REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 26, 2015

SCHOOL DISTRICT DATA	
District: .....ALPAUGH UNIFIED	County:..... TULARE
Application Numbers: .....51/71803-00-001 and -002	School Name:..... ALPAUGH ELEMENTARY and ALPAUGH JUNIOR/SENIOR HIGH
Total District Enrollment: 629	Project Grade Level: K-12
Financial Hardship:..... YES	

PURPOSE OF REPORT

To present the Alpaugh Unified School District's (District) request to change the scope of two previously apportioned Facility Hardship projects that share the same set of Division of the State Architect (DSA)-approved plans.

DESCRIPTION

The District received apportionments for two Facility Hardship applications in July 2013, for replacement of a K-6 school and 7-12 school on the same site. The two applications utilized the same set of plans and the combined scope of the projects consisted of demolition of most of the existing facilities, and the construction of a new administration/K-12 classroom building, a gymnasium/multipurpose room, and a concession building, on the existing site. The District is requesting approval for a change of scope from multi-story to single-story construction for the classroom/administration building. The District is aware that a State Allocation Board (Board) approval of this change of scope would result in a reduction of funding, due to the removal of the supplemental grant for multi-story construction.

AUTHORITY

See Attachment A.

BACKGROUND

The District's site began exhibiting extreme structural deterioration during the early 2000s due to high alkalinity in the soil, causing water seepage through inadequate foundations in the buildings. The District received design apportionments for two Facility Hardship projects on the site in December 2010 and full apportionments in July 2013, and an amended apportionment for the Junior/Senior High project in June 2015. To date, the District has received a total of $18.9 million between the K-6th grade project (51/71803-00-001) and 7-12th grade project (51/71803-00-002). Based on SFP regulations, the 7-12 project was provided an additional grant for multi-story construction in the amount of $446,986 ($223,493 State share plus $223,493 Financial Hardship contribution) However, the K-6 project did not qualify for this additional grant.

The original scope of the project, as approved by the Board, consisted of the construction of a two-story building that contained administration, 24 K-12 classrooms, two science labs, two computer classrooms, and a library, as well as a separate gymnasium/multipurpose room, locker room, kitchen/snack bar, and a concession building. In February 2015 the District received DSA approval for a second set of plans for a scaled down one-story classroom/administration building in the footprint of where the two-story building had been. The one-story building contains 21 K-12 classrooms, one science lab, one computer lab, a resource room, a library, restrooms, and administration space. On March 16, 2015, the District submitted a *School District Appeal Request* (Form SAB 189) requesting the approval of a change of scope from multi-story to single-story construction "in order to stay within the Financial Hardship funding limits".

(Continued on Page Two)

BACKGROUND (cont.)

Previous Change of Project Scope Discussions

In a 2005 *Advisory Actions* newsletter, Staff provided general guidelines for scope changes. In December 2009 and February 2010, the Implementation Committee discussed scope changes at the request of the Board. The newsletter and discussions focused on new construction change of scope requests. The newsletter states that a change of scope in certain situations may be permitted if the following conditions are met:

- The California Department of Education (CDE) and DSA have approved the changes.
- The amended project meets the 60 percent commensurate requirement.
- The original intent/purpose of the project is maintained.

Prior Board Actions

Staff cannot administratively approve a change of scope that requires the approval of new DSA and CDE plans while allowing the District to retain the same apportionment date. This requires Board approval.
The Board has previously heard scope change requests for seven projects, as listed below:

APPEAL DATE	DISTRICT	REQUEST	FINANCIAL HARDSHIP	BOARD ACTION
8/22/07	Victor Valley Union High	Increase in gymnasium size- 10,000 sq ft bigger than the original plans	Yes	Approved
4/23/08	Victor Valley Union High	Change from modular to permanent construction for 12 classrooms	Yes	Approved
9/24/08	Gerber Union Elementary	Change from roof repair to roof replacement due to unforeseen damage	Yes	Approved
6/22/11	Butte County Office of Education	Addition of a Library that was not in the original plans	Yes	Not Approved
8/24/11	Fresno County Office of Education	Addition of solar panels, and removal of a swimming pool, from original plans	Yes	Approved
6/27/12	Bass Lake Joint Union Elementary	Change from building modernization to like-for-like replacement	No	Approved
4/15/15	Pathways to College Charter (Hesperia USD)	Change from permanent to modular construction (classrooms and facilities)	No	Approved

STAFF ANALYSIS/STATEMENTS

District's Position
In the Board-approved Facility Hardship projects, the District planned to construct a new multipurpose room/gymnasium, concession stand, and two-story classroom/administration building on the existing site. Per the Form SAB 189, the multi-story construction would allow for "adequate play space". The District qualified for Financial Hardship, with no means to provide matching funds for the project. The District states that "in order to stay within the Financial Hardship funding limits", they chose to reduce the scope and cost of the original project by re-designing the classroom/administration building to be single-story. The intent of the original design is preserved in the change from two-story to single-story construction, and the District states in the Form SAB 189 that it has already received DSA and CDE approval for the new building. The Form SAB 189 is included as Attachment B.

