Resolution: 2016-12-07

State of California
State Allocation Board
School Facility Program

This Resolution of the State Allocation Board (hereafter referred to as the "Board") is applicable to the appropriate sections of the Education Code and is described and filed in the office of the Executive Officer and will be made available to all interested parties as the Resolution pertains to the documents attached hereto. Said documents were acted upon by the Board at its meeting on December 5, 2016.

WHEREAS, the Board has previously approved or determined to be approvable a number of projects for construction or modernization eligibility of facilities for school districts and is making apportionments and/or unfunded approvals for the grant amounts for projects that meet the Board's criteria for the apportionment of grants pursuant to Education Code Sections 17072.10, 17078.52, 17078.70, 17079 or 17074.10 or Board Regulations 1859.81.1 or 1859.83;

WHEREAS, Treasury Regulations Section 1.150-2 require the State (on whose behalf the Board is acting) to declare its reasonable intent to provide grant funding to school districts, in accordance with Board policy and law, for costs of the projects with proceeds of State bonds;

NOW THEREFORE, BE IT RESOLVED:

1. This Resolution is adopted by the Board for the purposes of establishing compliance with Treasury Regulations Section 1.150-2, and this Resolution does not bind the Board to make any additional apportionment, or bind the State to incur any indebtedness.

2. The Board anticipates that some or all of the school districts listed on the list of "Projects" referred to in this Resolution will pay certain capital expenditures in connection with some or all of the project costs prior to the issuance of bonds by the State to pay for the grants for the projects. The reimbursement of such costs is consistent with the State's budgetary and financial circumstances, and in accordance with Board policy, as no other funds or accounts of the State have been budgeted or are available to pay the costs of the projects on either a short-term or a long-term basis.

3. The Board, acting on behalf of the State, hereby declares that it is the State's official intent to use proceeds of general obligation bonds that may become available for such purpose, consistent with the requirements of law that are in effect at the time the funds are available, to provide grants in accordance with applicable laws and regulations.

4. This Resolution shall be continuously available for inspection by the general public during normal business hours at the offices of the Board at 707 3rd Street, West Sacramento, California, commencing within one week after the date of enactment of this Resolution.

5. Any eligibility determination does not constitute a commitment of future funding by the Board.

I, the undersigned, duly authorized as the Executive Officer of the State Allocation Board, do hereby certify the foregoing to be true and correct, and that this Resolution was adopted at a meeting of said Board on December 5, 2016 at Sacramento, California.

Lisa Silverman
Executive Officer
State Allocation Board

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL FACILITY PROGRAM UNFUNDED APPROVALS
(Lack of AB 55 Loans)

PURPOSE OF REPORT

To present to the State Allocation Board (Board) a list of School Facility Program (SFP) applications for unfunded approval.

DESCRIPTION

At the February 2016 Board meeting, the Board elected to provide an increase adjustment of 2.79 percent to SFP projects for calendar year 2016. The projects listed on the Attachment reflect the Board's action of the adoption of the 2.79 percent increase based on the corrected RS Means Construction Cost Index. In addition, the project applications represent SFP New Construction, Modernization, Charter School, and Overcrowded Relief Grant projects in date order of a complete application being received by the Office of Public School Construction (OPSC).

AUTHORITY

SFP Regulation Section 1859.2 defines an Unfunded List (Lack of AB 55 Loans) as an information list of unfunded projects that was created due to the State's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans) to fund school construction projects as declared in the Department of Finance Budget Letter #33 issued on December 18, 2008.

SFP Regulation Section 1859.95 states:

"When the Board has no funds to apportion …, the Board will also accept and process applications for apportionment for purposes of developing an Unfunded List based on the date the application is ready for Apportionment, with the exception of New Construction funding applications that utilize eligibility generated by the Alternative Enrollment Projection.

An application for funding included on an Unfunded List is eligible for reimbursement subject to adjustments in the New Construction Grants amount pursuant to Section 1859.77."

BACKGROUND

At its March 11, 2009 meeting, the Board requested that Staff continue to process applications to the Board for unfunded approval, up to the bonding authority. The Attachment reflects applications being presented for unfunded approval, including SFP modernization and new construction projects in date order of a complete application being received by the OPSC. The list also includes health and safety facility hardship applications for funding that have been processed and are ready for approval regardless of received date. The unfunded approval of the applications as reflected on the Attachment does not constitute a guarantee of future funding.

RECOMMENDATIONS

1. Approve the SFP applications as presented on the Attachment.

2. Provide that these unfunded approvals do not constitute a guarantee of future funding.

ATTACHMENT
UNFUNDED APPROVALS
(Lack of AB 55 Loans)
State Allocation Board Meeting, December 5, 2016

County	District	School Site	Application Number	Received Date	Grant Amount
ORANGE	SANTA ANA UNIFIED	EL SOL SANTA ANA SCIENCE AND ARTS ACADEMY	54/66670-00-004	9/28/2016	$22,542,377.40
BUTTE	CHICO UNIFIED	NORD COUNTRY	54/61424-00-004	10/3/2016	$325,690.00
				Charter	$22,868,067.40
				Total:	$22,868,067.40

SCHOOL DISTRICT DATA

Application No	54/66670-00-004	**County**	Orange
School District	Santa Ana Unified	**Charter School**	El Sol Santa Ana Science And Arts Academy
		School Name	El Sol Santa Ana Science And Arts Academy

PROJECT DATA

Type of Project:		Middle School
Pupils Assigned	**K-6:**	364
	7-8:	189
	9-12:	
	Non-Severe:	26
	Severe:	
Application Filing Basis:		Charter
Number of Classrooms:		27
Master Plan Acres:		21.4
Existing Acres:		2.37
Proposed Acres:		
Recommended Acres:		18.8

PRELIMINARY GRANT DATA

CSFP New Construction Grant		$	6,516,043.00
Fire Alarm			8,543.00
Automatic Sprinkler			114,688.00
Multi-Level Constr.	**26 CRs.**		781,925.00
Site Acquisition			750.00
Service-Site			358,796.00
Off-Site			79,553.00
Utilities			112,180.00
Urban/Security/Impacted Site			4,578,719.00
Subtotal			12,551,197.00
Total State Project Share (50%)			12,551,197.00
CSFA Lease-Payment Amount			12,551,197.00
Charter School Cash Contribution			0.00
Total Project Cost		$	**25,102,394.00**

PROJECT FINANCING

State Share		
This Project	$	12,551,197.00
Charter School Share		
CSFA Lease Amount		12,551,197.00
Cash Contribution		
Total Project Cost	$	**25,102,394.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Preliminary Apportionment	Preliminary Apportionment This Action	Authorized This Action	Unfunded Approval This Action
State Share						
Charter School Grant	**947-510**	**47**	$ 1,976,843.00	$ (1,976,843.00)	$ 1,976,843.00	$ 1,976,843.00
Charter School Grant	**955-540**	**55**	6,585,354.20	(6,585,354.20)	6,585,318.20	6,585,318.20
Charter School Grant	**957-540**	**1D**	2,957,877.50	(2,957,877.50)	2,709,027.50	2,709,027.50
Charter School Grant	**055-540**	**55**	1,280,008.30	(1,280,008.30)	1,280,008.30	
Charter School Share						
CSFA Lease Amount	**947-510**	**47**	1,976,843.00	(1,976,843.00)	1,976,843.00	1,976,843.00
CSFA Lease Amount	**955-540**	**55**	6,585,354.20	(6,585,354.20)	6,585,318.20	6,585,318.20
CSFA Lease Amount	**957-540**	**1D**	2,957,877.50	(2,957,877.50)	2,709,027.50	2,709,027.50
CSFA Lease Amount	**055-540**	**55**	1,280,008.30	(1,280,008.30)	1,280,008.30	
Cash Contribution						
Total Project Cost			$ **25,600,166.00**	$ **(25,600,166.00)**	$ **25,102,394.00**	$ **22,542,377.40**

Funding Sources: Proposition 47 Bonds/2002-Nov.; Proposition 55 Bonds/2004-Mar.; Proposition 1D Bonds/2006-Nov.

Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List.
This approval does not constitute a guarantee or commitment of future State funding.

Senate Bill 854, Chapter 28, Statutes of 2014 repealed Labor Code (LC) Section 1771.3 which required school districts and charter schools to provide payment to Department of Industrial Relations (DIR) for prevailing wage monitoring. As a result, school districts and charter schools 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 and charter schools are still required to notify DIR within five days of initial contract award pursuant to LC Section 1773.3(a)(1).

The Applicant shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

The Applicant previously received $2,560,016.60 for advance design costs.

