12/14- 12/11/14	PF Apportionments Using 11/12/14- 12/11/14 PF Request Round	PF Apportionments Using 11/12/14- 12/11/14 PF Request Round Not Meeting 90 Days To Submit 50-05	PF Request Round 5/13/15-6/11/15	PF Apportionments Using 5/13/15- 6/11/15 PF Request Round	PF Apportionments Using 5/13/15- 6/11/15 PF Request Round Not Meeting 90 Days To Submit 50-05
Occurrence if Request Not Received	Apportionment	Occurrence	Occurrence if Request Not Received	Apportionment	Occurrence

Annual Adjustment to School Facility Program Grants for 2015

Staff is still working on the calculations for adjusting the School Facility Program grants. An item will be presented at a future SAB meeting.

Emergency Repair Program (ERP)

At the February 2015 SAB, the board approved an apportionment of \$4,882,848 in ERP funds which fully funded twenty-six projects that previously received partial apportionment and partially apportioned (43% of the eligible project costs) five additional projects.

Seismic Mitigation Program

At the February 2015 SAB meeting, OPSC presented a status report on the Seismic Mitigation Program (SMP) on efforts made and future options available to streamline the SMP and speed up the award of seismic mitigation funds. This report also fulfills the requirement from last year's State Budget to report back to the legislature by March 1, 2015, on options for streamlining the SMP.

The report focused on the following areas:

- Minimum Work Determination for SMP Funding
 - Division of the State Architect (DSA) Procedures and OPSC Outreach under current regulations.
 - Holistic approach to SMP Project Funding
 - Partial Seismic Upgrades
- Reservation of Bond Authority for Conceptually Approved Projects
- Accelerated Cash Proceeds for SMP Projects.

The Board accepted the report and requested staff to bring back information on the statutory scheme related to the possibility of reserving bond authority for SMP projects at the conceptual approval phase. As the SMP does not have specific statutory authority to reserve funds before apportionment the way other programs do, staff will bring back a report that details what legislative adjustments would need to be made in order to allow SMP projects to reserve bond authority at the conceptual approval stage. Also, staff was asked to bring back information related to having a one agency review for determining the minimum work in SMP projects. Currently DSA does a code compliance review while the OPSC conducts a second/complimentary review to determine how much of the work approved by the DSA can be funded. The SMP allows for the funding of only the minimum work to mitigate the seismic threat along with any work triggered by that minimum work.

The report and SAB actions will be submitted to the Legislature to complete the requirements of Education Code 17070.53. For more information, please contact: Tasha Brennan, SMP Supervisor at (916) 375-4138 or tasha.brennan@dgs.ca.gov, Hannah Konhoff, SMP Analyst at (916) 375-4037 or hannah.konhoff@dgs.ca.gov, Jessica Love, SMP Analyst at (916) 375-2038 or jessica.love@dgs.ca.gov.

Prevailing Wage Monitoring

Projects with Contract Award Date on or between 1/01/2012 through 6/19/2014

Please be advised that Labor Code (LC) Section 1773.3, as amended by Senate Bill 854, Chapter 28, Statutes of 2014, requires school districts that have SFP projects with an initial public works contract awarded on or after January 1, 2012, to notify the Department of Industrial Relations (DIR). The DIR must provide prevailing wage monitoring services for all such projects, except in the cases of: (1) the district operates a DIR-approved internal wage monitoring program; or (2) the district has entered into a collective bargaining agreement that includes the requirements specified in LC section 1771.4(b)(2).

Projects with Contract Award Date on or after 6/20/2014

Senate Bill (SB) 854, Chapter 28, Statutes of 2014 repealed LC Section 1771.3 which required school districts to provide payment to DIR for prevailing wage monitoring. As a result, school districts awarding a construction contract on or after June 20, 2014 are not mandated to provide payment for DIR monitoring and enforcement of prevailing wage requirements. Projects with an initial public works contract awarded on or after June 20, 2014 are not eligible to receive an additional grant for prevailing wage monitoring; however, school districts are still required to notify DIR

within five days of initial contract award pursuant to LC section 1773.3(a)(1). All public works projects for a school district must still meet the LC requirements of SB 854 even if the projects were not State bond funded.

February SAB 2015 Regulation Updates

General Site Grant Regulations

The regulatory amendment to extend the effective date to January 1, 2016 for the General Site Development grant was approved at the August 2014 SAB and by the Office of Administrative Law. It will be in effect April 1, 2015.

Assembly Bill (AB) 308 Regulations

The final adoption of proposed regulatory amendments implementing AB 308 relating to the return of real property sale proceeds was approved at the February 2015 SAB. The SAB considered and addressed the comments submitted during the 45-day public comment period.

SB 869 Regulations

As a result of SB 869 Chapter 39, Statutes of 2014, the board approved proposed regulatory amendments to the SFP regulations with respect to the High Performance Incentive (HPI) Grant and the CTEFP. SB 869 stipulated that any funds available in the CTEFP or HPI funds on January 1, 2015, would be allocated on a 50/50 basis for new construction and modernization projects on the Unfunded List (Lack of Authority.) Included in the proposal was a request to close the third CTEFP funding cycle and a procedure on how to allocate returning HPI and CTEFP bond authority.

At a future Board meeting, staff will bring regulations that allow for any future returning CTEFP and HPI funds to be used first for health and safety projects pursuant to current Board policy. If any of these returned funds are remaining after all health and safety projects are cleared from the workload, the remaining funds will then be made available on a 50/50 ratio to new construction and modernization projects on the Unfunded List (Lack of Authority.)

Status of Funds

Remaining Bond Authority (As of February 24, 2014) (includes Unfunded Approvals) (in \$ millions)

Proposition	New Construction	Modernization	Career Tech	High Performance	Overcrowding Relief	Seismic Repair
1D	10.5	4.6	1.0	0.5	4.9	141.2
55	5.8	0.0	N/A	N/A	N/A	N/A
47	0.3	0.0	N/A	N/A	N/A	N/A
Total	16.6	4.6	1.0	0.5	4.9	141.2

Status of Fund Releases (As of January 24, 2015) (in \$ millions)

	Bond Proceeds Amount	Funds Released through Dec. 31, 2014	Funds Released through Jan. 31, 2015	Bond Proceeds Balance	Percent of Bond Proceeds Released
November 2009 bond; Dec. 2009 commercial paper sales	111.4	111.3	0	0.1	99%
March 2010 bond sale	1,351.3	1,351.2	0	0.1	99%
November 2010 bond sale	1,483.1	1,471.4	0	11.7	99%
October 2011 bond sale	1,003.5	994.4	0	9.1	99%
March 2013 bond sale	500.0	499.0	0	1.0	99%
October 2013 bond sale commercial paper sales	253.0	248.8	0	4.2	98%
March 2014 bond sale Commercial paper sales	331.3	320.2	0.0	11.1	97%
August 2014 commercial paper sales	7.0	7.0	0	0	100%

September 2014 bond sale	43.3	35.3	0	8.0	82%
--------------------------	------	------	---	-----	-----

Upcoming Meeting Date

State Allocation Board

- Wednesday, April 15, 2015, 4:00 PM, Location-TBD

The OPSC Events Calendar also contains information about upcoming meetings, deadlines, key dates, and holidays. Users can sign up for email notifications and reminders and effortlessly export an event to their Outlook calendars. A link to the OPSC Events Calendar can be found under "Meeting Information" on the OPSC website: www.dgs.ca.gov/opsc.