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (Cont.)

Staff Position

Staff has reviewed the District's request, and recommends approval of the change of scope. When reviewing change of scope requests, Staff reviews various issues to ensure that the project still meets the requirements of State funding, as described below:

Details of the Change of Scope

In February 2014, DSA approved a change order to the original plans that eliminated the two-story building in the project. On February 4, 2015, DSA approved a new set of plans for a single-story classroom building to replace the two-story building. While the total square footage of the one-story building is less than the original two-story building and contains fewer classrooms, Staff has confirmed that the original scope of the approved Facility Hardship projects has been maintained. The original design contained more square footage and classrooms that are part of a separate application for new construction funding, which is currently on the Applications Received Beyond Bond Authority List.

State Agency Approvals and Review Process

Another consideration with a scope change request is whether an application could have benefitted from a shorter CDE and DSA plan review time and an earlier apportionment. In this case, the District did *not* receive an advantage, since the original approvals would likely not have been approved earlier than the new single-story project.

Eligibility for Additional Grants and the 60 Percent Commensurate Requirement

Scope changes could affect whether or not a project qualifies for the same grants that were originally approved. It appears that the 7-12 project will no longer qualify for the multi-story grant. Therefore, upon Board approval, Staff recommends reducing the District's apportionment for application number 51/71803-00-002 by the amount of the multi-story grant previously provided, which totals $446,986 (State share plus Financial Hardship contribution) and making any other additional grant adjustments as a result of this scope change. The District has stated verbally that it can complete the project with the reduced grant amount, if this change in scope is approved by the Board.

Additionally, Staff must verify whether the project still meets the 60 percent commensurate requirement. The current estimated project construction cost on the Department of Industrial Relation's website is $13.2 million, which is 70 percent of the approved State plus local matching share amount of $18.9 million, however, the cost estimate will most likely change with that change of scope. Staff would verify that the project still meets the 60 percent commensurate requirement when the District submits an updated cost estimate for the project and updated *Application for Funding* (Form SAB 50-04), if this change of scope is approved by the Board.

No Project Savings

The District is eligible for Financial Hardship, and received a matching share for the State share of the projects' grants. There is no savings generated from Financial Hardship projects; savings must be used to reduce the financial hardship grant of that or a future project within the district, or remitted to the State. Additionally, applicants for Facility Hardship funds are ineligible to retain project savings, since the grant is limited to the minimum work required to complete the project. As a result, any project savings must be returned to the State.

(Continued on Page Four)

STAFF ANALYSIS/STATEMENTS (cont.)

Conclusion

Staff recommends approval of the District's change of scope request. Staff supports the District's request because the original intent of the project is maintained. No funding advantages will result if the change of scope request is approved, and the additional multi-story grant will be reduced from the District's apportionment. Approving the change of scope would allow the District to complete its project with no additional cost to the State.

Should the Board approve the District's request, Staff recommends including the following additional requirements in order to comply with statute and SFP Regulations and to encourage the timely completion of the scope change. These requirements are consistent with previous Board actions for change of scope requests:

- The District must provide the OPSC with the final DSA-approved plans and specifications for the revisions, an updated Form SAB 50-04, and an updated cost estimate for the projects.

- The District must provide progress updates to the OPSC regarding the change of scope every six months after the Board's approval, until the District submits the updated DSA-approved plans and specifications, and updated cost estimate.

- An amended item will be taken to a future Board for approval of an apportionment reduction of $446,986 ($223,493 State share plus $223,493 Financial Hardship contribution), for the multi-story grant amount that the District previously received on application number 51/71803-00-002, for which it is no longer eligible. The amended item will also include adjustments necessary for any other additional grants as a result of this scope change.

- This approval does not extend any applicable project deadlines in the SFP Regulations, such as substantial progress, expenditure reporting, or project completion.

BOARD OPTION

Pursuant to the *Rules and Procedures of the State Allocation Board,* "Staff is providing the following option for the Board's consideration. A positive vote by six members is required for the Board to take action that is an alternative to Staff's administrative action. Absent a positive vote by six members of the Board, Staff's administrative action will stand and the school district's appeal will be considered closed."