SAB Meeting: **December 5, 2016**

Charter School Facilities Program
New Construction Adjusted Grant

SCHOOL DISTRICT DATA

Application No	54/61424-00-004	**County**	Butte
School District	Chico Unified	**Charter School**	Nord Country
		School Name	Nord Country

PROJECT DATA

Type of Project:		Elementary School
Pupils Assigned	**K-6:**	20
	7-8:	
	9-12:	
	Non-Severe:	
	Severe:	
Application Filing Basis:		Charter
Number of Classrooms in This Project:		2
Master Plan Acres:		
Existing Acres:		5
Proposed Acres:		
Recommended Acres:		6.8

ADJUSTED GRANT DATA

Charter School Base Grant	$	212,680.00
Total State Project Share (50%)		212,680.00
CSFA Lease-Payment Amount		212,680.00
Charter School Cash Contribution		0.00
Total Project Cost	$	**425,360.00**

PROJECT FINANCING

State Share		
This Project	$	212,680.00
Charter School Share		
CSFA Lease Amount		212,680.00
Cash Contribution		
Total Project Cost	$	**425,360.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Preliminary Apportionment	Preliminary Apportionment This Action	Authorized This Action	Unfunded Approval This Action
State Share						
Charter School Grant	**957-540**	**1D**	$ 448,515.00	$ (448,515.00)	$ 162,845.00	$ 162,845.00
Charter School Grant	**057-540**		49,835.00	(49,835.00)	49,835.00	
Charter School Share						
CSFA Lease Amount	**957-540**	**1D**	448,515.00	(448,515.00)	162,845.00	162,845.00
CSFA Lease Amount	**057-540**		49,835.00	(49,835.00)	49,835.00	
Cash Contribution						
Total Project Cost			$ **996,700.00**	$ **(996,700.00)**	$ **425,360.00**	$ **325,690.00***

Funding Source: Proposition 1D Bonds/2006-Nov.

Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List. This approval does not constitute a guarantee or commitment of future State funding.

Senate Bill 854, Chapter 28, Statutes of 2014 repealed Labor Code (LC) Section 1771.3 which required school districts and charter schools to provide payment to Department of Industrial Relations (DIR) for prevailing wage monitoring. As a result, school districts and charter schools 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 and charter schools are still required to notify DIR within five days of initial contract award pursuant to LC Section 1773.3(a)(1).

The Applicant shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

*The Applicant previously received $99,670.00 for advance design costs.

Due to the requirement that the executed construction contract equals 60 percent or more for the total funding provided by the State, less any funds provided for site acquisition, this project's funding is capped at the total project amount of $425,360. The Applicant has chosen to reduce its pupil grant request to 20 pupils to reach the eligible total project cost.

The Applicant has elected to reduce their funding. The project will not be eligible for an increase at a later date as Board approval constitutes the State's full and final contribution to the project.

THE SCOTIA UNION ELEMENTARY SCHOOL DISTRICT/
HUMBOLDT COUNTY ITEM

58/63024-00-005

HAS BEEN WITHDRAWN

SCHOOL DISTRICT DATA

Application Number:……..50/10199-00-039
School District:……Los Angeles County Office of Education
County:…….....Los Angeles
School Name:……..…….……Jonas Salk
Financial Hardship……Yes
Date of Financial Hardship Status:.....May 16, 2007
Qualifying Financial Hardship Criteria: SFP Regulation 1859.81(c)(3)

PURPOSE OF REPORT

To recommend accounting revisions to close out a completed project.

DESCRIPTION

A review of expenditures reported by the District has been made and the revisions indicated are necessary to close out this completed project. This is a Financial Hardship project and has savings in the amount of $488,100. SFP Regulation Section 1859.103 states that "the State's portion of any savings declared by the district or determined by the OPSC by audit must be used to reduce the SFP financial hardship grant of that project … any interest earned on a financial hardship project not expended on eligible project expenditures will be treated as savings and will be used to reduce the SFP financial hardship grant for that project." Further, the District was overfunded for Department of Toxic Substances Control (DTSC) costs in the amount of $744. Per SFP Regulation Section 1859.106(a) an adjustment must be made to the site grant between the value used to determine the grant and the actual amount paid for the DTSC costs. The District has concurred with the findings and agrees to return the State funds in the amount of $488,844.

Detail of Final Cost & Financing

Budget Item	Currently Approved	Required Change	Revised Approval
SFP New Construction	$ 2,239,838	$ (244,422)	$ 1,995,416
SFP Site Acquisition	1,884,000	0	1,884,000
SFP Site Other	78,000	0	78,000
SFP Service Site	88,045	0	88,045
SFP General Site	156,556	0	156,556
SFP Off-Site	2,859	0	2,859
SFP Utilities	11,778	0	11,778
SFP Financial Hardship	4,420,733	(244,050)	4,176,683
SFP Site DTSC Fee	1,307	(372)	935
SFP Fire Detection/Alarm	4,738	0	4,738
SFP Labor Compliance	19,612	0	19,612
Total State Apportionment	$ 8,907,466	$ (488,844)	$ 8,418,622
Financing			
District Contribution	$ 66,000	$ 0	$ 66,000
State (SFP)	4,486,733	(244,422)	4,242,311
Financial Hardship (SFP)	4,420,733	(244,422)	4,176,311
Total Project Costs	$ 8,973,466	$ (488,844)	$ 8,484,622

RECOMMENDATIONS

1. Approve a decrease of $488,844 in the total project cost from $8,973,466 to $8,484,622.
2. Approve a decrease of $244,422 in the State Apportionment [Bonds/2004-Mar.; 055-500] and [Bonds/1998-Nov.; 119-501] from $4,486,733 to $4,242,311.
3. Approve a decrease of $244,422 in the Financial Hardship Contribution [Bonds/2004-Mar.; 055-500] from $4,420,733 to $4,176,311.
4. Require the District to return State funds in the amount of $488,844.

SCHOOL DISTRICT DATA

Application Number:…….59/74211-00-001 School District:…..……..Baldy View ROP

County:…….…….....San Bernardino School Name:…..……Baldy View ROP

Financial Hardship…….No

PURPOSE OF REPORT

To recommend accounting revisions to close out a completed project.

DESCRIPTION

A review of expenditures reported by the District has been made and the revisions indicated are necessary to close out this completed project. This is a Career Technical Education Facilities Program project and has savings in the amount of $1,255,665. SFP Regulations 1859.199 states "an applicant district may not retain savings realized by a Career Technical Education Facilities Project." The District has concurred with the findings and agrees to return the State funds in the amount of $627,832.

Detail of Final Cost & Financing

Budget Item	Currently Approved	Required Change	Revised Approval
SFP Modernization	$ 1,439,283	$ (627,832)	$ 811,451
SFP CTE Equipment	60,717	0	60,717
Total State Apportionment	$ 1,500,000	$ (627,832)	$ 872,168
Financing			
District Contribution	$ 1,500,000	$ (627,833)	$ 872,167
State (SFP)	1,500,000	(627,832)	872,168
Total Project Costs	$ 3,000,000	$ (1,255,665)	$ 1,744,335

RECOMMENDATIONS

1. Approve a decrease of $1,255,665 in the total project cost from $3,000,000 to $1,744,335.
2. Approve a decrease of $627,833 in the District Contribution from $1,500,000 to $872,167.
3. Approve a decrease of $627,832 in the State Apportionment [Bonds/2006-Nov.; 057-600] from $1,500,000 to $872,168.
4. Require the District to return State funds in the amount of $627,832.

SCHOOL DISTRICT DATA

Application Number:……..…….59/64840-03-001 School District:…..……..….Norwalk-La Mirada Unified

County:…….……..……..Los Angeles School Name:….……Norwalk High

Financial Hardship…….No

PURPOSE OF REPORT

To recommend accounting revisions to close out a completed project.

DESCRIPTION

A review of expenditures reported by the District has been made and the revisions indicated are necessary to close out this completed project. This is a Career Technical Education Facilities Program project and has savings in the amount of $29,194. SFP Regulation Section 1859.199 states "an applicant district may not retain savings realized by a Career Technical Education Facilities Project." The District has concurred with the finding and agrees to return the State funds in the amount of $14,597.

Detail of Final Cost & Financing

Budget Item	Currently Approved	Required Change	Revised Approval
SFP Modernization	$ 296,994	$ 0	$ 296,994
SFP CTE Equipment	73,410	(14,597)	58,813
Total State Apportionment	$ 370,404	$ (14,597)	$ 355,807
Financing			
District Contribution	$ 370,404	$ (14,597)	$ 355,807
State (SFP)	370,404	(14,597)	355,807
Total Project Costs	$ 740,808	$ (29,194)	$ 711,614

RECOMMENDATIONS

1. Approve a decrease of $29,194 in the total project cost from $740,808 to $711,614.
2. Approve a decrease of $14,597 in the District Contribution from $370,404 to $355,807.
3. Approve a decrease of $14,597 in the State Apportionment [Bonds/2006-Nov.; 057-600] from $370,404 to $355,807.
4. Require the District to return State funds in the amount of $14,597.

SCHOOL DISTRICT DATA

School District: ……SAN BERNARDINO CITY UNIFIED County:……...SAN BERNARDINO

Application Number:……..……...….50/67876-00-001 School Name. ……...NEW MIDDLE SCHOOL #10

PURPOSE OF REPORT

To present a School Facility Program (SFP) new construction project for rescission.

DESCRIPTION

The SFP New Construction Program provides funding for qualified school districts on a 50/50 state and local sharing basis. The unfunded approval for the design portion of this project was approved at the December 8, 1999 State Allocation Board meeting, but inadvertently omitted an amount for design funding. The District, however, submitted documentation requesting the project be rescinded. This item rescinds the unfunded approval for the design portion of this project.

Application No.	Total Number of Pupils		Unfunded Approval Date	Unfunded Amount
	K-6	7-8		
50/67876-00-001	375	810	12/8/1999	$0.00

AUTHORITY

SFP Regulation Section 1859.107 states "a funding application that received an apportionment under Chapter 12 or Chapter 12.5 may not be rescinded and re-approved under the provisions of any amended law or administrative regulation unless specifically authorized by other applicable law".

SFP Regulation Section 1859.107(a)(2) states that an application may be withdrawn if "the Approved Application has not received an approval or has received an approval pursuant to Section 1859.95, but has not received an apportionment".

