REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District:……...NORWALK-LA MIRADA USD	County:.....LOS ANGELES
Application Number:.....61/64840-00-016	School Name……NORWALK HIGH SCHOOL
Total District Enrollment:.....18,374	Project Grade Level: 9-12

PURPOSE OF REPORT

To present the District's request for an extension to complete an Emergency Repair Program (ERP) project.

DESCRIPTION

On August 26, 2015, the District received an ERP Grant to replace a structurally unsafe portable classroom in the amount of $426,103. According to program regulations, if the project requires approval from the Division of the State Architect (DSA) the District is required to complete the project and submit the *Expenditure Report* (Form SAB 61-04) to the Office of Public School Construction (OPSC) within 21 months from the Apportionment date. During the planning process, the District experienced unanticipated construction delays, which included making required repairs to three fire hydrants on the site and remediating water pressure deficiencies to meet minimum code requirements. When the District realized it was not going to complete the project within the required timeframe, it submitted an appeal requesting to extend the deadline for an additional 18 months.

AUTHORITY

See Attachment A.

BACKGROUND

In 2004, Senate Bill 6, Chapter 899 established the ERP with $800 million to address facility conditions in low performing schools that pose urgent threats to students' or staffs' health and safety as a result of the *Williams v. California* Settlement. In 2007 the program was successfully converted into a grant program by Assembly Bill 607, Statutes of 2006 Chapter 704. This allowed eligible schools to receive funds before they completed repairs.

The District submitted an ERP application to OPSC on July 23, 2008 to replace a structurally unsafe portable classroom. The District then received an ERP Grant on August 26, 2015 in the amount of $426,103. Because the project required DSA review and approval, the District had 21 months to complete the project and submit the Form SAB 61-04 along with the required documents to OPSC per ERP Regulation Section 1859.330. The completed Form SAB 61-04 was due to OPSC by May 26, 2017.

During the planning process, the District realized that it would not be able to meet the required deadline for completion. In an effort to retain the Apportionment, the District submitted a *School District Appeal Request* (SAB 189) to extend the May 26, 2017 deadline to November 26, 2018.

STAFF ANALYSIS/STATEMENTS

District Position

The District is requesting to extend the deadline for 18 months to complete the ERP project and submit the required documents to OPSC by November 26, 2018 due to unforeseen circumstances at the Norwalk High School site, which are preventing the District from obtaining the required approvals to complete the project. When the District received the ERP Apportionment in August 2015, it was in the process of preparing a master plan for the Norwalk High School site following the passage of a local bond measure in 2014 that included multiple public meetings.

Since the master plan touches a majority of the site, the District integrated the ERP project (i.e. the replacement of a portable building) into the planning process in an attempt to avoid construction conflicts. After completing the integration phase, the District proceeded with architectural design and preparations for construction of the ERP project in late 2016. "As the design of the ERP project proceeded, the local Fire Authority required that one of the three existing fire hydrants on the campus be changed from a 4" connector to a 6" connector. [DSA] required changing an additional fire hydrant from 4" to 6" during its Fire and Life Safety review. The required testing of the site's water flow pressure in preparation for the installation of the larger connector determined that none of the three fire hydrants tested on the site provide sufficient water pressure to support firefighting." After multiple attempts to repair the water pressure, subsequent testing indicates that there is still insufficient water pressure at any of the hydrants on the site to meet minimum code requirements. As a result, DSA will not approve the district's construction plans for the ERP project and work has been suspended until the site's water pressure can be repaired.

In the SAB 189, the District states that it "is requesting an extension of the project completion/expenditure reporting deadline in order to allow time for the water pressure issues to be fully remedied, which will then allow the District to complete the ERP project scope and file the expenditure report. The water pressure repairs will require the water to the site to be shutoff for an extended period. Due to this requirement, the work will need to take place during the summer months, while the campus buildings are not occupied. As a result the District is respectfully requesting that the SAB provide an 18-month extension to the EPR project completion/expenditure reporting deadline."

For additional information, the SAB 189, a plan page, photos, and inspection reports that include dates of the various activities that the District has completed for the project are included as Attachment B.

Staff Position

While the District had 21 months to complete the project, from the District's description of events and verification from DSA, it appears that delays occurred that were unanticipated and out of its control. Below is a discussion of the applicable topics pertaining to the District's request. An overall view of the District's entire timeline of events which begins on the day the District received its Apportionment and ends on the requested extension date is included as Attachment C.

Construction Delays

To fully remediate the water system, significant portions of the site will be dug up to replace piping and water to the site will be shutoff for extended periods. Therefore, the District states that construction can only be completed during the summer while school is not in session. Due to these various setbacks, the project will take longer than the originally allotted 21 months. The District has informed OPSC that the project will be completed and the required documents will be submitted by November 25, 2018.

STAFF ANALYSIS/STATEMENTS (cont.)

Regulatory Requirements
ERP Regulation Section 1859.330 *Time Limit on Grant Apportionment* states that when DSA review and approval is required, within 21 months of the Grant Apportionment the district shall complete the project and submit the Form SAB 61-04 to OPSC. The regulation goes on further to state, "If the LEA does not meet the Time Limit on Grant Apportionment, the Apportionment will be rescinded without further Board action." The District received its ERP Apportionment on August 26, 2015. Therefore, according to ERP Regulations the District must have completed the project and submitted the completed Form SAB 61-04 to OPSC by May 26, 2017 to retain the funds. Absent an extension, the District will be required to return the full amount of the original Apportionment.

Prior Board Action
In May and October 2016, the Board approved appeal requests for extensions to ERP projects for the Montague Elementary and Richgrove Unified School Districts respectively. In the Montague instance, the district was near completion of the project and needed an extension of 60 days to the 21-month allowance. In the Richgrove instance, the district needed an additional eight months to complete the project. Ultimately, the Board approved both districts' requests for extensions.

These appeals are both similar to the District's as both districts needed extensions because of unforeseen delays. However, the length of the extension request for the District is much longer due to the need to complete the construction when school is not in session.

Summary
Staff is unable to administratively approve the District's request for an 18-month extension due to the requirements outlined in ERP Regulations. Staff is seeking Board direction.

BOARD OPTION

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

Grant the District's appeal.

BOARD ACTION

In considering this Item, the Board approved the District's request, which provided an 18-month extension to complete an Emergency Repair Program project.

ATTACHMENT A

AUTHORITY

Education Code (EC) 17592.72

(a) (1) For the 2005–06 fiscal year, all moneys in the School Facilities Emergency Repair Account are available for reimbursement to schools ranked in deciles 1 to 3, inclusive, on the Academic Performance Index, pursuant to Section 52056, based on the 2003 base Academic Performance Index score for each school, as defined in subdivision (b) of Section 17592.70, to meet the repair costs of the school district projects that meet the criteria specified in subdivisions (c) and (d) and as approved by the State Allocation Board.

(2) Commencing with the 2006–07 fiscal year, all moneys in the School Facilities Emergency Repair Account are available for the purpose of providing emergency repair grants to schools ranked in deciles 1 to 3, inclusive, on the Academic Performance Index, pursuant to Section 52056, based on the 2003 base Academic Performance Index score for each school, as defined in subdivision (b) of Section 17592.70, to cover the costs of school district repair projects that meet the criteria specified in subdivisions (c) and (d). The State Allocation Board shall establish a grant application process, grant parameters, substantial progress requirements, and a process for providing certification of the completion of projects. The State Allocation Board shall post the grant application form on its Internet Web site.