Grant the District's appeal.

(Continued on Page Five)

BOARD ACTION

In considering this Item, the Board approved the District's appeal request to change the scope of two previously apportioned Facility Hardship projects that share the same set of DSA-approved plans. The approval included the following additional requirements, which are consistent with previous Board actions for change of scope requests:

- The District must provide the OPSC with the final DSA-approved plans and specifications for the revisions, an updated Form SAB 50-04, and an updated cost estimate for the projects.
- The District must provide progress updates to the OPSC regarding the change of scope every six months after the Board's approval, until the District submits the updated DSA-approved plans and specifications, and updated cost estimate.
- An amended item will be taken to a future Board meeting for approval of an apportionment reduction of $446,986 ($223,493 State share plus $223,493 Financial Hardship contribution), for the multi-story grant amount that the District previously received on application number 51/71803-00-002, for which it is no longer eligible. The amended item will also include adjustments necessary for any other additional grants as a result of the scope change.
- The approval does not extend any applicable project deadlines in the SFP Regulations, such as substantial progress, expenditure reporting, or project completion.

ATTACHMENT A

AUTHORITY

Education Code (EC) Section 17070.50 states:

> The board shall not apportion funds to any school district, unless the applicant school district has certified to the board that the services of any architect, structural engineer, or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code and has obtained the written approval of the State Department of Education that the site selection, and the building plans and specifications, comply with the standards adopted by the department pursuant to subdivisions (b) and (c), respectively, of Section 17251.

EC Section 17074.16 states in part:

> (a) …Subject to the availability of funds, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, including, but not limited to, a project that complies with the Field Act by complying with Section 17280.5, and evidence that the certification by the school district that the required 40-percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund or will be expended by the district by the time of completion of the project, and evidence that the district has entered into a binding contract for the completion of that project…
>
> (b) This section shall apply only to an application that was filed after April 29, 2002.

The School Facility Program Regulation *Application for Funding* (Form SAB 50-04), Section 22 includes the following certification:

> 22. Architect of Record or Design Professional Certification
>
> I certify as the architect of record for the project or the appropriate design professional, that:
>
> - If the request is for a New Construction Grant, not including the ORG, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S including deferred items (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less any site acquisition costs and the High Performance Base Incentive Grant. This cost estimate does not include site acquisition, planning, tests, inspection, or furniture and equipment and is available at the district for review by the OPSC.

State of California
SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

SCHOOL DISTRICT	APPLICATION NUBMER
Alpaugh Unified School District	50/51803-00-002
SCHOOL NAME	COUNTY
Alpaugh Junior-Senior High School	Tulare
DISTRICT REPRESENTATIVE	E-MAIL ADDRESS
Dr. Robert Hudson	robh@alpaugh.k12.ca.us

Purpose of Request:

The Alpaugh Unified School District is requesting a scope change for the classroom wing to stay within Financial Hardship funding limits.

Basis of Request:

- [ ] Law (Statute) _____
- [ ] Regulation _____
- [x] Other (specify) _____

Description:

Background

The Alpaugh Unified School District (AUSD) Facility Hardship K-12 project was designed as a two-story structure to make best use of the site to allow for adequate playground space at this site.

AUSD qualifies as a Financial Hardship school district as it is a small school district with 307 ADA and has an assessed valuation of less than $5 million. The district has no means to provide local matching funds to construct the project. The replacement of the school qualifies as a Facility Hardship Project to replace the structurally unsafe classrooms; however, the funding provided is insufficient to construct the project as originally designed. In order to build the project within the current funding limitations, the district directed the architect to redesign the project as a single story facility.

AUSD received approvals from DSA and CDE for the amended scope of work. OPSC has been consulted throughout the process and has been instrumental in the positive outcome of this critical project. .

Request

The district requests a "change in scope" approval to complete the project as a single story facility in order to stay within Financial Hardship funding limits.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE	DATE
Robert M. Hudson	July 29, 2015

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 26, 2015

SCHOOL DISTRICT DATA	
School District: .....RIVERSIDE UNIFIED	County:.....RIVERSIDE
Application Number:.....51/67215-00-001	School Name: ..... HAWTHORNE ELEMENTARY
Total District Enrollment:..... 42,339	Project Grade Level: K-6
Financial Hardship: ..... NO	

PURPOSE OF REPORT

To present the District's request to allow a site exchange in lieu of the requirement of a prior Facility Hardship approval to sell an abandoned school site.

