



## Office of Public School Construction

STAFF TO THE STATE ALLOCATION BOARD

### October/November 2014 Update

#### Priority Funding Apportionments

The State Allocation Board (SAB) provided \$100.5 million in priority funding (PF) apportionments for school districts. There were 21 school districts with 34 projects receiving apportionments at the August SAB meeting. As of October 22, 2014, the Office of Public School Construction (OPSC) still has not received a *Fund Release Authorization* (Form SAB 50-05) for 16 projects which represent a total of \$70,966,117.

**Districts that received a PF apportionment are required to submit a valid Form SAB 50-05 by Tuesday, November 18, 2014.** If the Form SAB 50-05 is not received by OPSC at 5:00 p.m. on November 18, 2014, the project will receive a nonparticipation occurrence and /or be returned to the Unfunded List (Lack of AB 55 Loans) with a new approval date. Any project receiving a second nonparticipation occurrence will be rescinded without further SAB action.

If you have any questions, please contact your project manager or Janna Shaffer at 916.376.1822 or [janna.shaffer@dgs.ca.gov](mailto:janna.shaffer@dgs.ca.gov).

#### All Programs Are Required to Participate in the Priority Funding Process

The Board took action to include Overcrowding Relief Grant (ORG), Career Technical Education Facilities Program (CTEFP) and Charter School Facilities Program (CSFP) conversion projects in the participation requirements for the Priority Funding 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.

#### Eighth Priority Funding Request Round

The Eighth Priority Funding filing round will open November 12, 2014 and ends on December 11, 2014. The requests will be valid from January 1, 2015 through June 30, 2015. Each certification should follow the Procedures detailed in SFP Regulation 1859.90.2 which can be found at the OPSC website. Specific information about priority funding can be found at: [http://www.documents.dgs.ca.gov/opsc/Attachments/PF\\_Procedures.pdf](http://www.documents.dgs.ca.gov/opsc/Attachments/PF_Procedures.pdf)

For more information, please contact Janna Shaffer, Supervisor, at [Janna.Shaffer@dgs.ca.gov](mailto:Janna.Shaffer@dgs.ca.gov) or (916) 376-1822.

The following chart outlines how the amended Non-Participation Regulation will affect the current Priority Funding procedure.

PF Certification Round 5/14/14-6/12/14	Amended Non-Participation Regulations Effective 10/1/14	PF Apportionments SAB Approved Using 5/14/14-6/12/14 PF Cert Round	PF Certification Round 11/12/14-12/11/14	PF Apportionments Using 5/14/14-6/12/14 PF Cert Round Not Meeting 90 Days To Submit 50-05	PF Apportionments Using 11/12/14-12/11/14 PF Cert Round	PF Apportionments Using 11/12/14-12/11/14 PF Cert Round Not Meeting 90 Days To Submit 50-05
N/A		Not Subject To Amended Regulations	Occurrence	Not Subject To Amended Regulations	Occurrence	Occurrence

## **Emergency Repair Program**

The OPSC received \$188.5 million from the 2014/2015 State Budget for the unfunded projects in the Emergency Repair Program (ERP). \$93.4 million of that amount were used to apportion 489 ERP projects at the August SAB. At the October SAB, 329 ERP projects were fully apportioned for a total \$87,601,201. Additionally, 26 ERP projects were apportioned at prorated amounts (70 percent of the eligible cost) for a total of \$10,653,801. The remaining unfunded balance of those projects will be placed at the top of the ERP Unfunded List pursuant to ERP Regulations.

The ERP fund release occurs automatically and does not require a submittal of the Form SAB 50-05 usually required for the School Facility Program. OPSC has already requested the State Controller's Office (SCO) to release the funds to the LEA's. The SCO release typically takes four to five weeks depending on workload.

If the funded ERP application is a Grant, the LEA has 15 months from the date of SAB apportionment to complete the project and submit the ERP *Expenditure Report* (Form SAB 61-04). If the funded application is a Reimbursement, no further action is needed.

For any questions, please contact Adrian Felseghi at [adrian.felseghi@dgs.ca.gov](mailto:adrian.felseghi@dgs.ca.gov) or at (916) 375-5987.

## **Overcrowding Relief Grant Program**

Currently there is approximately \$21.5 million in remaining bond authority for the ORG program.

Since the close of the 12th funding cycle, the OPSC has retained eight unprocessed ORG applications that were received during that final funding cycle. At the August 20, 2014 Board meeting the SAB directed OPSC to continue processing funding applications submitted in the 12<sup>th</sup> ORG funding cycle to be approved by the SAB if and when additional bond authority becomes available. In addition, districts may request partial unfunded approvals within available bond authority if their project is next in line for funding. Once a partial unfunded approval is awarded, if any further ORG bond authority is made available before their project receives an Apportionment, the additional authority will be made available to the project. Once the project receives an Apportionment from the SAB, the amount awarded at apportionment will be the full and final grant for the project and no further increases can be made.

## **Regulation Updates**

The SAB approved proposed regulatory amendments that revise the regulation language for the CSFP General Site Development Grant to be consistent with how the grant is calculated for projects in the New Construction program. The SAB also approved the modification calculation to apply to applications in the 2014 CSFP Filing Round.