(c) (1) For purposes of this article, "emergency facilities needs" means structures or systems that are in a condition that poses a threat to the health and safety of pupils or staff while at school. These projects may include, but are not limited to, the following types of facility repairs or replacements:

(A) Gas leaks.

(B) Nonfunctioning heating, ventilation, fire sprinklers, or air-conditioning systems.

(C) Electrical power failure.

(D) Major sewer line stoppage.

(E) Major pest or vermin infestation.

(F) Broken windows or exterior doors or gates that will not lock and that pose a security risk.

(G) Abatement of hazardous materials previously undiscovered that pose an immediate threat to pupil or staff.

(H) Structural damage creating a hazardous or uninhabitable condition.

(2) For purposes of this section, "emergency facilities needs" does not include any cosmetic or nonessential repairs.

(d) For the purpose of this section, structures or components shall only be replaced if it is more cost-effective than repair.

EC Section 17592.73

The State Allocation Board shall do all of the following:

(a) Adopt regulations and review and amend its regulations, as necessary, pursuant to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), for the administration of this article, including those regulations necessary to specify the qualifications of the personnel performing the needs assessment and a method to ensure their independence. The initial regulations adopted pursuant to this article shall be adopted as emergency regulations, and the circumstances related to the initial adoption are hereby deemed to constitute an emergency for this purpose. The initial regulations adopted pursuant to this article shall be adopted by January 31, 2005.

(b) Establish and publish any procedures and policies in connection with the administration of this article as it deems necessary.

(c) Apportion funds to eligible school districts under this article.

(d) Provide technical assistance to school districts to implement this article…

Emergency Repair Program Regulation Section 1859.330 Time Limit on Grant Apportionment

The LEAs that receive ERP Grants shall comply with all of the following provisions:
(a) When the Division of the State Architect's review and approval is not required, within 15 months of the Grant apportionment the LEA shall:
(1) Complete the emergency repair or replacement; and
(2) Submit the Form SAB 61-04 to the OPSC.
(b) When the Division of the State Architect's review and approval is required, within 21 months of the Grant apportionment the LEA shall:
(1) Complete the emergency repair or replacement; and
(2) Submit the Form SAB 61-04 to the OPSC.
If the LEA does not meet the Time Limit on Grant Apportionment, the Apportionment will be rescinded without further Board action. Within 60 days of the OPSC notification, the LEA must submit to the State a warrant for the amount of the Apportionment and any interest earned on State funds. If this does not occur, the OPSC shall initiate collection procedures as delineated in 1859.324.1(a). Any rescinded funds returned to the State will be made available for the funding of future ERP Grants and Grant Adjustments. The LEA may re-file Form SAB 61-03 to request a Grant for the rescinded projects provided it meets the provisions of Section 1859.324 at the time of re-filing.

ATTACHMENT B

STATE OF CALIFORNIA
SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

SCHOOL DISTRICT	APPLICATION NUMBER
Norwalk-La Mirada Unified School District	61/64840-00-016
SCHOOL NAME	COUNTY
Norwalk High School	Los Angeles
DISTRICT REPRESENTATIVE	E-MAIL ADDRESS
Isela Vazquez	ivazquez@nlmusd.k12.ca.us

Purpose of Request:

The Norwalk-La Mirada Unified School District (District) requests an extension to the deadline for completing the Emergency Repair Program (ERP) portable replacement project at Norwalk High School due to unanticipated construction delays.

Basis of Request:

- ☐ Law (Statute) _____
- ☒ Regulation 1859.330
- ☐ Other (specify) _____

Description:

The District applied for an ERP project at Norwalk High School to replace a dilapidated portable building on July 23, 2008. The ERP Application was processed and placed on the ERP Unfunded List on September 19, 2012. The District received an apportionment on August 26, 2015.

At the time the apportionment was made, the District was conducting a site planning effort at Norwalk High School in conjunction with the passage of a 2014 local bond measure which included separate analyses for buildings, pavement/path of travel and landscaping/grounds. Scheduling and delivery of the ERP project were integrated into the planning process in an attempt to avoid conflicts with future construction outlined in the long term building program.

After completing the planning/integration phase, the District proceeded with architectural design and preparations for construction in late 2016. As the design of the ERP project proceeded, the local Fire Authority required that one of the three existing fire hydrants on the campus be changed from a 4" connector to a 6" connector. The Division of the State Architect required changing an additional fire hydrant from 4" to 6" during its Fire and Life Safety review. The required testing of the fire hydrants/fire loop for water flow and pressure in preparation for the installation of the larger connector determined that none of the three fire hydrants tested on the site provide sufficient water flow/pressure to support fire fighting.

Additional tests were conducted and repairs were attempted; however, subsequent testing indicates that even with repairs to valves and backflow preventer, there is still insufficient water flow/pressure at any of the hydrants on the site to meet minimum code requirements. As a result, the Division of the State Architect will not approve the ERP Project and work has been suspended until the fire loop can be repaired and/or replaced.

The District is requesting an extension of the project completion/expenditure reporting deadline in order to allow time for the fire loop issues to be fully remedied, which will then allow the District to complete the ERP project scope and file the expenditure report. The fire loop repair/replacement will require the water to the site to be shutoff for an extended period. Due to this requirement, the work will need to take place during the summer months, while the campus buildings are not occupied. As a result the District is respectfully requesting that the SAB provide an 18-month extension to the EPR project completion/expenditure reporting deadline.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE	DATE
	05.22.17