DESCRIPTION

On August 24, 2005, the State Allocation Board (Board) granted a Facility Hardship conceptual approval for the abandonment and replacement of Hawthorne Elementary School. The conceptual approval included the requirement for the District to sell the abandoned site and apply 50 percent of the proceeds toward the project. The District proceeded with the project, received a funding apportionment at the March 28, 2007 Board meeting, and occupied the replacement school in 2008. However, the District has not yet sold the abandoned site.

The District is requesting approval to satisfy the conditions of the project by remitting 50 percent of the appraised value of the site in lieu of selling it. The District is proposing this alternative so that it can then exchange the abandoned site for another property located within the District currently owned by another party.

AUTHORITY

EC Section 17075.10(a) states, "A school district may apply for hardship assistance in cases of extraordinary circumstances. Extraordinary circumstances may include, but are not limited to, the need to repair, reconstruct, or replace the most vulnerable school facilities that are a Category 2 building, as defined in the report submitted pursuant to Section 17317, determined by the department to pose an unacceptable risk of injury to its occupants in the event of a seismic event."

School Facility Program (SFP) Regulation Section 1859.82(a) states, "A district is eligible for facility hardship funding to replace or construct new classrooms and related facilities if the district demonstrates there is an unmet need for pupil housing or the condition of the facilities, or the lack of facilities, is a threat to the health and safety of the pupils….Any grants provided pursuant to either (1) or (2) above will be reduced for…fifty percent of the net proceeds available from the disposition of any displaced facilities."

SFP Regulation Section 1859.74 (a) states, "The actual site cost of the site shall be the purchase price as shown on the escrow documents or other appropriate documents such as court orders in condemnation or as specifically identified in agreements when the site is transferred in lieu of other legally required payments or fees due to the district."

BACKGROUND

In August 2005, the Board granted a conceptual approval for the abandonment and replacement of Hawthorne Elementary School due to multiple health and safety concerns associated with an adjacent railway, major freeway, and electrical substation. The conceptual approval (Attachment A) included a requirement that the District sell the abandoned site and apply 50 percent of the proceeds toward the project.

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BACKGROUND (cont.)

The Board granted an apportionment on March 28, 2007 (Attachment B), and the District occupied the replacement school in January 2008. However, the District has not met the requirement to sell the abandoned property, and still owns the abandoned site. The District states that the site has not been sold because real estate market conditions were not favorable for years, and now a potential site exchange appears to be a better investment. The District states the site has been used for storage and other non-instructional use as needed since being abandoned. On May 14, 2015, the District submitted a *School District Appeal Request* (Form SAB 189) (Attachment C) requesting the option of a site exchange in lieu of selling the abandoned property.

STAFF ANALYSIS/STATEMENTS

District Position

The 2005 conceptual approval included a requirement that the District sell the abandoned site and apply 50 percent of the proceeds toward the State's share of the replacement project grant. However, the District has stated that it is interested in exchanging the abandoned site for another property within District boundaries and adjacent to an existing high school.

The District has provided a scenario in which the old Hawthorne Elementary School site would be exchanged for a privately owned property that is adjacent to Riverside Polytechnic High School. The March 2015 appraised value of the former Hawthorne Elementary site is approximately $1,085,000 for 6.74 acres. An October 2014 appraisal finds the property adjacent to Riverside Polytechnic High to be valued between $2.25 and $2.75 million for 10.04 acres. Therefore, the District would contribute the abandoned Hawthorne site plus cash in exchange for the property adjacent to Riverside Polytechnic High.

In lieu of selling the abandoned site and returning 50 percent of the proceeds to the State, the District is requesting to exchange the site and return to the State 50 percent of the current appraised value of the abandoned site.

The District has stated on its Form SAB 189 and email correspondence that its interest in the acquired property is investment, with possible future school use.

Staff Position

It does not appear that the Facility Hardship regulations contemplated the possibility of a site exchange; therefore, the regulations neither prohibit nor specifically allow the exchange of a site abandoned under Facility Hardship. SFP Regulation Section 1859.82(a) simply states that the Facility Hardship grant will be reduced by "fifty percent of the net proceeds available from the disposition of any displaced facilities," which does not specify that the abandoned site must be sold.

The proposed site exchange option would provide the District an alternate means of satisfying its obligation to the State for the Facility Hardship project. With the District's proposal, the Board would receive $542,500 in cash, which represents 50 percent of the abandoned site's current appraised value. The remittance could be used to fund projects on the Unfunded List (Lack of AB 55 Loans).

