

# C.A.S.H. 28<sup>TH</sup> ANNUAL CONFERENCE ON SCHOOL FACILITIES

## IN TUNE, INFORMED & INVOLVED: INSIDE CALIFORNIA SCHOOL FACILITIES

Tuesday, February 27, 2007  
8:30 a.m. - 9:30 a.m.  
Sacramento Convention Center  
Room # 311/312

### Workshop # Pre2

## **State School Facility Program - A District's Perspective**

*Moderator: Cathy Allen*  
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C.A.S.H. 28<sup>th</sup> Annual Conference

**The State School Facility  
Program—A District's  
Perspective**

8:30 - 9:30 a.m.

February 27, 2007

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**Presenters**

Cathy Allen  
Director of Site Development  
Western Placer Unified School  
District

Lindsay Keyes  
Associate Consultant  
Jack Schreder & Associates

## Introduction to the School Facility Program

- Eligibility
- The Design Process
- Funding
- Construction
- Program Accountability

- Established in 1998 with the passage of SB 50 by the legislature and Prop 1A by the voters
- Funded exclusively by Statewide Bond Measures:
  - November 1998 - Prop 1A \$6.7 billion
  - November 2002 - Prop 47 \$11.4 billion
  - March 2004 - Prop 55 \$9.8 billion
  - November 2006 - Prop 1D \$10.4 billion

## State Allocation Board (SAB)

- Responsible for allocating State resources used for the construction, modernization and maintenance of local school facilities.
- 10 member board
  - Department of Finance (serves as Chair)
  - Department of General Services
  - State Superintendent of Public Instruction
  - 3 State Senators
  - 3 State Assembly members
  - Governor's Appointment

## Office of Public School Construction (OPSC)

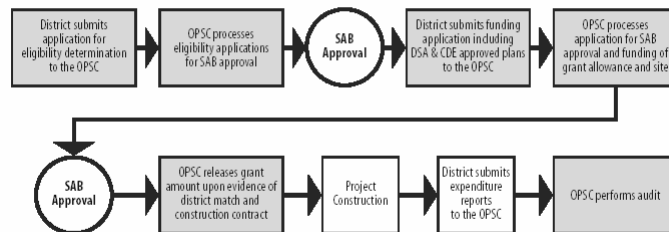
- Serves as Staff to the SAB
- Primary Activities:
  - Administration of various programs including:
    - School Facility Program, which includes:
      - New Construction, Modernization, Joint Use, Charter Schools and Career Technical Education
    - Deferred Maintenance Program
    - Emergency Repair Program

## OPSC (continued)

- Review and processing for SAB approval of:
  - Eligibility
  - Site Acquisition
  - Design
  - Grant Funding
  - Construction
  - Program Accountability
- Audits

## State School Building Funding Process

### School Facilities Program (SB 50)



Note: Shading indicates OPSC processing.

### Determining New Construction Eligibility:

- A district must demonstrate that existing capacity is insufficient to house existing and anticipated enrollment (Complete Forms SAB 50-01, 50-02, 50-03)
- Enrollment projections using weighted cohort survival
- Can supplement enrollment projection with approved tract maps
- Must be re-justified annually

### • Enrollment Certification/ Projection (Form SAB 50-01)

- This form is used to collect information about the district's current and historical enrollment and to project that data five years into the future
- Alternate methodology can be used for COS projects with approval of Dept. of Finance

- Enrollment Certification/  
Projection (*continued*)
  - District wide or HSAA
  - Four years of CBEDS data
  - Break-out Special Day Class &  
Continuing High Students from CBEDS
  - Augment the enrollment projection  
based on number of pupils that will  
reside in dwelling units in approved  
tract maps or valid tentative maps

- Existing School Building Capacity  
(Form SAB 50-02)
  - Inventory of all spaces that provide  
pupil instruction
  - Provide diagram of all facilities, site  
by site
  - Capacity is the total number of  
teaching stations multiplied by the  
State pupil loading standard:
    - 25 for K-6, 27 for 7-12, 13 for non-severe, and 9  
for severe classrooms

- Existing School Building Capacity  
(*continued*)  
Adjust capacity for the following:
  - Eligible classroom exclusions
  - Substantial Enrollment Requirement (SER or MTYRE Hit)
    - Eliminated by AB16 for High School Districts
  - Operational Grant Hit

- Eligibility Determination (Form SAB 50-03)
  - Compares the information from the SAB 50-01 and 50-02 (first two forms) to determine if the district is eligible for new construction grants

- Is the application complete?
  - If yes, then OPSC processes
    - OPSC will conduct a site visit to verify information
  - If no, then OPSC requests needed information
    - 15 day letter, 4 day letter
  - Unable to comply? Application may be returned unprocessed