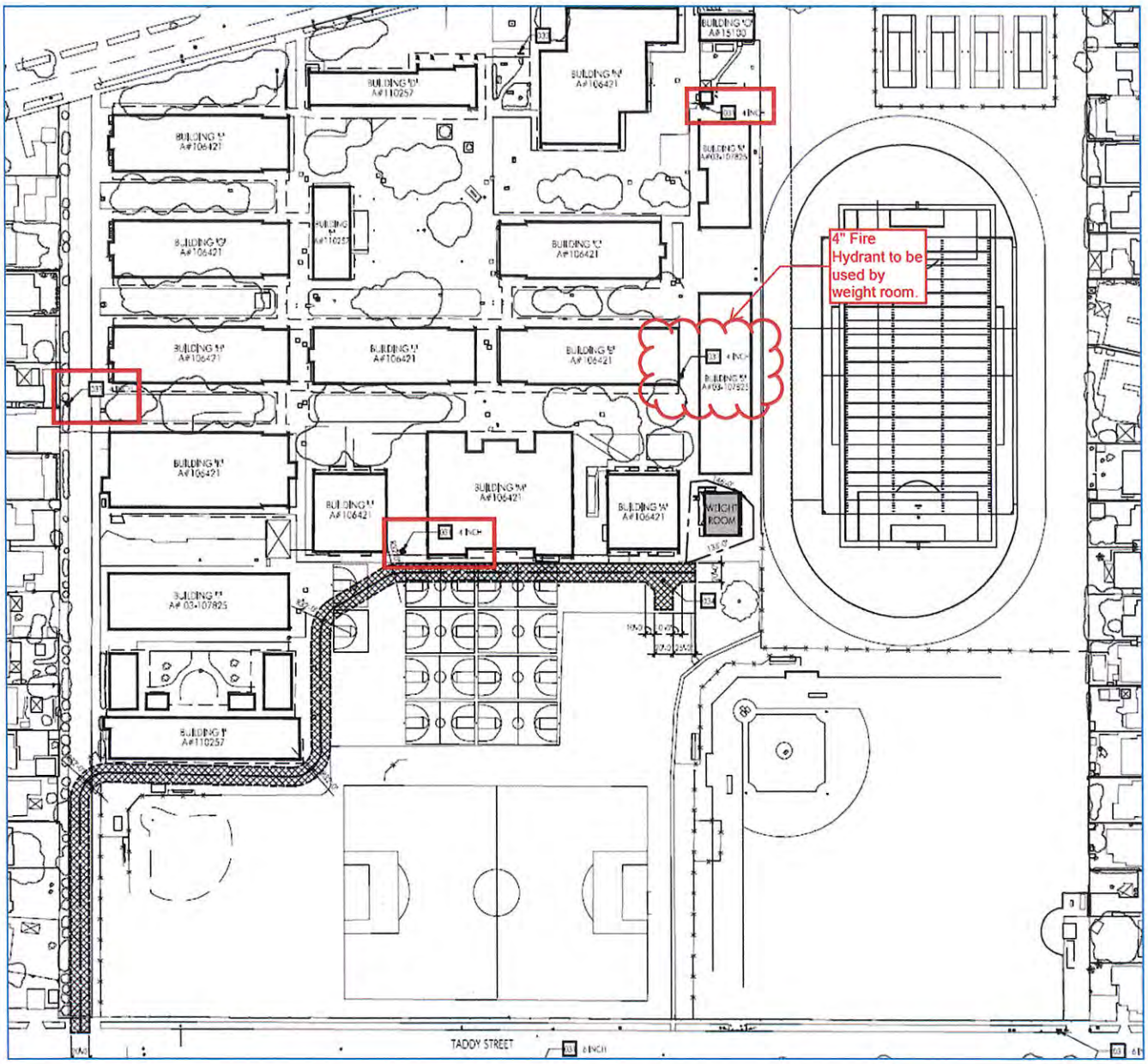
ATTACHMENT B

NORWALK – LA MIRADA UNIFIED SCHOOL DISTRICT

Facilities Planning and Construction

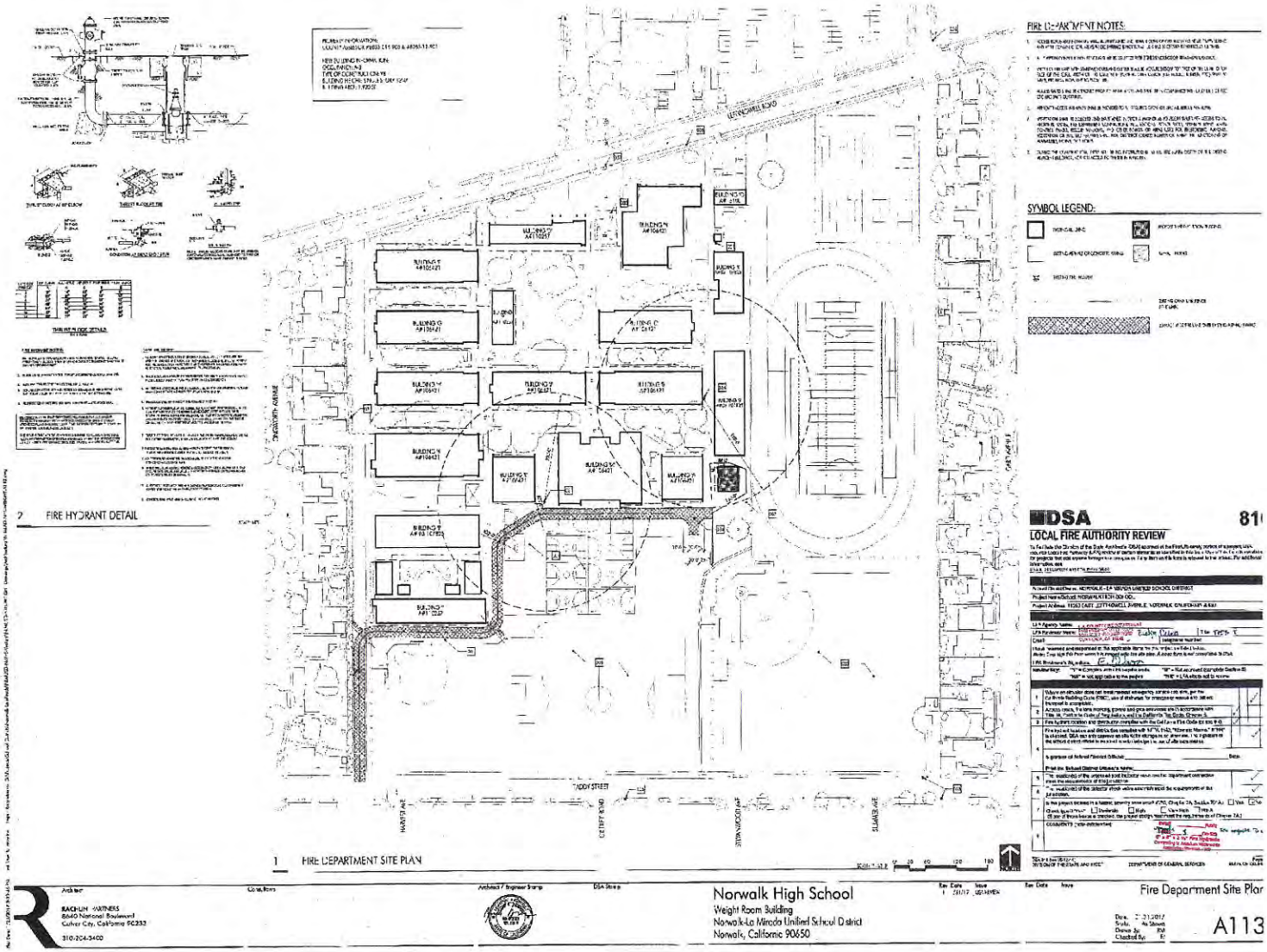
NORWAK HIGH SCHOOL ERP PROJECT # 61/64840-00-0016

- Architect: 12/12/16 Contract issued to Rachlin Partners
- Building Manufacturer: 12/19/16 Purchase Order issued to Sliver Creek Industries
- DSA Inspector: 1/23/17 Contract issued to RS Construction Services
- DSA In-plant Inspector: 1/23/17 Contract issued to All American Inspections
- Geotechnical & Material Testing: 2/27/17 Contract issued to Ninyo & Moore
- Local Fire Approval: 1/20/17 Local Fire plan review comment request that (1) one on-campus hydrant changed from existing 4" to new 6". The hydrant to be tested and changed is located near the proposed project building.



ATTACHMENT B

- Local Fire Approval: 1/24/17 Los Angeles County Fire Approval of Project



- DSA Plancheck: 2/15/17 Architect has an Over-The-Counter (OTC) meeting with DSA

  2/15/17 DSA Fire & Life Safety reviewer requests a water flow test on the hydrant that Local Fire wants changed to 6". DSA suspends the OTC meeting pending review of the requested hydrant flow test.

  2/15/17 Provo Engineering is contracted to perform the requested hydrant flow test. Provo is scheduled to test the hydrants on 2/16.

  2/16/17 Architect informs District of DSA request to replace an additional 4" hydrant with a 6" hydrant. The hydrant is located between the gymnasium and girl's locker room building.