Past Practice

Only one school district has previously requested a site exchange in lieu of site sale for a Facility Hardship abandonment and replacement project. Fairfield-Suisun Unified School District (FSUSD) received a conceptual approval in 2001 for the abandonment and replacement of its Green Valley Middle School, which included a requirement to sell the abandoned site and apply 50 percent of the proceeds toward the project.

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STAFF ANALYSIS/STATEMENTS (cont.)

In March 2012, the Board approved the FSUSD's request to exchange the abandoned site for property adjacent to an existing school site within FSUSD. In addition, the approval included requirements that 1) the site exchange must occur within 12 months and 2) if the site exchange does not occur within 12 months, the FSUSD must immediately sell the abandoned site and remit 50 percent of the proceeds to the Board.

Current Site Exchange Option
Although the District's Form SAB 189 does not specify a timeline for completion of the site exchange, the District has indicated by email that it would proceed immediately upon Board approval of the appeal request. The District occupied the new site approximately seven years ago. Therefore, if the Board chooses to approve the District's request, Staff proposes the following provisions that would be consistent with the Board's prior action for a similar request:

The District shall meet the following requirements:

a. Site Exchange - The District may exchange the former Hawthorne Elementary School site for other property located within the District that is suitable for school purposes, if requirements 1 through 3 below are met:
   1. The exchange must occur within 12 months of the Board's approval of the request.
   2. To determine the value of the former Hawthorne Elementary School site and the new site, the District shall procure appraisals or updated appraisals for both sites within six (6) months of the Board's approval of this option.
   3. If the value of the newly acquired property is less than the appraised value of the former Hawthorne Elementary School site, the District shall remit to the Board at the close of escrow of the exchange, 50 percent of any monetary contribution received by the District in the exchange.
b. Compensation Requirement – If the District completes the site exchange according to (a), in lieu of applying "sale proceeds toward the project" as previously required, the District must remit of 50 percent of the appraised value of the former Hawthorne Elementary School site determined in (2) (less any amount already remitted to the Board) within 90 days. The cash payment shall not exceed the State share of the Facility Hardship project. The District may request site acquisition funding for the acquired property at any time in the future, provided it meets the requirements and regulations in place at the time of application.
c. Site Sale – If the District does not complete a site exchange within 12 months according to (a), it must immediately sell the former Hawthorne Elementary School site and remit 50 percent of the proceeds to the Board, pursuant to SFP Regulation Section 1859.82(a).
d. Progress Updates – The District shall provide updates to Staff every six (6) months until the site is sold or the District remits compensation to the Board for the Hawthorne Elementary School site.
e. Governing Board Resolution – Within 90 days of the Board's approval of a site exchange, the District shall submit a resolution from the District's governing board that acknowledges these requirements.

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STAFF ANALYSIS/STATEMENTS (cont.)

Conclusion

The Board required the District to sell the abandoned site. However, the Board may wish to consider the current circumstances regarding the abandoned site and take a new action to address the District's request to exchange the abandoned Hawthorne Elementary School site. Under the above provisions, whether the site is sold or exchanged, the Board is compensated for its share of the funding for the replacement school with a cash payment from the District, which could be used to fund another Board-approved project. The District has stated that it has cash available to make the repayment should the Board approve its request. In addition, requiring the exchange to take place within 12 months and requiring the District to remit 50 percent of the site proceeds from the disposal of the site would be consistent with regulations and past practice.

Staff is unable to take administrative action on the District's request. Therefore, Staff is seeking Board direction.

BOARD OPTION

Pursuant to the *Rules and Procedures of the State Allocation Board,* "Staff is providing the following option for the Board's consideration. A positive vote by six members is required for the Board to take action that is an alternative to Staff's administrative action. Absent a positive vote by six members of the Board, Staff's administrative action will stand and the school district's appeal will be considered closed."

Grant the District's appeal.

BOARD ACTION

In considering this Item, the Board approved the District's appeal request to allow a site exchange in lieu of the requirement of a prior Facility Hardship approval to sell an abandoned school site. The approval included the following additional requirements, which is consistent with the Board's prior action for a similar request:

