



## Office of Public School Construction

STAFF TO THE STATE ALLOCATION BOARD

### August/September 2016 Update

#### Eleventh Priority Funding Apportionment Round

At the August 2016 meeting, the State Allocation Board (SAB) approved funding apportionments for \$78.7 million for all 20 projects that participated in the eleventh priority request round. Districts that received a Priority Funding Apportionment for projects in this round are required to submit a valid Form SAB 50-05 containing an original signature by Tuesday, November 15, 2016 to OPSC.

#### Eleventh Priority Funding Request Round

The Eleventh Priority Funding (PF) certification filing period opened on May 11, 2016 and closed on June 9, 2016. Valid requests made during this window are eligible for apportionments from July 1, 2016 through December 31, 2016. Twenty-two projects on the Unfunded List (Lack of AB 55 Loans) totaling \$79.7 million were eligible to submit a request for participation in the upcoming PF round. Out of the twenty-two projects, OPSC received requests for twenty projects. One project on the Unfunded List received its first non-participation occurrence. The other project was a Charter School Facilities Program (CSFP) design advance and did not receive an occurrence.

A PF 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 Tracy Sharp, Supervisor, at [Tracy.Sharp@dgs.ca.gov](mailto:Tracy.Sharp@dgs.ca.gov) or 916-375-3108.

#### Tenth Priority Funding Apportionment Round

At the February 2016 meeting, the State Allocation Board (SAB) approved funding apportionments for \$81.7 million for 31 projects that participated in the tenth priority request round. Districts that received an apportionment were required to submit to OPSC a valid Form SAB 50-05 containing an original signature by Tuesday, May 24, 2016. Of these projects, 27 submitted the required documents by the deadline and received fund releases totaling \$79.3 million. Four projects totaling \$2.47 million did not submit the required documents by the deadline. One Facility Hardship Rehabilitation project received its 2<sup>nd</sup> occurrence and was therefore rescinded, returning \$.3 million. The other three projects were for CSFP advance release for design and did not get occurrences, but did receive new unfunded approval dates of May 24, 2016.

#### Upcoming Priority Funding Filing Round

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

The next PF filing period will begin on November 9, 2016 and end on December 8, 2016. Priority funding requests with original signatures must be physically received by OPSC before the close of business on December 8, 2016. Accepted certification requests will be valid from January 1, 2017 through June 30, 2017.

'Request to participate' letters during a priority funding request period for any projects currently on the Unfunded List (Lack of Authority) cannot be accepted. Any requests received for projects residing on the Unfunded List (Lack of Authority) will be returned.

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 5/11/16-6/9/16	PF Apportionments Using 5/11/16-6/9/16 PF Request Round	PF Apportionments Using 5/11/16-6/9/16 PF Request Round Not Meeting 90 Days To Submit 50-05	PF Request Round 11/9/2016-12/8/2016	PF Apportionments Using 11/9/2016-12/8/2016 PF Request Round	PF Apportionments Using 11/9/2016-12/8/2016 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

For more information regarding the PF Rounds, please contact Tracy Sharp, Supervisor, at [Tracy.Sharp@dgs.ca.gov](mailto:Tracy.Sharp@dgs.ca.gov) or 916-375-3108

### Emergency Repair Program Apportionments

As of August 26, 2015, the SAB had apportioned \$796.7 million for funded projects OPSC received savings from previously funded projects and was able to apportion \$5,750,059 to 32 projects at the May 2016 SAB meeting. An additional \$8,360,192.92 was apportioned to nine projects at the August 2016 meeting.