ATTACHMENT B

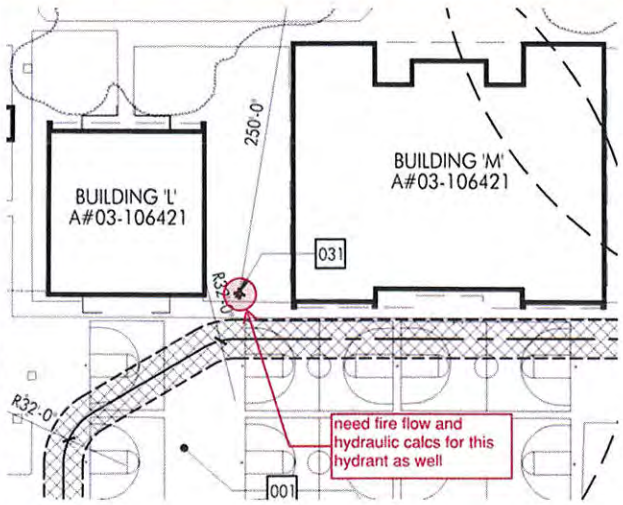
- Email Communication Notice

You replied to this message on 2/16/2017 4:01 PM.

From: Rudy Monico <rmonico@rachlinpartners.com>
To: Lorenzo Kohn; george.provencher@gmail.com
Cc: Richard Ingrassia
Subject: RE: Norwalk High School - flow test one on-campus fire hydrant

Lorenzo,

I just got off the phone with DSA and they are asking that we also replace the hydrant that is between buildings L and M (gym and girls locker). Accordingly we will need that hydrant to be tested as well.



Thank you,

Rudy Monico
Project Manager

RACHLIN

- Fire Flow Test #1: 2/16/17 Provo Engineering performs the flow tests.

  Hydrant Flow Test Failed (Test performed by George Provencher of Provo Engineering)

- Email Communication Notice:

From: George Provencher [mailto:george.provencher@gmail.com]
Sent: Friday, February 17, 2017 10:29 AM
To: Lorenzo Kohn; Rudy Monico
Subject: Norwalk High School Flow Test Results

Gentlemen,
I'm sorry to report that the results for the three flow tests performed this morning at Norwalk High School were very poor.
For all three tests, the system pressure went to zero when we opened any of the hydrants. Flow was so weak that the volume could not be measured.
In all cases, the water stream fell to the ground within five feet of the discharge opening, which averaged about three feet high.
Lorenzo and I went back to the district office to check the plans to see if they showed any obvious source of restriction in the water supply, but none was readily apparent.
I believe Lorenzo will be contacting the local water provider to see what kind of water pressure is expected in the area.
George Provencher

- DSA Plancheck: 2/22/17 Architect is scheduled for a back-check appointment.
  (The appointment is cancelled due to failed hydrant test)

- Investigation: 2/22/17 District maintenance & operations commence researching the hydrant flow concerns.

2/27/17 District contracts with as-needed plumbing contractor (Abe's Plumbing) to assess and investigate the possible cause of fire hydrants failed flow test.

3/4/17 Plumbing contractor and District identified a seized-up water shut-off valve near the water meter vault. The seized valve was opened by the plumber. The plumbing contractor also serviced the school's backflow device.

- Fire Flow Test #2: 3/9/17 Abe's Plumbing schedules Fire Safe Systems, Inc. to perform a flow retest on the fire hydrants.

  3/10/17 Fire Safe Systems, Oscar Castro, performs flow tests on (3) three fire hydrants at 4PM. The hydrants read 530 gallons per minute (GPM) at 10 PSI, 453 GPM at 7.5 PSI and 419 GPM at 6 PSI, which is below the required 1500 GPM at 20 PSI.

ATTACHMENT B

- Fire Safe Systems test report attached:

Private Fire Service Main	California Code of Regulations - Title 19 Inspection, Testing, and Maintenance	5-Year Report	1 of 2

Property Information		Contractor or Licensed Owner Information
Building Name Norwalk High School		Name Fire Safe Systems, Inc.
Address 11356 Leffingwell Road		Address 1312 Kingsdale Avenue
		City Redondo Beach St. Ca. Zip 90278
City Norwalk	License #	Phone 310-542-0585
Contact Person Lorenzo A. Kohn	☐ SFM	Job # n/a
Phone 562-868-9014	☑ CSLB 745383	Misc. n/a

5 Year Inspection, Testing and Maintenance
Includes ALL Quarterly and Annual Inspections, Tests, and Maintenance Items

I = Inspection T = Test M = Maintenance *P = Pass F = Fail N/A = Not Applicable*

Item		Description	NFPA 25 CA ed. Reference	Date	Comments Only	P, F, N/A
1.1	I	Control Valves – Identification Sign	13.3.1			N/A
1.2	I	Control Valves – Inspection	13.3.2			P
1.3	I	Hose Houses	7.2.2.7			N/A
1.4	I	Fire Department Connections	13.7			N/A
1.5	I	Pressure Reducing Valves	13.5.1.1			N/A
1.6	I	Backflow Preventers	13.6.1	03/09/17		P
1.7	I	Monitor Nozzles	7.2.2.6			N/A
1.8	I	Hydrants *(Dry Barrel and Wall)*	7.2.2.4 Table 7.2.2.4			N/A
1.9	I	Hydrants *(Wet Barrel)*	7.2.2.5 Table 7.2.2.5	03/09/17	Private Hydrant/Potable Syst	P
1.10	I	Mainline Strainers	7.2.2.3 Table 7.2.2.3			N/A
1.11	I	Piping *(Exposed)*	7.2.2.1 Table 7.2.2.1.2			P
1.12	I	Hose	7.1.4 NFPA 1962			N/A
2.1	T	Control Valve - Positions	13.3.3.1			P
2.2	T	Control Valve - Operation	13.3.3			P
2.3	T	Monitor Nozzles	7.3.3			N/A
2.4	T	Hydrants - Flush	7.3.2	03/09/17		P
2.5	T	Supervisory Devices	13.3.3.5			N/A
2.6	T	Backflow Preventer Assemblies	13.6.2	03/09/17		P
2.7	T	Piping *(Exposed and Underground Evaluation)*	7.3.1.1	03/09/17	Record results in Deficiencies and Comments section	P
2.8	T	Water Supply Evaluation *(If required by 7.3.1.2)*	7.3.1.2	03/09/17	Record results below in *Table for Water Supply Test Evaluation*	
2.9	T	Pressure Reducing Valve *Full Flow Test*	13.5.1.2			N/A
2.10	T	Hose	7.1.4 NFPA 1962			N/A

Form AES 4.1 Sept. 3, 2013

Standpipe and Hose System	California Code of Regulations - Title 19 Inspection, Testing, and Maintenance	5-Year Report	2 of 2

Property Information		Contractor or Licensed Owner Information
Building Name Norwalk High School	STATE OF CALIFORNIA STATE FIRE MARSHAL	Name Fire Safe Systems, Inc.
Address 11356 Leffingwell Road		Job # n/a
City Norwalk		

5-Year Inspection, Testing and Maintenance
Includes ALL Quarterly and Annual Inspections, Tests, and Maintenance Items

I = Inspection T = Test M = Maintenance P = Pass F = Fail N/A = Not Applicable

Item		Description	NFPA 25 CA ed. Reference	Date	Comments Only	P,F,N/A
3.1	M	Control Valves	13.3.4			P
3.2	M	Mainline Strainers	7.2.2.3 Table 7.2.2.3			N/A
3.3	M	Hose Houses	7.2.2.7 Table 7.2.2.7			N/A
3.4	M	Hydrants	7.4.2	03/09/17		P
3.5	M	Monitor Nozzles	7.4.3			N/A
3.6	M	FDC - Backflush	14.3.2.3 14.3.2.4			N/A
3.7	M	Internal Pipe Inspection: See Deficiencies and Comments Section for Results	14.2			P
3.8	M	Obstruction Investigation required. If "Yes", see Deficiencies and Comments Section for Results	14.3	03/09/17	☐ Yes ☑ No	P
3.9	M	System Returned to Service	4.5.3 15.7	03/09/17	☑ Yes ☐ No	P