a. Site Exchange – The District may exchange the former Hawthorne Elementary School site for other property located within the District that is suitable for school purposes, if requirements 1 through 3 below are met:
   1. The exchange must occur within 12 months of the Board's approval of the request.
   2. To determine the value of the former Hawthorne Elementary School site and the new site, the District shall procure appraisals or updated appraisals for both sites within six (6) months of the Board's approval of this option.
   3. If the value of the newly acquired property is less than the appraised value of the former Hawthorne Elementary School site, the District shall remit to the Board at the close of escrow of the exchange, 50 percent of any monetary contribution received by the District in the exchange.
b. Compensation Requirement – If the District completes the site exchange according to (a), in lieu of applying "sale proceeds towards the project" as previously required, the District must remit of 50 percent of the appraisal value of the former Hawthorne Elementary School site determined in (2) (less any amount already remitted to the Board) within 90 days. The cash payment shall not exceed the State share of the Facility Hardship project. The District may request site acquisition funding for the acquired property at any time in the future, provided it meets the requirements and regulations in place at the time of application.
c. Site Sale – If the District does not complete a site exchange within 12 months according to (a), it must immediately sell the former Hawthorne Elementary School site and remit 50 percent of the proceeds to the Board, pursuant to SFP Regulation Section 1859.82(a).
d. Progress Updates – The District shall provide updates to staff every six (6) months until the site is sold or the District remits compensation to the Board for the Hawthorne Elementary School site.
e. Governing Board Resolution – Within 90 days of the Board's approval of a site exchange, the District shall submit a resolution from the District's governing board that acknowledges these requirements.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 24, 2005

SCHOOL DISTRICT DATA

School District:.....RIVERSIDE UNIFIED County:.....RIVERSIDE
Application Number:.....51/67215-00-01 School Name:.....HAWTHORNE ELEMENTARY
Total District Enrollment:.....42,012 Project Grade Level:.....K-5
District Baseline Eligibility:.....K-6, -5,336, 7-8, 2,179, 9-12, 4,982; Non-Severe, 588; Severe, 274
Financial Hardship:.....NO

PURPOSE OF REPORT

To present the District's request for conceptual approval of replacement facilities pursuant to the School Facility Program (SFP) Facility Hardship Regulations.

DESCRIPTION

The Riverside Unified School District is requesting abandonment and replacement of its Hawthorne Elementary School due to multiple health and safety concerns associated with an adjacent railway, major freeway and electrical substation. In 1923 a small school was first sited on the property, adjacent to a single railroad track of relatively low activity. Today, the site is hemmed in by major transportation and industrial activity. The railroad operates multiple tracks with an extremely high volume of passenger and freight trains near playgrounds and classroom buildings. The Riverside (91) Freeway runs parallel to the school within approximately 250 feet and a 66kv electrical substation is sited within approximately 130 feet of the school playground.

The 622-pupil K-6 school, located on an undersized seven-acre site, is comprised of permanent facilities constructed in the early to mid-1960's with portables added over time. In 2004, before proceeding with modernization work, the District commissioned a technical report by a professional environmental research firm. The report presents an analysis of the site in comparison to the California Department of Education (CDE) safety standards and has identified a number of health, safety and educational concerns. The CDE and the Public Utilities Commission (PUC) have reviewed the report and concur with relocation of the school. The following issues are of greatest concern:

- Three tracks support freight and passenger train activity within approximately 50 feet of playgrounds and 75 feet of the nearest occupied building. The rear boundary of this elongated site runs immediately parallel to the railway.
- In excess of 60 trains operate daily. Freight trains run up to nearly 8,000 feet in length.
- A projected hazard zone of 110 feet, based on a 2003 rail accident in the City of Commerce, could impact playfields and a substantial number of occupied buildings, both permanent and portable. A fourth track is planned to be sited even closer to the school with a proportionate increase in overall train volume.
- There is a potential for a hazardous materials release.
- The school is in close proximity of the 66kv Freeman Substation.
- Air quality at the school is below State established air quality standards due to emissions from railroad and highway traffic. The school consistently experiences pollutant concentrations at levels which contribute to carcinogenic risk, a known pre-cursor to lung cancer.
- Two particularly disruptive conditions are railway vibrations experienced in adjacent classrooms and the approximately 120 horn blasts that occur daily due to the two railroad crossings very near the school property.

The District has secured a 10-acre replacement site for $1 million, located within one mile of the existing school and free from industrial hazards. Replacement facilities are estimated at approximately $5.5 million. The existing site has a current market value of approximately $4.5 million.

SPECIAL
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AUTHORITY

The SFP provides for facility hardship grant funding for replacement of classrooms and related facilities if a district demonstrates that the condition of the facilities is a threat to the health and safety of the pupils, per Regulation Section 1859.82(a). When replacement facilities are requested a cost/benefit analysis must be prepared by the district and submitted to the Office of Public School Construction (OPSC). The analysis must indicate that the total cost required to mitigate the existing problems is at least 50 percent of the current replacement cost of the facilities.

STAFF COMMENTS

The OPSC conducted a site visit in June 2005 and completed its analysis of documentation submitted by the District to determine whether health and safety issues exist that would justify abandonment and replacement of the school.