RECOMMENDATIONS

1. Recognize that the project did not receive design funding and rescind the project [50/67876-00-001].
2. Approve the return of 375 (K-6) and 810 (7-8) pupil grants to the District's new construction baseline.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL FACILITY PROGRAM
SUBSTANTIAL PROGRESS RESCISSION AND REDUCTION TO COSTS INCURRED

PURPOSE OF REPORT

To present School Facility Program (SFP) project apportionments to be rescinded or reduced to eligible costs incurred.

DESCRIPTION

The SFP projects listed on the Attachment are financial hardship and non-financial hardship County Office of Education (COE) and Districts that received a separate design, site and adjusted grant fund release. The COE's and Districts have either requested to have their project reduced to costs incurred or rescinded or have not meet the substantial progress requirement or have indicated that they will be unable to move forward with the SFP projects listed on the Attachment. The COE's and Districts have requested that their apportionments be reduced to costs incurred or rescinded to recognize eligible costs for the separate design, site, or adjusted grant phase.

AUTHORITY

Pursuant to Education Code Section 17076.10(b), sufficient evidence of substantial progress for the design, site and adjusted grant apportionments shall be due 18 months from the date any funds were released to the district. The SFP Regulation Section 1859.105 requires that when an apportionment is reduced to project costs incurred or rescinded, all State funds not used to finance eligible expenditures are to be returned to the State Allocation Board (SAB). The SFP Regulations also stipulate that interest earned on State funds, which is not used to finance eligible expenditures, is due to the SAB.

RECOMMENDATIONS

1. Find that the COE's and Districts are unable to meet the substantial progress requirements or indicated that they will be unable to move forward with the projects listed on the Attachment.
2. Reduce the funded apportionments to costs incurred or rescind the funded apportionments for the projects listed on the Attachment.
3. Direct Staff to adjust the COE's and Districts baseline eligibility, according to the increases (identified in the "Pupils Returned to the District's Baseline" column) on the Attachment, once all funds due to the State have been received.

ATTACHMENT
SCHOOL FACILITY PROGRAM
SUBSTANTIAL PROGRESS RESCISSION/REDUCTION TO COSTS INCURRED
State Allocation Board Meeting, December 5, 2016

		Pupil Grant Adjustments			Grant Adjustments			
		Original Pupils Assigned to Apportionment		Pupils Returned to the District's Baseline				
	District/ County/ Application Number	Type of Pupils	Number of Pupils	Number of Pupils	Original Apportionment	Interest	Amount of Eligible Expenditures	Reduction in Apportionment
Design Grant	Parlier Unified School District Fresno 57/62364-00-005	K-6	200	200	$104,100	$2,238	$0	$106,338
Design Grant	Lodi Unified School District[A] San Joaquin 57/68585-00-002	K-6	166	127	$65,630	$3,769	$69,399	$0
Design Grant	Santa Clara County Office of Education Santa Clara 50/10439-00-011	Severe	72	58	$715,219	$21,015	$684,270	$51,964
Design Grant	Fontana Unified[B] San Bernardino 50/67710-00-031	9-12 Severe Non-Severe	1412 72 182	1222 62 158	$5,885,919	$828,208	$3,953,252	$2,760,875
Site Grant	Fontana Unified[B,C] San Bernardino 50/67710-00-031	N/A	N/A	N/A	$4,377,276	$0	$4,217,900	$159,376
Adjusted Grant	Santa Clara County Office of Education[D] Santa Clara 50/10439-00-011	N/A	N/A	N/A	$11,810,946	$0	$0	$0
							TOTAL	$3,078,553

A The original apportionment for this project was $65,630. This is a Non-Financial Hardship project with overspent. Therefore, the balance due to the State is $0.

B The District has returned $2,920,251 of the State apportionment; therefore, the balance due to the State is $0.

C Pupil grants are not assigned on Site Grants.

D The County of Education (COE) incurred two non-participation occurrences in the priority in funding (PIF) process; therefore, the adjusted grant of $11,810,946 will be rescinded. Due to the COE's non-participation in the PIF, the balance due to the State is $0.

Facility Hardship / Rehabilitation Program

SCHOOL DISTRICT DATA

School District: ……....FALLBROOK UNION ELEMENTARY County:…….……...……SAN DIEGO

Application Number:…….…….. … 51/68114-00-001 School Name:.....SAN ONOFRE ELEMENTARY

Total District Enrollment:….…….……..…….. 5,056 Project Grade Level:……...……...…….....K-8

Financial Hardship:……..…….……...……NO

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) approval for placement on the Unfunded List (Lack of AB 55 Loans) for a School Facility Program (SFP) Facility Hardship Seismic Mitigation Program (SMP) Replacement project.
Total Project Cost	$ 20,740,334
Cost to the State	$ 10,370,167

DESCRIPTION

Description of Health and Safety Threat	The main and locker buildings at San Onofre Elementary school are of the Most Vulnerable Category 2 building types. The main building was constructed in two phases in 1975 and 1977 and contains classrooms, a cafeteria, administration areas, and a media center. The locker building was constructed in 1977. In October 2015, structural evaluations were performed by KPFF Consulting Engineers which identified seismic deficiencies. The Division of the State Architect (DSA) has concurred with the presence of the threat of a local or global collapse of the facilities in the event of seismic activity, as outlined in the Eligibility Evaluation Reports filed by the industry specialist.
Scope of Project	The scope of the project includes demolishing the main and locker buildings and constructing them back in single and multi-level buildings.
Status of School Site	The District has not signed a construction contract. It is anticipated that the construction contract will be signed and the work will commence sometime next year.

QUALIFYING CRITERIA

Government/State Level Concurrence	DSA has approved the main and locker buildings for SMP eligibility, and has also evaluated and approved the cost estimates for seismic mitigation work.
Site Visit Completed by Staff	Yes.
Staff Supports the District's Request	Yes.

(Continued on Page Two)

AUTHORITY

See Attachment A.

RECOMMENDATIONS

1. Approve the District's request for placement on the Unfunded List (Lack of AB 55 Loans) for SMP Replacement funding for the main and locker buildings at San Onofre Elementary School, pursuant to the SFP Regulation Section 1859.82, as provided on Attachment B.

2. Provide that for purposes of SFP modernization eligibility, each building age would be reset to 12 months from the date of DSA plan approval.

3. Provide that the State portion of any and all savings which may be realized from the funding of this SMP Replacement project must be returned to the State.

ATTACHMENT A

AUTHORITY

Education Code (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 identified as 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.

EC Section 17075.10(b)(2) states:

> Funds for the purpose of seismic mitigation work or facility replacement pursuant to this section shall be allocated by the board on a 50-percent state share basis from funds reserved for that purpose in any bond approved by the voters after January 1, 2006. If the board determines that the seismic mitigation work of a school building would require funding that is greater than 50 percent of the funds required to construct a new facility, the school district shall be eligible for funding to construct a new facility under this chapter.

SFP Regulation Section 1859.82 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."

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when, "The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include…seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA…."

SFP Regulation Section 1859.82(a)(1)(A) states:

> If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:
>
> 1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
> 2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SFP Regulation Section 1859.82(a)(1)(B) states:

> If the request is for replacement facilities that included structural and/or seismic deficiencies, the cost/benefit analysis must also include a report from a licensed design professional identifying the minimum work necessary to obtain DSA approval. The report must contain a detailed cost estimate of the repairs. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. The report and cost estimate shall be subject to review by the OPSC for conformance with the Saylor Current Construction Cost Publication and, at the OPSC's discretion, the DSA. For seismic deficiencies of the Most Vulnerable Category 2 Buildings, the report and the cost estimate for the minimum work necessary must be reviewed by the DSA.

ATTACHMENT A

AUTHORITY (cont.)

SFP Regulation Section 1859.82(a)(1)(C) states:

The seismic mitigation projects must meet all of the following requirements:

1. The construction contract was executed on or after May 20, 2006;
2. The project funding provided shall be for the minimum work necessary to obtain DSA approval;
3. The building is designed for occupancy by students and staff; and
4. The DSA concurs with a report by a structural engineer, which identifies structural deficiencies that pose an unacceptable risk of injury to its occupants in a seismic event. If the unacceptable risk of injury is due to the presence of faulting, liquefaction or landslide, these hazards must be documented by a geologic hazards report prepared by an engineering geologist in accordance with California Building Code, Part 2, Chapter18, section1803A and with the concurrence of the California Geological Survey.

The structural engineer's report shall conform to the guidelines prepared by the DSA, in accordance with Education Code Section 17310.

SCHOOL DISTRICT DATA

Application No: 51/68114-00-001
School District: Fallbrook Union Elementary
County: San Diego
School Name: San Onofre Elementary

PROJECT DATA

Type of Project:	Elementary School
K-6:	
7-8:	
9-12:	
Non-Severe:	
Severe:	
Application Filing Basis:	Site Specific
Number of Classrooms:	46
Master Acres:	16.9
Existing Acres:	12.5
Proposed Acres:	
Recommended Acres:	16.5
Facility Hardship (a):	Yes
Financial Hardship Requested:	No
Alternative Education School:	No
Addition to Existing Site:	No

ADJUSTED GRANT DATA

Fire Detection Alarm		$	39,532.00
Service Site			1,989,998.00
Off-Site			101,931.00
Utilities			395,001.00
Fac. Hardship Toilets	3120 Sq. Ft.		973,440.00
Fac. Hardship Other	36412 Sq. Ft.		6,335,688.00
Mulitlevel			534,577.00
Total State Share (50%)			10,370,167.00
District Share (50%)			10,370,167.00
Total Project Cost		$	**20,740,334.00**

PROJECT FINANCING

State Share		
This Project	$	10,370,167.00
District Share		
Cash Contribution		10,370,167.00
Financial Hardship		
Total Project Cost	$	**20,740,334.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
State Share					
New Construction/Add. Grant	**957-505**	**1D**	$	$ 10,370,167.00	$ 10,370,167.00
District Share					
Cash Contribution				10,370,167.00	
Total			$	$ **20,740,334.00**	$ **10,370,167.00**

Funding Source: Proposition 1D Bonds/2006-Nov.
Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List.
This approval does not constitute a guarantee or commitment of future State funding.