If required by 7.3.1.2 - Table for Water Supply Test Evaluation *(Item 2.8)*

Flow Rate (gpm)	unknown	Static Pressure (psi)	low 45 - High 65
Hose Stream Allowance (gpm)	unknown	Residual Pressure (psi)	12.5
Total System Demand (gpm)	unknown	Flow Rate (gpm)	530
Required Pressure at Source (psi)	unknown	Available Pressure at Total System Demand (psi)	65

D = Deficiency C = Comment *(Indicate type)*

Item	*Date*	*Riser*	*D*	*C*	***Deficiencies and Comments*** *Indicate all equipment, devices and parts that were repaired or replaced*
				x	Three (3) Hydrants tested
				x	.9 Coefficient
				x	Outlet Size 2-1/2"
				x	Hydrant #1 = 530 gpm - Pito 10 psi
				x	Hydrant #2 = 453 gpm - Pito 7.5 psi
				x	Hydrant #3 = 419 gpm - Pito 6 psi
				x	Hydrants are part of a private potable system
					On-site pressures comply with local city water pumps

☐ Check here if additional Deficiencies and Comments are listed on Form AES9 Number attached:
☐ See Correction Form AES 10 for corrected deficiencies. Number attached:

I hereby certify that the fire protection equipment listed above has been fully inspected, tested, and maintained on this date by the company indicated above, in accordance with CCR, Title 19, Sections 901 to 906 and that the equipment is fully operable except as noted in the "Deficiencies and Comments" section of this form.

Print Name	Oscar Castro		
Signature	Oscar Castro	Date	03/13/17

Form AES 4.1 Sept. 3, 2013

- Fire Flow Test #3: 3/17/17 District contracts with Cosco Fire Protection to perform the third hydrant flow tests.

ATTACHMENT B

3/23/17 Cosco Fire Protection, Alex Gonzalez, performs flow tests on (3) three fire hydrants at 6:30AM. The hydrants read 530 GPM at 10 PSI each, which remains below the required 1500 GPM at 20 PSI.

ATTACHMENT B

* Cosco Fire Protection test report attached:

COSCO Fire Protection

Cosco Fire Protection
AES 4

Cosco WO: 1703-1835

www.coscofire.com

Inspection, Testing, and Maintenance Cover Sheet
NFPA25 as amended by CCR, Title 19

Property Information

Name:	NORWALK HIGH SCHOOL	Occupancy/Use:	E
Address:	11356 E. LEFFINGWELL RD	Construction Type:	Type V-B
City:	NORWALK	No. Stories:	1
Zip:	90650	Year Constructed:	N/A
Contact:	LORENZO KOHN		
Telephone:	714-403-8646		

STATE OF CALIFORNIA STATE FIRE MARSHAL

Contractor Information

Name:	COSCO FIRE PROTECTION
Address:	1075 W LAMBERT RD BLDG D
City:	BREA
State:	CA
Telephone:	(714)989-1800
CA License #:	C10/16 577621
Job#:	1703-1835
Performed By:	GONZALEZ, ALEJANDRO

Number of System Risers

Copy sent to:

☐ Owner	Date:	
☐ Fire AHJ	Date:	
☑ Contractor	Date:	3/23/2017

NOTES:
1) For specific inspection, testing, and maintenance requirements and information, see NFPA 25, 2011 Edition as amended by California Code of Regulations, Title 19, §901 to §906.

2) Inspection items may be performed by the owner in accordance with California Code of Regulations,Title19, §904.1(a)

Check box for each system inspected and enter the number of forms used for inspection.
Check boxes (Fail or Pass) to indicate status of inspected system at end of inspection.

Forms Included with this Report	NFPA 25 Chapter	Number of Forms	N/A	Fail*	Pass
☐ Automatic Sprinkler System	5	0	☑	☐	☐
☐ Standpipe and Hose System	6	0	☑	☐	☐
☑ Private Water Supply System	7	1	☐	☑	☐
☐ Fire Pump	8	0	☑	☐	☐
☐ Water Storage Tank	9	0	☑	☐	☐
☐ Water Spray System	10	0	☑	☐	☐
☐ Foam Water Sprinkler System	11	0	☑	☐	☐
☐ Water Mist System	12	0	☑	☐	☐
☑ Concerns that are not deficiencies (i.e. Non-Sprinklered Areas)				☐ Yes	☑ No

*See "Deficiencies and Comments" section at end of each respective form.

ATTACHMENT B

COSCO Fire Protection

Cosco WO: 1703-1835

Private Fire Service Main	California Code of Regulations - Title 19 Inspection, Testing, and Maintenance	Quarterly and Annual Report	1 of 2

Property Information				Contractor or Licensed Owner Information					
Building Name	NORWALK HIGH SCHOOL			Name	COSCO FIRE PROTECTION				
Address	11356 E. LEFFINGWELL RD			Address	1075 W LAMBERT RD BLDG D				
				City	BREA	St.	CA	Zip	92821
City	NORWALK	License #	577621	Phone	(714)989-1800				
Contact Person	LORENZO KOHN	☐ SFM		Job#	1703-1835				
Phone	714-403-8646	☑ CSLB	C10/C16	Misc.	5 YEAR 3/2017 3 ON SITE				

Quarterly Inspections

I = Inspection T = Test M = Maintenance P = Pass F = Fail N/A = Not Applicable

Item		Description	NFPA 25 CA ed. Reference	Date 3/23/2017	Date	Date	Date
1.1	I	Control Valves – Identification Sign	13.3.1	N/A			
1.2	I	Control Valves – Inspection	13.3.2	P			
1.3	I	Hose Houses	7.2.2.7	N/A			
1.4	I	Fire Department Connections	13.7	N/A			
1.5	I	Pressure Reducing Valves	13.5.1.1	N/A			
1.6	I	Backflow Preventers	13.6.1	N/A			
1.7	I	Supervisory Devices	13.3.3.5.1	P			
1.8	I	Monitor Nozzles	7.2.2.6	N/A			

ANNUAL INSPECTION,TESTING, AND MAINTENANCE

Include ALL Quarterly Inspections

I = Inspection T = Test M = Maintenance P = Pass F = Fail N/A = Not Applicable

Item		Description	NFPA 25 CA ed. Reference	Date	Comments Only	P,F,N/A
1.9	I	Hydrants (Dry Barrel and Wall)	7.2.2.4 Table 7.2.2.4			N/A
1.10	I	Hydrants (Wet Barrel)	7.2.2.5 Table 7.2.2.5	3/23/2017	WHARF HYDRANTS	F
1.11	I	Mainline Strainers	7.2.2.3 Table 7.2.2.3			N/A
1.12	I	Piping (Exposed)	7.2.2.1 Table 7.2.2.1.2	3/23/2017		P
1.13	I	Piping (Underground)	7.3.1	3/23/2017		F
1.14	I	Hose	NFPA 1962			N/A
2.1	T	Control Valve - Position	13.3.3.1	3/23/2017		P
2.2	T	Control Valve - Operation	13.3.3	3/23/2017		P
2.3	T	Monitor Nozzles	7.3.3			N/A
2.4	T	Hydrants - Flush	7.3.2	3/23/2017		P
2.5	T	Supervisory Devices	13.3.3.5			N/A
2.6	T	Backflow Preventer Assemblies	13.6.2			N/A
2.7	T	Pressure Reducing Valve (Partial Flow Test)	13.5.1.3			N/A
3.1	M	Control Valves	13.3.4			N/A
3.2	M	Mainline Strainers	7.2.2.3			N/A