- Determining Modernization Eligibility
  - Applications are site specific
  - Eligibility is accrued for:
    - Permanent buildings at least 25 years old
    - Relocatable buildings at least 20 years old
  - Date of building construction is determined by adding 12 months to DSA approval date

- Building must not have been modernized with state funds in last 25 years, if permanent, or 20 years, if portable
- Must have pupils assigned to the site
- Once established, eligibility is locked in to protect from enrollment declines in future years. If enrollment increases, eligibility can increase

- Three Ways to Calculate Modernization Eligibility
  - Number of eligible teaching stations multiplied by student loading factor or CBEDS, whichever is less
  - Percentage of eligible teaching stations multiplied by CBEDS enrollment
  - Percentage of eligible square footage multiplied by CBEDS enrollment

- Is the application complete?
  - If yes, then OPSC processes
    - OPSC will conduct a site visit to verify information
  - If no, then OPSC requests needed information
    - 15 day letter, 4 day letter
  - Unable to comply? Application may be returned unprocessed

- The School Facility Program funds projects that are essentially through the design phase and are ready to begin construction, except:
  - Financial Hardship districts and COE's
  - Charter School Facilities Program

### Rule of Thumb:

## Start with OPSC and end with OPSC

1. Determine your project budget by calculating the amount of State eligibility you are permitted to request for your specific project
  - a. New Construction Maximum: pupil capacity of project and 60% commensurate
  - b. Modernization Maximum: 60% commensurate
2. Design your project with your budget in mind
3. Obtain all approvals and submit your funding request to OPSC

- To Apply for New Construction and Modernization Funding you must have:
  - School Facility Program Eligibility
  - CDE approval (plan and site), which may require additional approvals, such as:
    - Department of Toxic Substances Control (DTSC)
    - CEQA compliance
    - Department of Transportation, Division of Aeronautics
    - Hazardous Pipeline Assessment
  - DSA plan approval

Always get written  
DSA approval prior  
to signing  
construction  
contracts!

- **Selecting Professional Services**
  - Professional service contracts must be obtained through a qualifications based selection process
  - Failure to do so can jeopardize the entire project funding
  - Ask your lawyer

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Design

- **Consultants**
  - Architects
  - Attorneys
  - Construction Managers
  - Environmental Specialists (including toxics)
  - Facility Planners and Eligibility Consultants
  - Financial Consultants
  - Inspectors
  - Site Acquisition Specialists

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Design

- **Project Responsibilities**
  - During the planning, design, and construction of a school facilities project, many individuals and firms come together to contribute to the project in specific ways
  - Unless responsibility is assigned by law, the decision about who should perform a given task generally rests with the school district as owner

- Realistic Schedule
- Really good agreement
  - Scope of work
  - Additional scope of work
    - Educational Specifications through Project Close-out

- Realistic Budget
  - Always determine your total project budget before designing your project
  - Factor in unforeseen project budget impacts
    - Include additive and deductive alternates to avoid spending time and money in redesign
    - Consider using the services of an outside cost estimator

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Funding

- District submits application for funding (SAB 50-04)
- OPSC reviews the package
- SAB approves the project
- District requests a fund release (SAB 50-05)
- Spend the money
- Report the expenditures (SAB 50-06)
- OPSC audits

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New Construction Funding

- Application for Funding (SAB 50-04)
  - This form provides OPSC with project information to determine the new construction grant including grade level, number of pupils, need for site acquisition and additional grants.

- A complete application is essential!
  - DSA approved plans and specifications
  - Local agency approvals of Site Development Plans
  - CDE Plan Approval
  - CDE Site Approval
  - District Certifications

• Required Documents

New Construction Funding Required Documents

DOCUMENT	TYPE OF FUNDING			
	DESIGN ONLY	SITE ONLY	SITE AND DESIGN	CONSTRUCTION
Appraisal of property to be acquired when appropriate* (preliminary appraisal of property for separate site)		✓	✓	✓
Escrow closing statement or court order				✓
CDE approval of site* (contingent CDE approval of site for separate site)		✓	✓	✓
Final DSA plan approval				✓
CDE approval of plans				✓
Cost estimate for site development†				✓
Plan† and cost estimate for off-site development when funding is requested				✓

- New Construction Funding
  - \$8,081 Elementary
  - \$8,546 Middle
  - \$10,873 High
  - \$24,066 SDC Severe
  - \$16,095 SDC Non-severe

- Supplemental Grants
  - Site Acquisition
  - Site Development
  - Geographic Location
  - Urban, Security, Impacted Site
  - Site Acquisition
  - Fire Code Requirements
  - Energy Efficiency
  - Special Education Therapy
  - Multi-level construction
  - Project Assistance
  - Replacement w/multi-story construction
  - New School Project
  - Small Size Project