Senate Bill 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 project 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).

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

Provide that the State portion of any and all project savings realized from the funding of this Seismic Mitigation Program project will be returned to the State.

(Rev. 1)

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL DISTRICT DATA	
School District: ……....FALLBROOK UNION ELEMENTARY	County:……..……SAN DIEGO
Application Number:…….. … 51/68114-00-002	School Name:....MARY FAY PENDLETON ELEMENTARY
Total District Enrollment:…….……..…….. 5,056	Project Grade Level:……...……...…….....K-8
Financial Hardship:……..……..……...……NO	

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) approval for placement on the Unfunded List (Lack of AB 55 Loans) for a School Facility Program (SFP) Facility Hardship Seismic Mitigation Program (SMP) Replacement project.
Total Project Cost	$ 1,417,086
Cost to the State	$ 708,543

DESCRIPTION

Description of Health and Safety Threat	The emergency exit covered walkways at Mary Fay Pendleton Elementary school meets the definition of the Most Vulnerable Category 2 building type. The walkways were constructed in 1954, and total 3,710 square feet. In June 2016, a structural evaluation was performed by KPFF Consulting Engineers which identified seismic deficiencies. The Division of the State Architect (DSA) has concurred with the presence of the threat of a local or global collapse of the facility in the event of seismic activity, as outlined in the Eligibility Evaluation Report filed by the industry specialist.
Scope of Project	The scope of the project includes the removal and replacement of the emergency exit covered walkways.
Status of School Site	The District has not signed a construction contract. It is anticipated that the construction contract will be signed and the work will commence sometime next year.

QUALIFYING CRITERIA

Government/State Level Concurrence	DSA has approved the emergency exit covered walkways for SMP eligibility, and has also evaluated and approved the cost estimates for seismic mitigation work.
Site Visit Completed by Staff	Yes.
Staff Supports the District's Request	Yes.

(Continued on Page Two)

AUTHORITY

See Attachment A.

RECOMMENDATIONS

1. Approve the District's request for placement on the Unfunded List (Lack of AB 55 Loans) for SMP Replacement funding for the emergency exit covered walkways at Mary Fay Pendleton Elementary School, pursuant to the SFP Regulation Section 1859.82, as provided on Attachment B.

2. Provide that the State portion of any and all savings which may be realized from the funding of this SMP Replacement project must be returned to the State.

ATTACHMENT A

AUTHORITY

Education Code (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 identified as 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.

EC Section 17075.10(b)(2) states:

> Funds for the purpose of seismic mitigation work or facility replacement pursuant to this section shall be allocated by the board on a 50-percent state share basis from funds reserved for that purpose in any bond approved by the voters after January 1, 2006. If the board determines that the seismic mitigation work of a school building would require funding that is greater than 50 percent of the funds required to construct a new facility, the school district shall be eligible for funding to construct a new facility under this chapter.

SFP Regulation Section 1859.82 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."

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when, "The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include…seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA…."

SFP Regulation Section 1859.82(a)(1)(A) states:

> If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:
>
> 1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
> 2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SFP Regulation Section 1859.82(a)(1)(B) states:

> If the request is for replacement facilities that included structural and/or seismic deficiencies, the cost/benefit analysis must also include a report from a licensed design professional identifying the minimum work necessary to obtain DSA approval. The report must contain a detailed cost estimate of the repairs. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. The report and cost estimate shall be subject to review by the OPSC for conformance with the Saylor Current Construction Cost Publication and, at the OPSC's discretion, the DSA. For seismic deficiencies of the Most Vulnerable Category 2 Buildings, the report and the cost estimate for the minimum work necessary must be reviewed by the DSA.

ATTACHMENT A

AUTHORITY (cont.)

SFP Regulation Section 1859.82(a)(1)(C) states:

The seismic mitigation projects must meet all of the following requirements:

1. The construction contract was executed on or after May 20, 2006;
2. The project funding provided shall be for the minimum work necessary to obtain DSA approval;
3. The building is designed for occupancy by students and staff; and
4. The DSA concurs with a report by a structural engineer, which identifies structural deficiencies that pose an unacceptable risk of injury to its occupants in a seismic event. If the unacceptable risk of injury is due to the presence of faulting, liquefaction or landslide, these hazards must be documented by a geologic hazards report prepared by an engineering geologist in accordance with California Building Code, Part 2, Chapter18, section1803A and with the concurrence of the California Geological Survey.

The structural engineer's report shall conform to the guidelines prepared by the DSA, in accordance with Education Code Section 17310.

SCHOOL DISTRICT DATA

Application No: 51/68114-00-002
School District: Fallbrook Union Elementary
County: San Diego
School Name: Mary Fay Pendleton Elementary

PROJECT DATA

Type of Project:	Elementary School
K-6:	
7-8:	
9-12:	
Non-Severe:	
Severe:	
Application Filing Basis:	Site Specific
Number of Classrooms:	52
Master Acres:	20.4
Existing Acres:	13.75
Proposed Acres:	
Recommended Acres:	16.5
Facility Hardship (a):	Yes
Financial Hardship Requested:	No
Alternative Education School:	No
Addition to Existing Site:	No

ADJUSTED GRANT DATA

Service Site	**$**	63,003.00
Fac. Hardship Other	3710 Sq. Ft.	645,540.00
Total State Share (50%)		708,543.00
District Share (50%)		708,543.00
Total Project Cost	**$**	**1,417,086.00**

PROJECT FINANCING

State Share		
This Project	**$**	708,543.00
District Share		
Cash Contribution		708,543.00
Financial Hardship		
Total Project Cost	**$**	**1,417,086.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
State Share					
New Construction/Add. Grant	**957-505**	**1D**	**$**	**$** 708,543.00	**$** 708,543.00
District Share					
Cash Contribution				708,543.00	
Total			**$**	**$ 1,417,086.00**	**$ 708,543.00**

Funding Source: Proposition 1D Bonds/2006-Nov.
Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List.
This approval does not constitute a guarantee or commitment of future State funding.

Senate Bill 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 project 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).

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

Provide that the State portion of any and all project savings realized from the funding of this Seismic Mitigation Program project will be returned to the State.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL DISTRICT DATA	
School District: .....KLAMATH-TRINITY JOINT UNIFIED	County:.....HUMBOLDT
Application Numbers:……....51/62901-00-007,-008,-009	School Names:……..…….Hoopa Elementary, Hoopa High and Trinity Valley Elementary
Total District Enrollment:.....1,073	Project Grade Level:……..……..…….K-12
Financial Hardship:.....YES	
Last Approved Local Bond Measure:……..…2016	
Qualifying Financial Hardship Criteria:……..……SFP Regulation Section 1859.81(c)(1)	

PURPOSE OF REPORT

To present three Facility Hardship applications from the District for State Allocation Board (Board) action related to funding.

DESCRIPTION

Beginning in April 2014, the District discovered extensive water intrusion issues at various sites that included dry rot and mold damage plus the presence of mold spores. The District immediately closed the affected facilities and began the repair process. Since then, the District has been working to repair the schools and in the process has discovered more facilities that are impacted by mold. Located in a remote region of Northern California, the District must use specialized design elements to contend with its humid micro-climate and has escalated construction costs because of its location. This year, the Board has previously provided funding for seven Facility Hardship projects related to these issues as well as others at various sites within the District.

To continue addressing these health and safety threats, the District submitted three additional Facility Hardship funding applications to the Office of Public School Construction (OPSC) as follows: Hoopa Elementary School (51/62901-00-007), Hoopa High (51/62901-00-008) and Trinity Valley Elementary (51/62901-00-009). These applications were discussed as part of the District's appeal request that was heard by the Board on October 17, 2016 (see Attachment A).

At the October meeting, the Board directed Staff to present these three applications in the consent calendar for approval at the next available meeting after Staff completed processing the applications as long as they had the same fact patterns as the other applications already approved for the District. Staff has completed the processing and recommends that the projects receive replacement funding for rehabilitation work and immediate Apportionments. The full project descriptions and funding items are included as Attachments B, C and D.

BACKGROUND

Klamath-Trinity Joint Unified is a small district serving the Salyer, Willow Creek, Hoopa, Weitchpec, Orleans and Pecwan communities, as well as the Hoopa and Yurok Indian Reservations and Karuk Tribal lands, in Humboldt and Trinity Counties. The remote location of the school sites presents a variety of logistical and economic challenges for construction, including, but not limited to, the lack of multiple qualified bids, transportation to and housing of workers near the project sites, transportation of materials to the project sites, and escalated project costs for specialized design.

(Continued on Page Two)

STAFF ANALYSIS/STATEMENTS

In April, May and October 2016, the Board approved replacement funding for rehabilitation work and Apportionments outside of the priority funding process for seven projects within the District.