ATTACHMENT B

COSCO Fire Protection

Cosco WO: 1703-1835

Private Fire Service Main	California Code of Regulations - Title 19 Inspection, Testing, and Maintenance	Quarterly and Annual Report	2 of 2

Property Information		Contractor or Licensed Owner Information	
Building Name	NORWALK HIGH SCHOOL	Name	COSCO FIRE PROTECTION
Address	11356 E. LEFFINGWELL RD	Job#	1703-1835
City	NORWALK		

ANNUAL INSPECTION,TESTING, AND MAINTENANCE

Include ALL Quarterly Inspections

I = Inspection **T** = Test **M** = Maintenance *P = Pass F = Fail N/A = Not Applicable*

Item		Description	NFPA 25 CA ed. Reference	Date	Comments Only	P,F,N/A
3.3	M	Hose Houses	7.2.2.7 Table 7.2.2.7			N/A
3.4	M	Hydrants	7.4.2	3/23/2017		P
3.5	M	Monitor Nozzles	7.4.3			N/A
3.6	M	Obstruction Investigation required (If "Yes", see Deficiencies and Comments Section for Results.)	14.3	3/23/2017	☐ Yes ☑ No	P
3.7	M	System Returned to Service	4.5.3, 15.7	3/23/2017	☑ Yes ☐ No	P

D = Deficiency C = Comment *(Indicate Type)*

Item	Date	Riser	D	C	*Deficiencies and Comments* *Indicate all equipment, devices and parts that were repaired or replaced*
1.10	3/23/2017		☑	☐	1 BROKEN 2 1/2" PLASTIC CAP AND 1 MISSING
1.13	3/23/2017		☑	☐	HYDRANT BETWEEN L AND M APPEAR TO BE LEAKING FROM THE UNDER THE
			☐	☐	CEMENT. WILL NEED TO INVESTIGATE. SEE PICTURE
1.10			☑	☐	HYDRANT NORTH OF BUILDING "B" PENT NUT DEFECTIVE, REPLACE.

LIABILITY RELEASE STATEMENT: The Subscriber and/or its designated representative acknowledge that the Subscriber has full responsibility for the operating condition of the fire protection system(s) including its component parts at the time of inspection. This inspection/test report is governed by terms and conditions of Cosco Fire Protection Inspection signed agreement. The Subscriber acknowledges that the Contractor does not have any obligation to correct any deficiencies Contractor has identified in report and Subscriber shall have full responsibility for corrections for any such deficiencies. During inspection work in Subscriber's building, Contractor representatives may have noticed items on the fire protection system(s) that may need further investigation. These items are not part of the normal NFPA Standards inspection, testing, or maintenance functions, but Contractor is providing Subscriber with notice of these concerns as a courtesy. This does not constitute or represent that Contractor has performed a full analysis of fire protection system(s) in this building and there may be other items of concern that Contractor has not identified that are beyond the scope of NFPA inspection standards.

☑ Check here if additional Deficiencies and Comments are listed on Form AES9 Number attached: 1

☐ See Correction Form AES 10 for corrected deficiencies. Number attached:

I hereby certify that the fire protection equipment listed above has been fully inspected, tested, and maintained on this date by the company indicated above, in accordance with CCR, Title 19, Sections 901 to 906 and that the equipment is fully operable except as noted in the "Deficiencies and Comments" section of this form.

Check box if Annual Inspection, Testing & Maintenance Items are Completed in the Indicated Quarter

Quarter	*1st - ☑ Annual*	*2nd - ☐ Annual*	*3rd - ☐ Annual*	*4th - ☐ Annual*
Date	3/24/2017			
Print Name	GONZALEZ, ALEX			
Signature				

ATTACHMENT B

COSCO Fire Protection

Cosco Fire Protection
AES 9

Cosco WO: 1703-1835

www.coscofire.com

Continuation Form for Deficiencies and Comments

California Code of Regulations - Title 19
Inspection, Testing, and Maintenance

Property Information				Contractor or Licensed Owner Information					
Building Name	NORWALK HIGH SCHOOL			Name	COSCO FIRE PROTECTION				
Address	11356 E. LEFFINGWELL RD			Address	1075 W LAMBERT RD BLDG D				
				City	BREA	St.	CA	Zip	92821
City	NORWALK	License #	577621	Phone	(714)989-1800				
Contact Person	LORENZO KOHN	☐ SFM		Job#	1703-1835				
Phone	714-403-8646	☑ CSLB	C10/C16	Misc.	5 YEAR 3/2017 3 ON SITE				

Type of System			
☐ Automatic Sprinkler System		☐ Water Storage Tank	
System Riser ID		☐ Water Spray System	
☐ Standpipe & Hose System		System Riser ID	
System Riser ID		☐ Foam-Water System	
☑ Private Water Supply System		System Riser ID	

D = Deficiency C = Comment *(Indicate Type)*

Item	Date	Riser	D	C	*Deficiencies and Comments* *Indicate all equipment, devices and parts that were repaired or replaced*
			☐	☐	HYDRANT WEST OF BUILDING "R" 530 GPM @10 PSI
			☐	☐	HYDRANT NORTH OF BUILDING "B" 530 GPM @10 PSI
			☐	☐	HYDRANT SOUTH OF BUILDING "M" 530 GPM @10 PSI
	3/23/2017		☐	☑	DID NOT LOCATE UGV FOR HYDRANT @ BUILDING "R" POSSIBLY PAVED OVER
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	
			☐	☐	

ATTACHMENT B

COSCO Fire Protection

Cosco WO: 1703-1835

Continuation Form for Deficiencies and Comments

California Code of Regulations - Title 19
Inspection, Testing, and Maintenance

Property Information		Contractor or Licensed Owner Information	
Building Name	NORWALK HIGH SCHOOL	Name	COSCO FIRE PROTECTION
Address	11356 E. LEFFINGWELL RD	Job#	1703-1835
City	NORWALK		

D = Deficiency C = Comment *(Indicate Type)*

Item	Date	Riser	D	C	*Deficiencies and Comments* *Indicate all equipment, devices and parts that were repaired or replaced*
			☐	☐	
			☐	☐	
			☐	☐	
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			☐	☐	
			☐	☐	

LIABILITY RELEASE STATEMENT: The Subscriber and/or its designated representative acknowledge that the Subscriber has full responsibility for the operating condition of the fire protection system(s) including its component parts at the time of inspection. This inspection/test report is governed by terms and conditions of Cosco Fire Protection Inspection signed agreement. The Subscriber acknowledges that the Contractor does not have any obligation to correct any deficiencies Contractor has identified in report and Subscriber shall have full responsibility for corrections for any such deficiencies. During inspection work in Subscriber's building, Contractor representatives may have noticed items on the fire protection system(s) that may need further investigation. These items are not part of the normal NFPA Standards inspection, testing, or maintenance functions, but Contractor is providing Subscriber with notice of these concerns as a courtesy. This does not constitute or represent that Contractor has performed a full analysis of fire protection system(s) in this building and there may be other items of concern that Contractor has not identified that are beyond the scope of NFPA inspection standards.

☐ See Correction Form AES 10 for corrected deficiencies. Number attached:

I hereby certify that the fire protection equipment listed above has been fully inspected, tested, and maintained on this date by the company indicated above, in accordance with CCR, Title 19, Sections 901 to 906 and that the equipment is fully operable except as noted in the "Deficiencies and Comments" section of this form.