- **Commonly Missed Opportunities**
  - Site Development Additional Grants
    - Money is frequently left on the table by missing eligible site development costs
    - Consider utilizing the services of a consultant that has extensive knowledge in cost estimating
    - Meet with PVT (Plan Verification Team) staff early to identify "hidden" eligible items

- **Missed Opportunities (*continued*)**
  - Site Acquisition
    - Purchasing more land than CDE recommends for the master plan capacity of the site...
      - OPSC prorates the service site, off-site, and general site development grants and site acquisition funding by the amount of the "excess" site acreage

- What do you mean 50%/50%?
  - New Construction
- What do you mean 60%/40%?
  - Modernization

- General Obligation Bonds: 2/3 vote
- Proposition 39 G.O. Bonds: 55% vote
- Mello-Roof/CFD's
- Developer Fees
- Certificates of Participation
- School Facility Improvement Districts

G.O. Bonds

- General Obligation Bonds
  - 2/3 Majority General Obligation Bonds
  - Proposition 39 "55%" General Obligation Bonds
  - School Facilities Improvement District Bonds (SFID)

2/3 Majority Bonds

- An election of registered voters
- Includes entire school district
- Must be passed by a 2/3 majority
- Elections may be held on any Tuesday
- Limits on Funding
  - Any amount can be authorized
  - Amount issued can not exceed
    - 1.25% of assessed valuation in non-unified district
    - 2.5% of assessed valuation in unified district
    - Limit can be waived by State Board of Education
- Capital Facilities only, no F & E

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Prop 39 G.O. Bonds

- An election of registered voters
- Includes entire school district
- Must be passed by a 55% majority
- Election day can only be held on limited election dates
  - Primary election date
  - General election date
  - A regularly scheduled local election
  - A statewide special election

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Prop 39 G.O. Bonds

- Limits on funding
  - \$30 per \$100,000 assessed valuation for non-unified districts
  - \$60 per \$100,000 assessed valuation for unified districts
- Accountability Requirements
  - List of school facilities projects
  - Annual performance audit
  - Annual financial audit
  - Citizen's Oversight Committee (COC)

- Must be appointed by Board within 60 days of election certification
- At least seven members
  - One from a business organization
  - One from senior citizen's organization
  - One from a bonafide taxpayer organization
  - One parent/guardian of student in district
  - One parent of student who is also active in PTA, PTSA, or on School Site Council
- No District employee, official, vendor, contractor or consultant may be appointed to the COC

- Members serve two year terms with a maximum of two consecutive terms
- District must provide COC with technical and administrative assistance without spending bond funds
- Meetings subject to Brown Act
- District must maintain a website of the COC minutes and reports

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School Facilities Improvement  
 District (SFID)

- An election of registered voters
- Excludes portion of District in CFD that funds school facilities
- May exclude additional areas
- May be a 2/3 or Prop 39 election

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### Bond Comparison Types

	CFD	2/3 GO	Prop 39	SFID
Whole District?	No	Yes	Yes	No
Electors	Usually Land-owners	Registered voters	Registered voters	Registered voters
% to pass	66.67%	66.67%	55%	66.67% or 55%
Tax based on	Rate & Method	% of AV	% of AV	% of AV
F&E?	Yes	No	Yes	No/Yes

Funding Sources

- Other Resources
  - Parcel Taxes
  - Redevelopment Agency Tax
  - Sale of Surplus Property
  - General Fund
  - Federal Grants
  - Gifts

Community Facilities Districts

- In lieu of Developer Fees
- "Mello-Roos"
- Adopted by Legislature in 1982
- Usually new development
- Can finance school facilities including F&E

- Why Form a CFD?
  - District
    - Can negotiate a higher mitigation amount in excess of statutory or Level II fees
    - Obtain funding "up front" for larger developments rather than over a period of years
  - Developer
    - Finance Infrastructure tax-exempt
    - Less Equity Commitment
    - Pass off cost of infrastructure to Buyers/Tenants

- CFD Special Tax Bonds
  - Bonds Issued to Finance Public Facilities
  - Governing Board Authorizes Sale
  - Repaid through Special Taxes (and secured by right to foreclose)
  - Sold by negotiated sale or competitive process
  - Annual Administration, Disclosure, and Tax Collection Required

- "The Team"
  - District
    - Attorney
    - Special Tax Consultant
    - Underwriter
    - Financial Consultant
    - Appraiser
    - Trustee
  - Developer
    - Attorney
    - Special Tax Consultant

- CFD Formation
  - Bond Intention
    - Purpose
    - Amount of Authorized Debt
    - Schedule Hearing on Proposed Debt

### - Resolution of Intention-Formation

- Boundaries (Map)
- Financing purpose of CFD
- Calls Hearing
- Provides Notice
- Rate and Method-Special Tax
  - Vacant Parcel
  - Developed Property
  - Tax based on benefit, not on assessed valuation
  - Usually based on square footage