There are two topics for Board consideration of the three applications from the District: approval of replacement funding for rehabilitation work and providing Apportionments outside of the priority funding process. Each consideration is presented separately below. A summary of the three projects is provided in the following chart and full descriptions of each are included as Attachments B, C and D:

Attachment	SFP Application & Site	Scope of Project	State Share	Financial Hardship	District Share
B2	51/62901-00-007 Hoopa ES	Mold Abatement & New HVAC in Classrooms	$4,652,730	$4,652,730	$0
C2	51/62901-00-008 Hoopa High	Mold Abatement & New HVAC in MP Room and Administration Building	$6,651,097	$6,651,097	$0
D2	51/62901-00-009 Trinity Valley ES	Mold Abatement & New HVAC in MP Room, Administration Building & Classrooms	$3,350,480	$3,350,480	$0
		TOTALS:	**$14,654,307**	**$14,654,307**	**$0**

I. Rehabilitation versus Replacement

The District is requesting to use replacement funding for rehabilitation work on qualifying buildings at three sites under the Facility Hardship Program. According to School Facility Program (SFP) Regulation, the District qualifies for replacement funding. The District believes rehabilitation is the most prudent and economically feasible way to address the health and safety issues. SFP Regulations that implement the Education Code (EC) have been interpreted previously by the Board to allow replacement funding for rehabilitation projects that exceeded 50 percent of the replacement cost of the facility for both Seismic Mitigation Program (SMP) and Facility Hardship projects.

Staff has reviewed the three applications for funding under the Facility Hardship program and confirmed that the District submitted cost estimates for the rehabilitation work in all three projects exceeds 50 percent of the replacement cost, which qualifies the projects for replacement funding rather than rehabilitation under SFP Regulations. Staff agrees that the SFP Regulations do not address the unique issues presented by the District. Further, statute does not specify that buildings *must* be replaced if they qualify for replacement. Staff is unable to administratively approve the District's request; however based on past Board actions and the circumstances of these projects, Staff recommends providing replacement funding for these three projects and allowing the District to perform rehabilitation work.

II. Apportionments Outside of Priority Funding

Due to the urgency of the situation, Staff recommends that the District receive immediate Apportionments for the three projects presented as Attachments B2, C2 and D2. Apportionments outside of the priority funding process will result in the District having immediate access to cash once a *Fund Release Authorization* is submitted. While the District would have 18 months to submit a fund release request versus the 90 day requirement under priority funding, the District has indicated they would submit the *Fund Release Authorization* immediately upon Board approval.

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (cont.)

Since the District has exhausted its available funding and qualifies for full funding under the Financial Hardship program, access to cash quickly will allow them to continue mitigating the mold issues.

Summary
In accordance with the Board direction provided at its October 17, 2016 meeting (Attachment A), Staff recommends approval of replacement funding for rehabilitation work and immediate Apportionments outside of the priority funding process based on the District's unique circumstances described above and in its prior appeal request.

RECOMMENDATIONS

Staff recommends approval of the following two actions:

I. Replacement Funding

Provide Replacement Funding at Replacement Amounts and Allow Rehabilitation Work for:

Attachment	SFP Application	Site	Total Grant Amount
B2	51/62901-00-007	Hoopa Elementary	$ 9,305,460
C2	51/62901-00-008	Hoopa High	$ 13,302,194
D2	51/62901-00-009	Trinity Valley Elementary	$ 6,700,960

II. Apportionments

Provide Apportionments to the following projects:

Attachment	SFP Application	Site	Total Grant Amount
B2	51/62901-00-007	Hoopa Elementary	$ 9,305,460
C2	51/62901-00-008	Hoopa High	$ 13,302,194
D2	51/62901-00-009	Trinity Valley Elementary	$ 6,700,960

ATTACHMENT A

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, October 17, 2016

SCHOOL DISTRICT DATA	
School District: .....KLAMATH-TRINITY JOINT UNIFIED	County:.....HUMBOLDT
Application Numbers:……..51/62901-00-005, -006	School Names:....J. Norton and Orleans Elementary
Total District Enrollment:.....1,073	Project Grade Level:……K-8
Financial Hardship:.....YES	
Last Approved Local Bond Measure:……..…2016	
Qualifying Financial Hardship Criteria:……SFP Regulation Section 1859.81(c)(1)	

PURPOSE OF REPORT

To present two District Facility Hardship applications for State Allocation Board (Board) action related to funding.

DESCRIPTION

The District discovered extensive water intrusion issues at various sites beginning in April 2014 that included dry rot and mold damage plus the presence of mold spores. It immediately closed the affected facilities and began the repair process. The District has been working to repair the schools and in the process has discovered even more facilities that are impacted by mold. Located in a remote region of Northern California, the District must use specialized design elements to contend with its humid micro-climate and has escalated construction costs because of its location.

The District has submitted two additional Facility Hardship funding applications to the Office of Public School Construction (OPSC) as part of its ongoing effort to address these health and safety threats. Earlier this year in April, the Board provided funding for five Facility Hardship projects related to these same issues as well as others.

Due to the extraordinary circumstances in this school district, the District is requesting the Board to consider the following actions for these two projects and, additional consideration for three future projects:

I. Provide replacement funding for rehabilitation work on both projects.

II. Provide Apportionments to the projects outside of the priority funding process.

III. Provide direction to Staff for three additional projects.

AUTHORITY

See Attachment A.

BACKGROUND

Klamath-Trinity Joint Unified is a small district serving the Salyer, Willow Creek, Hoopa, Weitchpec, Orleans and Pecwan communities, as well as the Hoopa and Yurok Indian Reservations and Karuk Tribal lands, in Humboldt and Trinity Counties. Ninety percent of the District's students are Native American and the District estimates that approximately ninety percent qualify for free or reduced lunch this year.

(Continued on Page Two)

BACKGROUND (cont.)

The remote location of the school sites presents a variety of logistical and economic challenges for construction, including, but not limited to, the lack of multiple qualified bids, transportation to and housing of workers near the project sites, transportation of materials to the project sites, and escalated project costs for specialized design.

In February 2016, it was discovered that the mold was more widespread than previously identified. Toxic mold was also found in other buildings including cafeterias, kitchens, offices, classrooms, and boiler rooms. All eight schools in the District were closed for two weeks in February 2016, in order to do further testing and to reconfigure space in the un-affected schools and buildings, so that all students could be housed. The Board provided funding for five school sites at the April 20, 2016 meeting.

The District recently submitted two additional applications for rehabilitation work at two school sites. During the review process, Staff determined that the cost/benefit analysis for both projects shows that the cost of rehabilitating the buildings exceeds the threshold set in School Facility Program (SFP) Regulations of 50 percent of the replacement cost, which qualifies the District for replacement funding. Because of this, OPSC is unable to administratively approve the projects for the requested funding type pursuant to SFP Regulation Section 1859.82(a)(1)(A) which does not provide Staff the ability to approve replacement funding for rehabilitation work.

In order to continue the rehabilitation work, the District submitted a *School District Appeal Request* (Form SAB 189) for the projects and requested to use replacement funding for the rehabilitation work. The Form SAB 189 is included as Attachment B. The District is requesting consideration of this issue due to its district-wide extraordinary circumstances leading to higher than normal construction costs and difficulty in getting bids that reflect prices similar to projects being conducted in other areas not as remote. The District believes that replacement is not an option as true costs would exceed the replacement funding allowed under the SFP.

The two current applications represent additional buildings on those sites in need of immediate repair. The District has also submitted three additional Facility Hardship funding applications to address the mold found in other buildings on various sites within the District that will be coming forward to the Board for approval once OPSC has finalized the review and confirmed that there is sufficient bond authority available for them.

STAFF ANALYSIS/STATEMENTS

There are two topics for Board consideration of this approval. Each consideration is presented separately on the following pages. A summary of the two projects is provided in the following chart and full descriptions of each project are included as Attachments C and D:

Attachment	SFP Application & Site	Scope of Project	State Share	Financial Hardship	District Share
C	51/62901-00-005 Jack Norton ES	Mold Abatement & New Roof (Gym & Classrooms)	$2,614,447	$2,614,447	$0
D	51/62901-00-006 Orleans ES	Mold Abatement & New Roof (Gym)	$2,621,619	$2,621,619	$0
		TOTALS:	**$5,236,096**	**$5,236,066**	**$0**

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (cont.)

I. Request for Replacement Funding for Jack Norton Elementary and Orleans Elementary

District Position

In its appeal, the District is requesting to use Facility Hardship replacement funding to rehabilitate multiple buildings on two sites. It believes that "rehabilitating the buildings is the most prudent use of local and State funds" due to "the unique circumstances regarding the District's geographic location, current construction climate and community significance".

The District contends that the Current Replacement Cost used by OPSC to determine if a project is eligible for rehabilitation or replacement is not reflective of the costs for its location. The District provided a chart showing that rehabilitation costs for the projects were greater than 50 percent of the replacement costs, based on bids received and calculations provided by construction managers and architects. The Form SAB 189 states that "it would not be economically feasible for the District to replace these buildings as the true replacement costs far exceed the replacement funding from the State and the District's available funds." These higher construction costs are attributed to persistent humidity increasing the design and construction costs, and the remote location creates an insufficient construction pool and low supply of construction materials.

Additionally, the District states that schools are "an important focal point for the community", as many of the buildings are used after school by various community groups. If the buildings were replaced, cost restraints would require them to be built significantly smaller, and the buildings would lose their significance and usefulness within the community. Many students spent up to 12 hours a day at the schools sites, in before or after school programs, making these sites a significant and safe place for the students.