Print Name	ALEX GONZALEZ		
Signature		Date	3/23/2017

FREPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: .....BURNT RANCH ELEMENTARY	County: .....…….TRINITY
Application Number: 51/71662-00-001	School Name: …….....BURNT RANCH ELEMENTARY
Total District Enrollment:.....96	Project Grade Level: K-8
Financial Hardship: ..... YES	

The District qualifies for financial hardship pursuant to School Facility Program (SFP) Regulation Section 1859.81(c)(4).

PURPOSE OF REPORT

To present the District's Facility Hardship application for State Allocation Board action related to funding.

DESCRIPTION

Burnt Ranch Elementary is a one-school district located in central Trinity County. In March 2017, the District discovered extensive water intrusion issues in every school building on the site. Testing revealed the presence of high levels of toxigenic mold in all buildings, which required the immediate closure of all buildings. The District has not begun the necessary repair work as it has limited, to no funds available. The District has met the qualifications for Financial Hardship, enabling them to request design funding to begin the project. In addition, the project cost estimate qualifies the District for replacement funding. However, construction costs in its remote, rural location are much higher than other areas in the state. Therefore, the District contends that repairing its facilities will be more cost effective than replacing them.

Due to the extraordinary circumstances related to its financial condition and the cost of the required mitigation measures, the District is requesting the Board to consider the following actions for this Facility Hardship project:

I. Provide replacement funding for rehabilitation work.

II. Provide an expedited Apportionment for design funding outside of the priority funding process.

AUTHORITY

See Attachment A.

BACKGROUND

Burnt Ranch is a one-school school district located in an isolated, remote community in central Trinity County. The closest small cities are located 65 miles and 85 miles away. Eighty-one percent of the students in the district qualify for free/reduced lunch. According to the District, many of the students can only access computers and the internet while at school as many live too remotely to have electricity and phone lines. Additionally, the school is the only public facility within a large geographical area.

In February 2017, the District discovered mold throughout the campus. Testing conducted on every school building revealed high levels of stachybotrys mold and water damage present in all the buildings on campus. Thus, all the school facilities were immediately closed. The District has advised Staff that campus buildings range from 30-56 years old. It believes that the age of the buildings, the harsh climate (hot summers and cold, snowy winters), flat roof construction, roof leaks, poor ventilation, and a very humid regional micro-climate contributed to conditions where stachybotrys mold grew in every building on campus.

BACKGROUND (cont.)

The District brought in seven portable classroom buildings and one portable restroom building to continue school. Currently, it must have food service transported from another district and the students eat outside or in their classrooms during inclement weather.

Due to the extraordinarily difficult financial and safety conditions present at its school, the District submitted the School District Appeal Request (SAB 189) that is included as Attachment B in June 2017.

STAFF ANALYSIS/STATEMENTS

District Position
According to the SAB 189, "The Burnt Ranch Elementary School District respectfully requests Facility Hardship Replacement Funding to rehabilitate school facilities at the District's Burnt Ranch Elementary School site…Additionally we request an apportionment for funds outside the Priority in Funding process, as we have an immediate need for funding to complete these projects and return our pupils and staff to safe and appropriate facilities as soon as possible."

The cost to rehabilitate these school facilities exceeds 50 percent of the calculated Current Replacement Cost, thus the project qualifies to receive replacement funding. However, the District states that "replacing the affected facilities is not an option" due to the District's remote location and the cost of construction in the area. "The District has very limited financial resources to mitigate the health and safety threat. The actual costs to replace all facilities would be beyond the State's replacement funding allowances and the District's local funds."

Based on the District's unique circumstances, we request the SAB to fund the rehabilitation of these facilities at the Replacement funding level. In doing so, we also request an apportionment for funds outside the Priority in Funding process."

The full text of the District's SAB 189 is included as Attachment B.

Staff Position
Staff is unable to administratively approve the District's request to use replacement funding for rehabilitation work and the Board must take action to approve the request for an expedited Apportionment outside the priority funding process. Therefore, Staff is presenting the District request in two parts that follow.

I. Use of Replacement Funding for Rehabilitation Work

Rehabilitation versus Replacement
The District is requesting to use replacement funding for rehabilitation work of qualifying buildings 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 issue. SFP Regulations that implement the Education Code (EC) have been interpreted previously by the Board to allow replacement funding for a rehabilitation project that exceeded 50 percent of the replacement cost on a case by case basis.

In prior cases of a similar nature, the Board has determined that statute does not preclude it 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.

STAFF ANALYSIS/STATEMENTS (cont.)

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 not for non-SMP facility hardship projects. 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.

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." 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)..."

The District submitted an application for rehabilitation work. During the review process, Staff confirmed the District's calculation that 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, the OPSC is unable to administratively approve the projects for the requested funding type pursuant to SFP Regulation Section 1859.82(a)(1)(A).

In order to obtain approval to use replacement funding to perform the necessary rehabilitation work, the District submitted a *School District Appeal Request* (SAB 189) for its project at Burnt Ranch Elementary. The District is requesting consideration of this issue due to its extraordinary circumstances leading to higher than normal construction costs and difficulty in getting a labor force 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 District states that it is currently housing all of its students and staff in portable buildings, but has no multipurpose room for physical education, meal service and other educational programs.

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, based on the current enrollment or square footage at the site.

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. For that project, there was a $1.57 million difference in replacement and rehabilitation funding, and the Board approved the district for replacement funding, limiting it to the rehabilitation amount.

STAFF ANALYSIS/STATEMENTS (cont.)

Most recently in April and October 2016, the Board approved similar requests for the Klamath-Trinity School District, which faced very similar circumstances based on its similar location. Klamath-Trinity's district boundaries are immediately adjacent to Burnt Ranch's district boundaries and is physically located just 20 miles away in remote Humboldt County. Klamath-Trinity also has a very humid micro-climate and had five school sites that required extensive mitigation work due to water intrusion and mold. Klamath-Trinity demonstrated that the cost of construction in these remote areas of the state is much higher than other areas.

Cost/Benefit Analysis
The current cost/benefit analysis for the project is shown below. 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 Division of the State Architect (DSA) approval.

Cost to Rehab vs. Replace	Rehabilitation Cost Estimate	$ 9,316,647
	Current Replacement Cost	$ 8,023,225
	Percentage	116%

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. Conversely, rehabilitation funding is limited to the minimum work required to obtain DSA approval, and if provided, the buildings would not receive a new age for purposes of modernization.

Summary
As submitted, the rehabilitation work cost estimates exceed 50 percent of the replacement cost for the project, which qualifies the projects for replacement funding rather than rehabilitation under SFP Regulations. Given the unique situation of the project and District, Staff agrees that the SFP Regulations do not address the issue presented by the District. However, 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 this project and allowing the District to perform rehabilitation work.

II. Expedited Apportionment for Design Funds

Staff is recommending that the District receive an immediate Apportionment for design funds for the project presented in the District's appeal request due to the urgency of the District's situation. The multipurpose room, kitchen, all classrooms, and main office and administration are closed due to the presence of toxic mold. The District states that, "In addition to food service, the lack of a multipurpose room has been detrimental to the District's educational program…The multipurpose room is an essential part of the District's service to the student and the community…Lack of any conference rooms, a Special Education/Speech room, a library, and a separate counseling and intervention services has also negatively impacted the district's ability to provide needed programs."

An Apportionment outside of the priority funding process will result in the District having immediate access to cash once a Fund Release Authorization is submitted. This will allow the District 18 months to submit a fund release versus the 90-day requirement under priority funding. However, the District has indicated they would submit the Fund Release Authorization immediately upon Board approval in order to secure the funding necessary to begin the design process for mitigating these health and safety issues.