### Facility Hardship Program Proposed Regulations for Funding Historical Buildings

The Facility Hardship Program regulations provide funding for districts to replace or rehabilitate existing school facilities as a result of health and safety threats. Previously, SFP Regulations did not provide a mechanism to allow administrative approval of funding for a project that qualifies for replacement funding when rehabilitation work is being performed. At its January 27, 2016 meeting, the Board directed Staff to investigate options for how to facilitate administrative approval of applications for rehabilitation of historical buildings when the cost of the required rehabilitation work in the project exceeds 50 percent of the Current Replacement Cost. After meeting with stakeholders to discuss potential criteria for a definition of a historical building, Staff prepared amendments to SFP Regulations for the Board's consideration. The proposed amendments will allow OPSC to administratively approve applications for funding rehabilitation work on Qualified Historical School Buildings where the cost to rehabilitate the facility exceeds 50 percent of the cost to replace it. The proposed amendments will provide funding as a new construction project for rehabilitation work on a qualifying historical school building/facility. Valid documentation for verifying a qualifying historical school building/facility and the proposed revised regulations can be found in the archived agenda, here <http://www.dgs.ca.gov/opsc/aboutus/sab/archives.aspx>.

### 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.

## Regulation Update

At the October 2014 meeting, the SAB approved amendments removing the additional prevailing wage monitoring grant for projects with a public works contract awarded on or after June 20, 2014. The amended regulations were approved by the Office of Administrative Law on November 3, 2015 and will be now effective as of January 1, 2016.

Amendments to SFP Regulation Section 1859.76(d) are now in effect. This amendment extends the effective date of the General Site Development grant for one year. Unless otherwise extended by amendments as adopted by the SAB, the grant will no longer be effective as of January 1, 2017.

As a result of Senate Bill 869, Chapter 39, Statutes of 2014, the Board adopted regulation amendments to SFP Regulation Section 1859.93 and 1859.93.1 to distribute available High Performance Incentive and the CTEFP bond authority amongst the SFP New Construction and Modernization projects on the Unfunded List. Health and safety projects will receive priority. These amendments are now in effect and the funds will be transferred after all of the health and safety projects are completely processed and the grant amounts are finalized.

### Status of Funds

#### **Remaining Bond Authority (As of August 17, 2016) (includes Unfunded Approvals) (in \$ millions)**

Proposition	New Construction	Modernization	Career Tech	High Performance	Overcrowding Relief	Seismic Repair
1D	.6	9.8	8.1	0.0	14.0	80.2
55	3.9	0.0	N/A	N/A	N/A	N/A
47	.4	0.0	N/A	N/A	N/A	N/A
Total	4.9	9.8	8.1	0.0	14.0	80.2

#### **Status of Fund Releases (As of July 31, 2016) (in \$ millions)**

	Bond Proceeds Amount	Funds Released through 6/30/2016	Funds Released through 7/31/2016	Bond Proceeds Balance	% of Bond Proceeds Released
March 2015 bond sale	61.2	60.7	0.0	.5	99%
August 2015 bond sale	120.0	120.0	0.0	0.0	100%
December 2015 commercial paper sale	20.5	0.0	0.3	20.2	1%
February 2016 commercial paper sale	68.2	67.8	0.0	0.4	99%
April 2016 commercial paper sale	4.9	4.9	0.0	0.0	100%
May 2016 commercial paper sale	1.7	1.7	0.0	0.0	100%

### Upcoming Meeting Date

#### **State Allocation Board**

The next meeting will be on Monday, October 17, 2016, 2:00 P.M., Location TBD.

OPSC's 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 OPSC's Events Calendar can be found under "Meeting Information" on OPSC's website:

[www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

### Upcoming Deadlines

- Districts that have Career Technical Education Facilities Program (CTEFP) projects that were approved as a reservation of funds and apportioned in a PF funding round are reminded that they have 12 months from the apportionment date to submit the required CDE and DSA approvals to OPSC. Once the required documents are submitted, the district will have 90 days to submit a valid *Fund Release Authorization* (Form SAB 50-05). OPSC is sending reminder letters and calling Districts that have CTEFP projects with apportionments awarded in a prior PF round with the following due date:

<b>PF Funding Round</b>	<b>Number of CTEFP Projects</b>	<b>Required Documents Due By</b>
Ninth	Seven	September 7, 2016

- Districts that received an ERP apportionment at the August 2015 SAB meeting are reminded that if the project was apportioned as a Grant, the district must submit the [Emergency Repair Program Expenditure Report \(Form SAB 61-04\)](#) by November 26, 2016, unless approval was required from the Division of the State Architect (DSA), then the due date of the Form SAB 61-04 is May 26, 2017.