### - Public Hearing

- Minimum of 30 days after NOI
- Must be publicly noticed
- Brief facilities report Presented
- Protest by majority of voters can stop proceeding

- Following hearing
  - Resolution establishing CFD
  - Resolution stating necessity for CFD and bond amount
  - Call for special election

- CFD Election
  - Can take place right away if all electors agree
  - Landowner or Registered Voter Election
    - If less than 12 registered voters, landowners vote
    - 1 vote per acre
  - 2/3 Majority required for approval
  - Clerk of the Board certifies election results

## School Facility Mitigation Fees "Developer Fees"

- One-time fee paid prior to issuance of building permit
- Flat fee per square foot of new construction
- May only be used for projects that increase capacity to house students from new development

- Statutory School Fees (Level 1)
- Alternative Fees
  - Level II
  - Level III

## Statutory Fees

- Began in 1986
- Set by State Allocation Board in January of even-numbered years
- Reflects increases (or decreases) in construction index
- Commercial/Industrial Fees
- Residential Fees (Level 1)
- In order to increase fees, District must adopt a Fee Justification Study
- Fees go into effect 60 days after adoption
- Remains in effect until a new study is adopted

## Alternate Fees (Level II)

- Authorized by Prop 1A and SB 50 in November of 1998
- District must adopt a School Facilities Needs Analysis
- Formula driven
- Fees will vary from district to district
- Expires after one year

### Criteria to Collect Level II Fees

- District must have new construction eligibility in SFP Program
- Governing Board must make "timely application" to SAB for new construction funding
- Must meet two of four requirements
  - MTYRE Requirement
  - District has placed a local bond on the ballot in last four years and received at least 50% plus one vote
  - District meets bonded capacity requirements
  - At least 20% of the teaching stations are in relocatable classrooms

### Factors used to calculate Level II fee

- SFP New Construction Grants
- Student Generation Rate for homes built in the last five years
- A projection of the number of homes to be built in the next five years
- A projection of the square footage of homes to be built in the next five years
- Projected site acquisition costs
- Projected service site, offsite, and utility costs

## Level II calculation

- Level II Fees reduced by other local funds that are available
- May reduce the amount of available local funds by amount needed to house existing unhoused students
- Calculated to reach a per square foot value

## Level III Fee

- Charged when State is no longer allocating new construction grants
- Twice the Level II fee, plus any amount credited for existing local funds in the Level II calculation
- Developer may be refunded a portion of the difference upon passage of a new state bond
- Never been charged, probably never will

## Financial Hardship Funding

- State funds up to 100% of District Share
- Must have approved financial hardship status prior to submitting application for funding
- Status is valid for six months
- Restrictions on how you spend new monies

- Select your process early
- Get board approval
- Hard Bid
- CM General Contractor
- CM Multiple Prim
- Lease Lease-Back
- Design Build (\$10 million)

- Select consultants through a competitive qualifications process
- Ask around - check references
- Make sure you know what you're paying for
- Read your contract
- Legal Counsel assistance

- Progress Report and Audit
  - 18 months to successfully bid and award a project from the time the SAB funds your Application for Funding (Form SAB 50-04)
  - 18 months from the release of funds to show substantial progress on the project by demonstrating at least one of the following:
    - Complete 75% of Site Development work necessary to complete construction
    - Contract for 90% of the construction activities
    - Complete 50% of the construction activities

- Project must be complete or all contracts signed within 3 years for an elementary school and 4 years for a middle school or high school project from the date of the last project fund release.
- All change orders must be DSA approved prior to the district's final expenditure report being filed with OPSC.

Always submit your funding application to OPSC prior to occupying any facility in your new construction projects.

- Post-occupancy reviews may be performed in conjunction with the DSA and the CDE to verify the district performed the work as requested in the *Application for Funding* (Form SAB 50-04).
- For New Construction projects, the number of classrooms built will be compared to the number of classrooms requested on the Form SAB 50-04.

- For modernization projects, the architect's cost will be reviewed and compared to actual work done in the modernization of particular facilities.

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The Audit

### Verification of Certifications on Forms SAB 50-04 and 50-05

- Matching share was deposited
- Minimum amount deposited into the Routine Restricted Maintenance Account
- District followed Public Contract Code
- DVBE requirements
- District used Qualifications Appraisal standards (Government Code 4526)
- Labor Compliance Program
- Matching funds either expended, deposited or will be expended prior to NOC

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### Acknowledgements:

- Janet Dixon, Riverside Unified School District
- Margaret Brown, San Ramon Valley USD
- schooladvisors/HMC Architects

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In Tune, Informed & Involved:  
Inside California School Facilities

Questions?