The full text of the District's appeal request is included as Attachment B.

Staff Position

Rehabilitation versus Replacement

The District is requesting to use replacement funding for rehabilitation work of qualifying buildings at two sites under the Facility Hardship Program. According to SFP Regulation, the District qualifies for replacement funding, but is requesting to rehabilitate the buildings, as the District believes it is the most prudent and economically feasible way to address the health and safety issues. SFP Regulations that implement the Education Code (EC) have been interpreted previously by the Board to allow replacement funding for rehabilitation projects that exceeded 50 percent of the replacement cost of the facility for both Seismic Mitigation Program (SMP) and Facility Hardship projects. Staff believes that statute does not preclude the Board from allowing the District to use replacement funding for rehabilitation work. An analysis of statute and SFP Regulation is provided below, as well as a brief summary of past Board actions for consideration.

Analysis of Statute

To qualify for hardship funding, EC Section 17075.10(b)(2) requires a district to "Demonstrate that due to unusual circumstances that are beyond the control of the district, excessive costs need to be incurred in the construction of school facilities...." This section goes on to provide further clarification for projects under the SMP, but for non-SMP facility hardship projects, the SFP Regulations govern the requirements and funding allowances to be provided under the program. The issue of allowing or requiring a District to construct a new facility if the rehabilitation costs exceed 50 percent of the SFP replacement cost of the building is not addressed in statute.

(Continued on Page Four)

STAFF ANALYSIS/STATEMENTS (cont.)

Analysis of SFP Regulation
SFP Regulation Section 1859.82(a)(1)(A) allows a building whose rehabilitation cost exceeds 50 percent of the replacement cost to be eligible for replacement. It states the following: "If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost." However, the District's request is not for replacement but rather for rehabilitation. The same regulation section states: "If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for a Modernization Excessive Cost Hardship Grant for rehabilitation costs pursuant to Section 1859.83(e)...."

Previously, Staff has interpreted this regulation section to mean that a district would only be eligible for the type of project dictated by the cost/benefit analysis. Those projects where rehabilitation costs exceed 50 percent of the replacement cost have only been approved for replacement funding.

Prior Board Actions
Use of the 50 percent threshold is appropriate in most cases, but does not address all unique issues.

In 2012 and January 2016, the Board approved replacement funding for the Simi Valley and Palm Springs Unified School Districts respectively to perform rehabilitation work on buildings due to their historical significance as a result of the districts' appeal requests.

In an appeal from Coalinga-Huron Joint Unified School District in 2013, the district requested replacement funding for an SMP project to rehabilitate a building that has significant historical value to the community and had increased rehabilitation costs due to the building type. For that project, there was a $1.57 million difference in replacement and rehabilitation funding. The Board approved the district for rehabilitation funding.

In April 2016, the Board approved replacement funding at replacement amounts for the District to perform rehabilitation work at five school sites on multiple buildings due to the same factors presented in this item. The Board also approved immediate State Apportionments for four of the five projects. The fifth project received an Apportionment at the following Board meeting.

Cost/Benefit Analysis
The replacement cost is calculated based on the eligible square footage of the building, and the rehabilitation is based on a cost estimate submitted by the District of the minimum work required to obtain DSA approval. The current cost/benefit analyses for the two current projects are shown in the chart below.

Cost Benefit Analysis		
Jack Norton Elementary – 51/62901-00-005		
Cost to Rehab vs. Replace	Rehabilitation Cost	$ 2,250,498
	Replacement Cost	$ 2,356,728
	Percentage	95.5%
Orleans Elementary – 51/62901-00-006		
Cost to Rehab vs. Replace	Rehabilitation Cost	$3,323,367
	Replacement Cost	$3,718,773
	Percentage	89.2%

(Continued on Page Five)

STAFF ANALYSIS/STATEMENTS (cont.)

Impact on Modernization Eligibility
If the Board were to provide replacement funding, those affected buildings would receive a new age for purposes of generating modernization eligibility under SFP Regulations, which could affect future modernization eligibility.

Summary
As submitted, the rehabilitation work cost estimates exceed 50 percent of the replacement cost for the projects on Attachments C and D, which qualifies the projects for replacement funding rather than rehabilitation under SFP Regulations. Staff agrees that the SFP Regulations do not address the unique issues presented by the District. Further, statute does not specify that buildings must be replaced if they qualify for replacement.

Staff is unable to administratively approve the District's request. Based on past Board actions and the circumstances of these projects, Staff recommends providing replacement funding for these two projects and allowing the District to perform rehabilitation work.

II. Immediate Apportionments for both Projects

District Position
The District is requesting immediate Apportionments for both projects.

Staff Position
Due to the urgency of the situation described in the District's appeal request, Staff recommends that the District receive immediate Apportionments for both projects presented as Attachments C and D Apportionments outside of the priority funding process will result in the District having immediate access to cash once a *Fund Release Authorization* is submitted. While the District would have 18 months to submit a fund release request versus the 90 day requirement under priority funding, the District has indicated they would submit the *Fund Release Authorization* immediately upon Board approval.

If the District were to receive unfunded approvals following the priority funding process, the earliest date the District could receive an Apportionment is after January 1, 2017, and more likely not until Spring 2017, when cash becomes available. While the work for the buildings in these projects is largely complete, the District must complete the abatement and replace the roofs and walls for this project before students are allowed back into the facilities.

Since the District has exhausted its available funding and qualifies for full funding under the Financial Hardship program, access to cash quickly will allow them to continue mitigating the mold issues.

Therefore, Staff is recommending that the funding be made available as Apportionments outside the priority funding process.

(Continued on Page Six)

III. Additional Applications

The District has submitted three additional applications for other school sites with similar issues as the two schools presented as part of this appeal. The applications and requested amounts as reported by the District are listed below.

SFP Application & Site	*Requested State Share	*Potential Financial Hardship Share	District Share
51/62901-00-007 Hoopa Elementary	$5,784,820	$5,784,820	$0
51/62901-00-008 Hoopa High	$6,924,585	$6,924,585	$0
51/62901-00-009 Trinity Valley Elementary	$3,052,904	$3,052,904	$0
TOTALS:	**$15,762,309**	**$15,762,309**	**$0**

*Amounts listed are the initial requested amounts only and have not yet been verified.

OPSC is confirming available bond authority and has started to process these applications to determine the total amounts each project may qualify for. It is likely that the remaining applications will also exceed the 50% threshold for rehabilitation costs and the District has indicated that there are still immediate cash needs for the other schools. Therefore, if the Board approves the appeal request for the two projects in this item, Staff requests that if the remaining projects are eligible for funding, the Board consider authorizing OPSC to present the remaining projects as part of the consent calendar inclusive of allowing replacement funding for rehabilitation work and an Apportionment outside of the priority funding process.

RECOMMENDATIONS

Pursuant to the *Rules and Procedures of the State Allocation Board,* "Staff is providing the following options, for the three different issues addressed here, 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."

Staff recommendations for the two projects are listed below.

I. Replacement Funding

Provide Replacement Funding at Replacement Amounts and Allow Rehabilitation Work for:

Attachment	SFP Application	Site	Total Grant Amount
C	51/62901-00-005	Jack Norton ES	$5,228,894
D	51/62901-00-006	Orleans ES	$5,243,238

For all Facility Hardship projects, the State portion of any and all savings which may be realized from the funding of the project must be returned to the State.

(Continued on Page Seven)

II. Apportionments

Provide Apportionments for the following projects:

Attachment	SFP Application	Site	Total Grant Amount
C	51/62901-00-005	Jack Norton ES	$5,228,894
D	51/62901-00-006	Orleans ES	$5,243,238

III. Additional Applications

Make a finding that in the event that the three remaining applications; 51/62901-00-007 at Hoopa Elementary School, 51/62901-00-008 at Hoopa High School and 51/62901-00-009 at Trinity Valley Elementary School, qualify for funding, bond authority is available, and in the event that the District requests replacement funding for rehabilitation work and an Apportionment outside of the priority funding process, Staff shall present the items for Board consideration in the consent section of a future agenda.

BOARD ACTION

In considering this Item, the Board approved staff's recommendations, which provided: 1) Replacement funding at Replacement amounts and allows Rehabilitation work for the Jack Norton Elementary and Orleans Elementary Schools, respectively; 2) State Apportionments for the two projects; and 3) that a finding be made in the event the three additional projects [Hoopa Elementary, Hoopa High, and Trinity Valley Elementary Schools] qualify for funding, and there is sufficient bond authority available, and that the District requests replacement funding for rehabilitation work and a State Apportionment outside of the priority funding process, staff shall present these three items for Board consideration in the Consent portion of a future Agenda.

ATTACHMENT B

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL DISTRICT DATA	
School District: ……KLAMATH TRINITY JOINT UNIFIED	County:……HUMBOLDT
Application Number:……51/62901-00-007	School Name:.....HOOPA VALLEY ELEMENTARY
Total District Enrollment:……1,073	Project Grade Level:……K-8
Financial Hardship:……YES	

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(4). The District has demonstrated it is financially unable to provide all or part of the matching funds and is levying the developer fees or equal alternative revenue source justified by law. The District's total bonding capacity as of November 4, 2015, is $5 million or less.