A detailed report has been prepared by an environmental firm which concludes that the District must relocate the school "to a location away from railroad tracks, major transportation routes, major powerlines and other major hazards to ensure the safety of the school children..." Particularly disturbing is the level of destruction that a derailment can cause, as demonstrated by a railroad accident in the City of Commerce. Railroad cars up to 85 feet long impacted an area extending 110 feet into property adjacent to the tracks. If such a derailment were to occur on the tracks near Hawthorne Elementary School, the 110 foot hazard zone would directly impact playgrounds and up to nine permanent and portable classroom buildings.

The PUC, which has safety oversight of rail operations and highway-rail crossings in the State, states that "plans to expand the Hawthorne Elementary School are not justified due to the negative safety impact associated with railroad operations that students and faculty will be exposed to. Commission staff strongly agrees with the report recommendations to relocate the school to a location away from the potential hazards associated with the rail operations." In a letter of concurrence by the CDE, the CDE states that "student safety would be improved and a better learning environment created by relocating the school further away from these identified hazards."

The railroad pre-existed the school, the easement being established in 1847, and attempts to seek mitigation assistance by the railroad were in vain. Mitigation alternatives investigated by the District proved inadequate to protect students and staff, such as a concrete block wall, a safety berm and a safety berm combined with a sound wall. According to the report, which cites an August 2004 "Railroad Accident and Hazardous Materials Release Probability Assessment" report, none of these alternatives are acceptable as they would not completely ensure the protection of students and could, in the event of a train derailment, actually increase the danger by adding flying debris. Any of these measures would contain the added caveat of significantly reducing site usage on the already undersized school site.

Air quality is a serious problem for this school that is caught in the narrow confines between the Riverside (91) Freeway and the Burlington North Santa Fe Railway/Amtrak-Metrolink rail lines. Although it was determined that air quality in permanent buildings could be brought within acceptable standards, at an estimated cost of $2.5 million, this mitigation measure does not address portable buildings and outdoor air quality issues for which there does not appear to be a remedy. Yet another concern is the close proximity of the 66kv Freeman Electrical Substation, only 130 feet from the school playground.

Staff agrees that mitigation measures fail to adequately protect students, that there is a preponderance of evidence that safety hazards exist that present a significant threat to students, and the site is educationally inadequate.

(Continued on Page Three)

RECOMMENDATIONS

1. Find that a significant number of health and safety issues exist at the school site, and that these issues combined with the educational inadequacy of the site in general warrant abandonment and replacement of the school pursuant to the SFP Regulation Section 1859.82(a).
2. Provide that the potential grant amount for the facility hardship replacement facilities will be based on the lesser of the school capacity or the 2004/2005 California Basic Educational Data System enrollment at the existing site, but not to exceed 622 pupils, subject to the OPSC verification of the complete funding application and construction plans and site acquisition approvals and documentation.
3. Provide that the District must file a complete SFP new construction funding application for the replacement facilities within 24 months of this approval.
4. Require the District sell the existing site, including all buildings, at fair market value and apply 50 percent of the proceeds toward the project in accordance with the SFP Regulation Section 1859.82(a).
5. Provide that the District is required to submit an acceptable progress report on the sale of the abandoned site upon Board approval of the funding application and every six months thereafter until the site is sold.
6. Provide that the State portion of any and all project savings realized from the funding of a facility hardship project must be returned to the State.
7. Provide that previously established modernization eligibility at this site be reduced to zero, upon this project receiving actual facility hardship funding.
8. Provide that this conceptual approval does not constitute a commitment for future funding by the State Allocation Board. Any possible funding would be subject to all governing laws and regulations, and the availability of funds at that time.

This Item was approved by the State Allocation Board on August 24, 2005.

SPECIAL
000183

SAB Meeting: March 28, 2007

New Construction - Adjusted Grant Approval

SCHOOL DISTRICT DATA

Application No:	51/67215-00-001	County:	Riverside
School District:	Riverside Unified	School Name:	Hawthorne Elementary

PROJECT DATA

Type of Project:	Elementary School
K-6:	552
7-8:	
9-12:	
Non-Severe:	52
Severe:	18
Application Filing Basis:	District Wide
Number of Classrooms in This Project:	28
Master Acres:	14.4
Existing Acres:	
Proposed Acres:	8.32
Recommended Acres:	14.4
Facility Hardship (a):	Yes
Financial Hardship Requested:	No
Alternative Education School:	No
Addition to Existing Site:	No
Core Facilities:	Multi-Purpose/Kitchen, Library/Media Center, Administration, Toilet