## **Seismic Mitigation Program**

At the June 2014 SAB meeting the OPSC presented a status update on the Seismic Mitigation Program (SMP). As a result of the report, the SAB requested the Implementation Committee to reconvene to evaluate the process and discuss the reasons why districts are not progressing with projects after obtaining Division of the State Architect (DSA) eligibility approval. The SAB's direction intended to seek input from stakeholders as to why this might be occurring.

The Implementation Committee met on August 7, 2014, to discuss methods to increase participation in the SMP and find ways to address the fall off of projects after receiving eligibility approvals from the DSA. The committee and represented school districts made several recommendations, including the following:

- The OPSC and the DSA will continue to work together to evaluate if there is any overlap or duplication of work occurring in the cost estimate and plan review process. District representatives suggested that ideally only one agency only should be reviewing the work contained in the plans and corresponding cost estimate.
- Create a reservation of funds at the conceptual approval stage. The optional conceptual approval allows a school district and its stakeholders to receive acknowledgement from the SAB that the project meets program

requirements and is eligible to apply for funding, assuming bond authority is available at the time of the full funding request and all other application requirements have been completed. District representatives indicated that conceptual approval from the SAB is helpful when determining whether to spend additional time and funds designing and finalizing the construction plans, and that adding a reservation of funds to the conceptual approval would give added assurance that the funds would be available for the project after the design and plan approval process is complete.

- Provide increased grant funding for the costs to prepare engineer reports that are required as part of an SMP application package. Currently, architect and engineering costs are paid as a percentage of the grant amount for the project. Stakeholders suggested that the allowances be increased for SMP projects to more accurately reflect the amounts that are actually paid for the reports needed for seismic evaluations.
- Give SMP projects priority review at the DSA to expedite the plan approvals.
- Provide cash proceeds to SMP projects as soon as they are available outside of the Priority Funding process. This could potentially allow SMP projects to receive funds more quickly than having to wait for Priority Funding certification periods and subsequent bond sales to receive funds.

A summary report of these proposals and discussion points were presented and acknowledged at the October SAB. The discussion of some topics will continue at a future SAB. For more information, please contact: Tasha Brennan, SMP Supervisor at (916) 375-4138 or [tasha.brennan@dgs.ca.gov](mailto:tasha.brennan@dgs.ca.gov), Hannah Konnoff, SMP Analyst at (916) 375-4037 or [hannah.konnoff@dgs.ca.gov](mailto:hannah.konnoff@dgs.ca.gov), Anetria Turner, SMP Analyst at (916) 375-4318 or [anetria.turner@dgs.ca.gov](mailto:anetria.turner@dgs.ca.gov).

## CSFP Filing Round

The last CSFP filing round for Preliminary Apportionments was from April 1, 2014 through May 30, 2014.

There is approximately \$91.6 million available to distribute among the qualifying charter schools. Approximately 70 applications were received during the open filing period. The program is oversubscribed. The OPSC will use a preference points system combined with a funding matrix to determine which schools will receive Preliminary Apportionments pursuant to SFP Regulations. A funding determination item which will include projects that will be preliminary apportioned will be presented at a future SAB.

For assistance with questions, please contact: Janna Shaffer, Supervisor, at [janna.shaffer@dgs.ca.gov](mailto:janna.shaffer@dgs.ca.gov) or (916) 376-1822, Jason Casillas, Project Manager, at [jason.casillas@dgs.ca.gov](mailto:jason.casillas@dgs.ca.gov) or (916) 375-4229, Erin Cunneen, Project Manager, at [erin.cunneen@dgs.ca.gov](mailto:erin.cunneen@dgs.ca.gov) or (916) 375-4741.

## 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 School Facility Program 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 Labor Code (LC) Section 1771.3 which required school districts to provide payment to Department of Industrial Relations (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 SB854 even if the projects were not State bond funded.

### Status of Funds

#### Remaining Bond Authority (As of October 16, 2014) (includes Unfunded Approvals) (in \$ millions)

Proposition	New Construction	Modernization	Career Tech	High Performance	Overcrowding Relief	Seismic Repair
1D	0.4	0.7	0	32.7	21.5	142.9
55	5.1	0	N/A	N/A	N/A	N/A
47	0	0.2	N/A	N/A	N/A	N/A
Total	5.5	0.9	0	32.7	21.5	142.9

#### Status of Fund Releases (As of September 30, 2014) (in \$ millions)

	Bond Proceeds Amount	Funds Released through August 31, 2014	Funds Released through Sept. 30, 2014	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	992.8	1.6	9.1	99%
March 2013 bond sale	500.0	499.0	0	1.0	99%
October 2013 bond sale commercial paper sales	253.0	233.0	5.3	14.7	94%
March 2014 bond sale Commercial paper sales	331.3	282.9	22.0	26.4	92%
2014 commercial paper sales	7.0	7.0	0	0	100%

### Upcoming Meeting Date

#### State Allocation Board

- Tuesday, November 25, 2014, 10:00 a.m., State Capitol, Room 447

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