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) approval for an Apportionment for a School Facility Program (SFP) Facility Hardship replacement project.
Total Project Cost	$9,305,460
Cost to the State	$9,305,460

DESCRIPTION

Description of Health and Safety Threat	Hoopa Valley Elementary School, in Hoopa, California is in a region with annual rainfall levels approaching 72 inches and abnormally high humidity levels. In the spring of 2015, staff noted visible levels of black mold in two classroom buildings. In December of 2016 and January of 2016, a licensed industrial hygienist inspected two classroom buildings on the site. Testing revealed high levels of mold due to water intrusion from the roof areas. The industrial hygienist determined that the mold constituted a health and safety issue, and the Humboldt County Department of Health and Human Services (HCDHHS) concurred. The two classroom buildings have been closed due to this issue.
Scope of Project	Rehabilitation work will consist of mold abatement on all surfaces, including the removal and replacement of ceiling tiles, roof plywood and insulation, drywall, siding and wall plywood under a negative air containment area. A new HVAC system will also be installed to provide adequate ventilation.
Status of School Site	Two classroom buildings with ten classrooms are currently closed, and students are being temporarily housed in the school's library, staff rooms, and the learning center, as well as the adjacent high school until the mitigation work can be completed.

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the hazards reported and with the proposed minimum work for rehabilitation from the HCDHHS.
Staff Supports the District's Request	Yes

(Continued on Page Two)

QUALIFYING CRITERIA (cont.)

Site Visit Completed by Staff	Staff has accepted photographs and a report from the licensed industrial hygienist and the letter of concurrence from the HCDHHS in lieu of a site visit.

AUTHORITY

See Attachment B1.

RECOMMENDATIONS

1. Approve the District's request for an Apportionment for Facility Hardship replacement funding for Hoopa Valley Elementary pursuant to SFP Regulation Section 1859.82(a) as provided on Attachment B2.

2. Provide that for purposes of SFP modernization eligibility, the building age would be reset to 12 months from the date of DSA plan approval.

3. Provide that the State portion of any and all project savings realized from the funding of this replacement project must be returned to the State.

ATTACHMENT B1

AUTHORITY

Education Code (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 identified as 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.

SFP Regulation Section 1859.81 states:

Except for Joint-Use Projects and Career Technical Education Facilities Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating the requirements of (a), (c), and (d) below:

(a) The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education….

(b) From the funds deemed available as a matching contribution, the district may retain $19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district.…

(c) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

(1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity. Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.

(2) The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).

(3) It is a County Superintendent of Schools.

(4) The district's total bonding capacity at the time of the request for financial hardship status is $5 million or less.

(5) Other evidence of reasonable effort as approved by the SAB….

SFP Regulation Section 1859.82 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.."

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when:

> The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include the close proximity to a major freeway, airport, electrical facility, high power transmission lines, dam, pipeline, industrial facility, adverse air quality emission or other health and safety risks, including structural deficiencies required by the DSA to be repaired, seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA, traffic safety or because the pupils reside in remote areas of the district and transportation to existing facilities is not possible or poses a health and safety risk.

ATTACHMENT B1

AUTHORITY (cont.)

SFP Regulation Section 1859.82(a)(1)(A) states:

> If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:
>
> 1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
> 2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SAB Meeting: **December 5, 2016** **New Construction - Adjusted Grant Approval**

SCHOOL DISTRICT DATA

Application No: 51/62901-00-007
School District: Klamath Trinity Joint Unified
County: Humboldt
School Name: Hoopa Valley Elementary

PROJECT DATA

Type of Project:	K-8
K-6:	
7-8:	
9-12:	
Non-Severe:	
Severe:	
Application Filing Basis:	Site Specific
Number of Classrooms:	10
Master Acres:	
Existing Acres:	14.39
Proposed Acres:	
Recommended Acres:	13.40
Facility Hardship (a):	Yes
Financial Hardship Requested:	Yes
Alternative Education School:	No
Addition to Existing Site:	No

ADJUSTED GRANT DATA

Project Assistance		$	6,504
Service Site			1,810,712
Off-Site			387,537
Utilities			374,963
Fac. Hardship Other	**10472 Sq. Ft.**		1,822,128
Fac. Hardship Toilet	**166 Sq. Ft.**		51,792
Geographic Percent Factor (10%)			188,456
Fire Detection Alarm			10,638
Total State Share (50%)			4,652,730
District Share (50%)			4,652,730
Total Project Cost		$	**9,305,460**

PROJECT FINANCING

State Share		
This Project	$	4,652,730
District Share		
Cash Contribution		0
Financial Hardship		4,652,730
Total Project Cost	$	**9,305,460**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction/Add. Grant	**057-500**	**1D**		$ 4,652,730	$ 4,652,730
District Share					
Financial Hardship	**057-500**	**1D**		4,652,730	4,652,730
Cash Contribution				0	
Total			$	$ **9,305,460**	$ **9,305,460**

Funding Source: Proposition 1D Bonds/2006-Nov.

The District is required to submit a valid Fund Release Authorization (Form SAB 50-05) within 18 months of the date of the apportionment; otherwise, the apportionment will be rescinded without further board action.

Senate Bill 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).

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(1). As of September 28, 2015, the current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity.

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

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

ATTACHMENT C

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL DISTRICT DATA	
School District: ……..KLAMATH TRINITY JOINT UNIFIED	County:……..……..……HUMBOLDT
Application Number:……...……51/62901-00-008	School Name:.....HOOPA VALLEY HIGH
Total District Enrollment:……..……..…...……..1,073	Project Grade Level:……...…...……9-12
Financial Hardship:……..……..……...…YES	

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(4). The District has demonstrated it is financially unable to provide all or part of the matching funds and is levying the developer fees or equal alternative revenue source justified by law. The District's total bonding capacity as of November 4, 2015, is $5 million or less.

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) approval for an Apportionment for a School Facility Program (SFP) Facility Hardship replacement project.
Total Project Cost	$13,302,194
Cost to the State	$13,302,194

DESCRIPTION

Description of Health and Safety Threat	Hoopa Valley High School in Hoopa, California is in a region with annual rainfall levels approaching 72 inches and abnormally high humidity levels. In February of 2016, a licensed industrial hygienist inspected the Multipurpose Room and administration area. Testing revealed high levels of mold due to inadequate roof ventilation. The industrial hygienist determined that the mold constituted a health and safety issue, and the Humboldt County Department of Health and Human Services (HCDHHS) concurred. The Multipurpose Room and administration area have been closed due to this issue.
Scope of Project	Rehabilitation work consisted of mold abatement on all surfaces, including the removal and replacement of ceiling tiles, roof plywood and insulation, drywall, siding and wall plywood under a negative air containment area, and the installation of a new roofing system. A new HVAC system will also be installed to provide adequate ventilation.
Status of School Site	A temporary food trailer has been set up on the campus and students are eating lunch in their classrooms. The administration has been relocated, resulting in the closure of other school facilities.

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the hazards reported and with the proposed minimum work for rehabilitation from the HCDHHS.
Staff Supports the District's Request	Yes

(Continued on Page Two)

QUALIFYING CRITERIA (cont.)

Site Visit Completed by Staff	Staff has accepted photographs and a report from the licensed industrial hygienist and the letter of concurrence from the HCDHHS in lieu of a site visit.

AUTHORITY

See Attachment C1.

RECOMMENDATIONS

1. Approve the District's request for an Apportionment for Facility Hardship replacement funding for Hoopa Valley High pursuant to SFP Regulation Section 1859.82(a) as provided on Attachment C2.

2. Provide that for purposes of SFP modernization eligibility, the building age would be reset to 12 months from the date of DSA plan approval.

3. Provide that the State portion of any and all project savings realized from the funding of this replacement project must be returned to the State.

ATTACHMENT C1

AUTHORITY

Education Code (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 identified as 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.

SFP Regulation Section 1859.81 states:

Except for Joint-Use Projects and Career Technical Education Facilities Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating the requirements of (a), (c), and (d) below:

(a) The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education….

(b) From the funds deemed available as a matching contribution, the district may retain $19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district.…

(c) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

(1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity. Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.

(2) The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).

(3) It is a County Superintendent of Schools.

(4) The district's total bonding capacity at the time of the request for financial hardship status is $5 million or less.

(5) Other evidence of reasonable effort as approved by the SAB….

SFP Regulation Section 1859.82 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.."

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when:

> The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include the close proximity to a major freeway, airport, electrical facility, high power transmission lines, dam, pipeline, industrial facility, adverse air quality emission or other health and safety risks, including structural deficiencies required by the DSA to be repaired, seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA, traffic safety or because the pupils reside in remote areas of the district and transportation to existing facilities is not possible or poses a health and safety risk.

ATTACHMENT C1

AUTHORITY (cont.)