ADJUSTED GRANT DATA

New Construction Grant		$	5,730,840.00
Fire Detection Alarm			9,179.00
Sprinkler System			107,441.00
Labor Compliance			39,996.00
SDC Therapy Toilet	295 Sq. Ft.		73,160.00
SDC Therapy Other	1012 Sq. Ft.		136,620.00
Site Acquisition			527,205.00
Service Site			744,114.00
Off-Site			132,122.00
Utilities			40,896.00
General Site			479,249.00
Total State Share (50%)			8,020,822.00
District Share (50%)			8,020,822.00
Total Project Cost		$	16,041,644.00

PROJECT FINANCING

State Share		
This Project	$	8,020,822.00
District Share		
Cash Contribution		8,020,822.00
Financial Hardship		
Total Project Cost	$	16,041,644.00

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share				
New Construction/Add. Grant	055-500	$	$ 8,020,822.00	$ 8,020,822.00
District Share				
Cash Contribution			8,020,822.00	
Total		$	$ 16,041,644.00	$ 8,020,822.00

Funding Source: Bonds/2004-March.

Pursuant to Article 10, Section 1859.90, the District is required to submit a complete Fund Release Authorization (Form SAB 50-05) within 18 months; otherwise, the apportionment will be rescinded.

Provide that the State portion of any and all project savings realized from the funding of a facility hardship project must be returned to the State.

CONSENT

000071

STATE ALLOCATION BOARD
APPROVAL ❖ ❖ ❖ MARCH 28, 2007

STATE OF CALIFORNIA
SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

SCHOOL DISTRICT Riverside Unified School District	APPLICATION NUMBER 51/67215-00-01
SCHOOL NAME Hawthorne Elementary	COUNTY Riverside
DISTRICT REPRESENTATIVE Hayley Calhoun	E-MAIL ADDRESS hcalhoun@rusd.k12.ca.us

Purpose of Request:

Riverside Unified is requesting an amendment to recommendations made August 24, 2005 regarding the replacement facilities pursuant to the School Facilitiy Program (SFP) Facility Hardship Regulations for Hawthorne Elementary School. The District is requesting to exchange a site exchange in lieu of the requirement to sell an abandoned school site. In consideration of this amendment, the District woud return 50 percent of the current appraised value of the adandoned site to the State to fulfil the requirement to ©apply 50 percent of the proceeds toward the project.."

Basis of Request:

- ☐ Law (Statute) _____
- ☒ Regulation SFP Regulatoin Section 1859.82(a)
- ☐ Other (specify) _____

Description:

On August 24, 2005, the SAB approved the replacement of facilities of Hawthorne Elementary school due to multiple health and safety concerns associated with an adjacent railway, major freeway and electrical substation. The District secured a 10 acre site for $1 million, located within one mile of the existing school and free from industrial hazards. In June 2005, OPSC conducted a site visit. A detailed report was prepared by an environmental firm which concluded that the District must relocate the school "to a location away from railroad tracks, major transporation routes, major powerlines and other major hazards to ensure the safety of school children..."

Among the recommendations were the following:
4. Require the District to sell the exisitng site, including all buildings, at fair market value and apply 50 percent of the proceeds toward the project in accordance with the SFP Regulation Section 1859.82(a)

The District has complied with all recommendations less the sale of the adandoned property. At the time of abandonment, the depressed real estate market values were not favorable for sale and would not provide any benefit to the District or the State.

At this time, the market has begun to recover and the appraised value for the property based on the most recent appraisal completed April 10, 2015 by Mission Property Advisors is $1,085,000.

The District is intersted in utilizing the adandoned site in exchange for another piece of property within the RUSD boundaries adjacent to an exisitng RUSD high school. The Districts interest in the new property is investment with possible future school use.

The District is requesting to exchange the abandoned Hawthorne site property in replace of sale. It does not appear that the Facility Hardship regulations contemplate the possibility of a site exchange, therefore, the regulations neither prohibit nor specifically allow the exchange of a site abandonded under Facility Hardship. SFP Regulation Section 1859.82(a) states that the Facility Hardship grant will be reduced by "fifty percent of the net proceeds available from the disposition of any displaced facilities" This regulation ensures that school districts do not receive a benefit for abandoning a school site. The replacement site was completed and occupied in January 2008.

District Request
In lieu of selling the site and returning 50% of the proceeds to the State, the District is requesting to exchange the site and return 50% of the current appraised value to the State currently valued at $1,085,000 of which 50% would be returned to the state in the amount of $542,500.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE Hayley L. Calhoun	DATE 1 May 7, 2015

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