SFP Regulation Section 1859.82(a)(1)(A) states:

> If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:
>
> 1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
> 2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SAB Meeting: **December 5, 2016** **New Construction - Adjusted Grant Approval**

SCHOOL DISTRICT DATA

Application No: 51/62901-00-008
School District: Klamath Trinity Joint Unified
County: Humboldt
School Name: Hoopa Valley High

PROJECT DATA

Type of Project:	9-12
K-6:	
7-8:	
9-12:	
Non-Severe:	
Severe:	
Application Filing Basis:	Site Specific
Number of Classrooms:	1
Master Acres:	
Existing Acres:	19.60
Proposed Acres:	
Recommended Acres:	21.20
Facility Hardship (a):	Yes
Financial Hardship Requested:	Yes
Alternative Education School:	No
Addition to Existing Site:	No

ADJUSTED GRANT DATA

Project Assistance		$	6,504
Service Site			2,630,865
Off-Site			387,537
Utilities			374,963
Fac. Hardship Other	**14,819 Sq. Ft.**		2,578,506
Fac. Hardship Toilet	**151 Sq. Ft.**		47,112
Geographic Percent Factor (10%)			295,566
Fire Detection Alarm			14,970
Small Size Project (12%)			315,074
Total State Share (50%)			6,651,097
District Share (50%)			6,651,097
Total Project Cost		$	**13,302,194**

PROJECT FINANCING

State Share		
This Project	$	6,651,097
District Share		
Cash Contribution		0
Financial Hardship		**6,651,097**
Total Project Cost	$	**13,302,194**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction/Add. Grant	**119-501**	**1A**		$ 66,000.00	$ 66,000.00
New Construction/Add. Grant	**047-500**	**47**		4,944,695.74	4,944,695.74
New Construction/Add. Grant	**055-500**	**55**		141,566.19	141,566.19
New Construction/Add. Grant	**057-500**	**1D**		1,498,835.07	1,498,835.07
District Share					
Financial Hardship	**055-500**	**55**		6,651,097.00	6,651,097.00
Cash Contribution				0	
Total			$	$ **13,302,194.00**	$ **13,302,194.00**

Funding Source: Proposition 1A Bonds/1998-Nov.; Proposition 47 Bonds/2002-Nov.; Proposition 55 Bonds/2004-Mar.; Proposition 1D Bonds/2006-Nov.

The District is required to submit a valid Fund Release Authorization (Form SAB 50-05) within 18 months of the date of the apportionment; otherwise, the apportionment will be rescinded without further board action.

Senate Bill 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).

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(1). As of September 28, 2015, the current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity.

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

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

ATTACHMENT D

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 5, 2016

SCHOOL DISTRICT DATA	
School District: ……..KLAMATH TRINITY JOINT UNIFIED	County:……..……..……HUMBOLDT
Application Number:……...……51/62901-00-009	School Name:.....TRINITY VALLEY ELEMENTARY
Total District Enrollment:……..……..…...……..1,073	Project Grade Level:……...…...…..…K-8
Financial Hardship:……..……..……...…YES	

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(4). The District has demonstrated it is financially unable to provide all or part of the matching funds and is levying the developer fees or equal alternative revenue source justified by law. The District's total bonding capacity as of November 4, 2015, is $5 million or less.

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) approval for an Apportionment for a School Facility Program (SFP) Facility Hardship replacement project.
Total Project Cost	$6,700,960
Cost to the State	$6,700,960

DESCRIPTION

Description of Health and Safety Threat	Trinity Valley Elementary School in Willow Creek, California is in a region with annual rainfall levels approaching 72 inches and abnormally high humidity levels. In December of 2015 and January of 2016, a licensed industrial hygienist inspected the Multipurpose Room, Administration Building, and a Classroom Building on the site. Testing revealed high levels of mold due to water intrusion from the roof areas. The industrial hygienist determined that the mold constituted a health and safety issue, and the Humboldt County Department of Health and Human Services (HCDHHS) concurred. The Multipurpose Room, Administration Building, and Classroom Building have been closed due to this issue.
Scope of Project	Rehabilitation work will consist of mold abatement on all surfaces, including the removal and replacement of ceiling tiles, roof plywood and insulation, drywall, siding and wall plywood under a negative air containment area. A new HVAC system will also be installed to provide adequate ventilation.
Status of School Site	A temporary food trailer has been set up on the campus and students are eating lunch in their classrooms.

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the hazards reported and with the proposed minimum work for rehabilitation from the HCDHHS.
Staff Supports the District's Request	Yes

(Continued on Page Two)

QUALIFYING CRITERIA (cont.)

Site Visit Completed by Staff	Staff has accepted photographs and a report from the licensed industrial hygienist and the letter of concurrence from the HCDHHS in lieu of a site visit.

AUTHORITY

See Attachment D1.

RECOMMENDATIONS

1. Approve the District's request for an Apportionment for Facility Hardship replacement funding for Trinity Valley Elementary pursuant to SFP Regulation Section 1859.82(a) as provided on Attachment D2.

2. Provide that for purposes of SFP modernization eligibility, the building age would be reset to 12 months from the date of DSA plan approval.

3. Provide that the State portion of any and all project savings realized from the funding of this replacement project must be returned to the State.

ATTACHMENT D1

AUTHORITY

Education Code (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 identified as 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.

SFP Regulation Section 1859.81 states:

Except for Joint-Use Projects and Career Technical Education Facilities Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating the requirements of (a), (c), and (d) below:

(a) The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education….

(b) From the funds deemed available as a matching contribution, the district may retain $19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district.…

(c) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

(1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity. Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.

(2) The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).

(3) It is a County Superintendent of Schools.

(4) The district's total bonding capacity at the time of the request for financial hardship status is $5 million or less.

(5) Other evidence of reasonable effort as approved by the SAB….

SFP Regulation Section 1859.82 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.."

SFP Regulation Section 1859.82(a)(1) provides for Facility Hardship grant funding when:

> The facilities are needed to ensure the health and safety of the pupils if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Factors to be considered by the Board shall include the close proximity to a major freeway, airport, electrical facility, high power transmission lines, dam, pipeline, industrial facility, adverse air quality emission or other health and safety risks, including structural deficiencies required by the DSA to be repaired, seismic mitigation of the Most Vulnerable Category 2 Buildings as verified by the DSA, traffic safety or because the pupils reside in remote areas of the district and transportation to existing facilities is not possible or poses a health and safety risk.

ATTACHMENT D1

AUTHORITY (cont.)

SFP Regulation Section 1859.82(a)(1)(A) states:

> If the request is for replacement facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total costs to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the Current Replacement Cost of the classroom or related facility. The cost/benefit analysis may include applicable site development costs as outlined in Section 1859.76. The cost/benefit analysis shall not include increased costs associated with high performance related costs or components, with the exception of those high performance components that were pre-existing in the classroom or related facility. If the cost to remain in the classroom or related facility is less than 50 percent of the Current Replacement Cost, the district may qualify for either grant below, as applicable:
>
> 1. Modernization Excessive Cost Hardship Grant for Rehabilitation Costs pursuant to Section 1859.83(e), or
> 2. A grant not to exceed 50 percent of the cost estimate that has been reviewed and approved by the OPSC and approved by the board for seismic rehabilitation.

SAB Meeting: **December 5, 2016** **New Construction - Adjusted Grant Approval**

SCHOOL DISTRICT DATA

Application No: 51/62901-00-009
School District: Klamath Trinity Joint Unified
County: Humboldt
School Name: Trinity Valley Elementary

PROJECT DATA

Type of Project:	K-8
K-6:	
7-8:	
9-12:	
Non-Severe:	
Severe:	
Application Filing Basis:	Site Specific
Number of Classrooms:	3
Master Acres:	
Existing Acres:	11.95
Proposed Acres:	
Recommended Acres:	6.60
Facility Hardship (a):	Yes
Financial Hardship Requested:	Yes
Alternative Education School:	No
Addition to Existing Site:	No

ADJUSTED GRANT DATA

Project Assistance	$	6,504
Service Site		447,913
Off-Site		436,224
Utilities		307,098
Fac. Hardship Other 9,991 Sq. Ft.		1,738,434
Geographic Percent Factor (10%)		195,704
Fire Detection Alarm		9,991
Small Size Project (12%)		208,612
Total State Share (50%)		3,350,480
District Share (50%)		3,350,480
Total Project Cost	$	**6,700,960**

PROJECT FINANCING

State Share		
This Project	$	3,350,480
District Share		
Cash Contribution		0
Financial Hardship		3,350,480
Total Project Cost	$	**6,700,960**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction/Add. Grant	**057-500**	**1D**		$ 3,350,480	$ 3,350,480
District Share					
Financial Hardship	**057-500**	**1D**		3,350,480	3,350,480
Cash Contribution				0	
Total			$	$ **6,700,960**	$ **6,700,960**

Funding Source: Proposition 1D Bonds/2006-Nov.

The District is required to submit a valid Fund Release Authorization (Form SAB 50-05) within 18 months of the date of the apportionment; otherwise, the apportionment will be rescinded without further board action.

Senate Bill 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).

The District qualifies for financial hardship pursuant to SFP Regulation Section 1859.81(c)(1). As of September 28, 2015, the current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity.

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

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

STATE ALLOCATION BOARD MEETING DATES

The State Allocation Board (SAB) meeting dates for the 2017 calendar year are as follows:

Board Date	Type of Meeting
January 25, 2017*	Monthly (Consent/Appeals/Action)
February 22, 2017*	Monthly (Consent/Appeals/Action)
March 22, 2017*	Monthly (Consent/Appeals/Action)
April 26, 2017*	Monthly (Consent/Appeals/Action)
May 24, 2017*	Monthly (Consent/Appeals/Action)
June 28, 2017*	Monthly (Consent/Appeals/Action)
July 26, 2017*	Monthly (Consent/Appeals/Action)
August 23, 2017*	Monthly (Consent/Appeals/Action)
September 27, 2017*	Monthly (Consent/Appeals/Action)
October 25, 2017*	Monthly (Consent/Appeals/Action)
December 2017*	Monthly (Consent/Appeals/Action)

*The projected dates and time will be determined upon the discussion with the Vice-Chair and Chair based on workload.

The SAB meets in different rooms within the State Capitol at 4:00 p.m. when the State Legislature is in session and at 2:00 p.m. when the State Legislature is out on recess. Due to scheduling changes within the Legislature, some of the SAB meetings may be canceled or changed with short notice.