STAFF ANALYSIS/STATEMENTS (cont.)

Without an immediate Apportionment, the District would not have the funding to begin the design process for the remediation measures until after January 1, 2018 or until a spring 2018 bond sale. The project could only receive an unfunded approval following the priority funding process. The District was required to close the facilities and must complete the abatement and replace the roofs and walls before students are allowed back into the facilities.

Staff recommends that the Board approve an Apportionment for this project due to the extraordinary circumstances surrounding the project.

BOARD OPTIONS

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

I. Approve Replacement Funding to Perform Rehabilitation Work

Approve the District's request to use replacement funding for rehabilitation work, as shown in Attachment C.
This option would allow the District to use replacement funding for designing the mitigation work for the Burnt Ranch Elementary School.

Considerations:
The age of the buildings will be reset to 12 months from the date of DSA approval of the plans and specifications of the project for purposes of determining the site's modernization eligibility.

II. Approve an Expedited Apportionment for Design Funding

Approve the District's request for an Apportionment of design funds outside the priority funding process, as shown in Attachment C.
This option would provide the District an immediate cash Apportionment for design funding.

Considerations:

- District receives cash immediately to begin addressing the necessary health and safety mitigation measures.
- Without an immediate Apportionment the District could not receive a cash Apportionment until after January 1, 2018.

BOARD ACTION

In considering this Item, the Board approved both action I and II, which approves the District's request to use replacement funding for rehabilitation work and approves an Apportionment of design funds outside the priority funding process as shown on Attachment C.

ATTACHMENT A

AUTHORITY

Education Code (EC) Section 17070.35(a) states the following:

> (a) In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:
> (1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter. However, the board shall have no authority to set the level of the fees of any architect, structural engineer, or other design professional on any project. The initial regulations adopted pursuant to this chapter shall be adopted as emergency regulations, and the circumstances related to the initial adoption are hereby deemed to constitute an emergency for this purpose. The initial regulations adopted pursuant to this chapter shall be adopted by November 4, 1998. If the initial regulations are not adopted by that date, the board shall report to the Legislature by that date, explaining the reasons for the delay.

EC Section 17070.35(a)(2) states that the Board shall, "Establish and publish any procedures and policies in connection with the administration of…(*the SFP*) as it deems necessary."

EC Section 17075.10(b)(2) states that a school district applying for hardship state funding must "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. 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…..If the board determines that the seismic mitigation work of a school building would require funding that is greater than the 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 the following: "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)(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…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) or 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 1859.90 states that "a district must submit the Form SAB 50-05, within 18 months of the Apportionment of the SFP grant for the project or the entire…apportionment shall be rescinded without further Board action…"

STATE OF CALIFORNIA
SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

SCHOOL DISTRICT	APPLICATION NUMBER
Burnt Ranch Elementary School District	51/71662-00-001
SCHOOL NAME	COUNTY
Burnt Ranch Elementary	Trinity County
DISTRICT REPRESENTATIVE	E-MAIL ADDRESS
Kathleen Graham	kgraham@tcoek12.org

Purpose of Request:

Request replacement funding for rehabilitation Facility Hardship projects that exceed 50% of the Current Replacement Cost.

Basis of Request:

- ☐ Law (Statute) _____
- ☒ Regulation 1859.82(a)(1)(A)
- ☒ Other (specify) Unique Circumstances

Description:

Please see attached narrative.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE	DATE
Kathleen Graham	7/18/17
Superintendent Burnt Ranch School	

Burnt Ranch School District

The greatest little school around!

July 18, 2017

Hannah Konnoff
Office of Public School Construction
707 Third Street
West Sacramento, CA 95605

Subject: SAB 189 Attachment

Purpose of Request

The Burnt Ranch Elementary School District respectfully requests Facility Hardship Replacement Funding to rehabilitate school facilities at the District's Burnt Ranch Elementary School site.

The cost to rehabilitate these school facilities exceeds 50% of the OPSC calculated Current Replacement Cost, and the project qualifies to receive replacement funding. However, due to the District's remote location and the current cost of construction, rehabilitation is the only option to mitigate the health and safety issue to get the students back in the proper facilities as replacement costs in our community would far exceed the replacement funding from the State and the District's available funds.

Additionally, we request an apportionment for funds outside of the Priority in Funding process, as we have an immediate need for funding to complete these projects and return our pupils and staff to safe and appropriate facilities as soon as possible.

This SAB 189 Appeal Form is being submitted, as the OPSC cannot administratively approve the District's request.

Background

The district is one of high-poverty with a Free/Reduced lunch rate of 81%. It is also ethnically diverse. The largest minority is Native American with a student population of over 34%. High speed internet has not been available, and the district has had to rely on a combination of a T-1 line and a satellite. The district has had the distinction of having the slowest internet connection in the county, although a two-year plan to install our own tower is finally coming to fruition. Many of our students can only access computers and the internet while at school as many live too remotely to have electricity and phone lines.

Burnt Ranch is a small, isolated community with the nearest towns 20 miles to the west and 35 miles to the east. The closest small cities are located 65 miles and 85 miles away. Therefore the school is the only public facility within a large geographical area and the community relies on it for meeting space for a number of organizations, service groups and clubs. It is used by the county and state as an emergency shelter, primarily for fires but also as a clean-air facility. In the past, firefighters have been housed in the field and gym and the grounds have been used for fire suppression staging. The USFS regularly uses the gym and grounds for physical training and for community meetings related to fire and timber management. Other community groups such as 4-H, Scouts, and the BR Indian Association periodically need the gym and classrooms for special events. The roads in our area are unstable and, for an extended period of time last year, high

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Superintendent: Kathleen Graham

school students who were unable to get through a major road closure due to a slide met at Burnt Ranch School for classes and testing.

Health and Safety Threat

In February 2017, the District discovered mold throughout the campus. The District conducted additional testing on every school building and found stachybotrys mold and water damage present in all the buildings within the campus and closed all school facilities. It was further discovered that the age of the buildings (30-56 years old with no recent and/or adequate modernization), the harsh climate (hot summers and cold, snowy winters), the flat roof of the classroom building which contributed to leaks, poor ventilation in all buildings, a roof-top HVAC system on the gymnasium building which had been compromised allowing leakage into the interior, along with the very humid micro-climate in the area greatly contributed to the presence of high-levels of stachybotrys mold in every building on campus.

The OPSC staff concurs that the issues noted above present a health and safety hazard to the District's pupils and staff.

The Multipurpose Room, Kitchen, all classrooms, and Main Office and Admin have been closed due to mold. The District has brought in seven portable classroom buildings and one portable restroom building to continue school and must have food service transported from another school District at great cost to the District. The students eat outside or in their classrooms during inclement weather. In addition to food service, the lack of a multipurpose room has been detrimental to the District's educational program, as the District now lacks a space for physical education, school sports teams and sporting events, assemblies, performances and other school activities. The Multipurpose room is an essential part of the District's service to the students and the community. Special programs, such as STEM and History Day, are often dependent on having a space as large as the gym. Lack of any conference rooms, a Special Education/Speech room, a library, and a separate room for counseling and intervention services has also negatively impacted the district's ability to provide needed programs

Request for Rehabilitation

Replacing the affected facilities is not an option provided the actual costs for replacement in Burnt Ranch. As a small school district in a rural location, the District has very limited financial resources to mitigate the health and safety threat. The actual costs to replace all the facilities would be beyond the State's replacement funding allowances and the District's local funds.

The District's rural location creates an additional burden of greatly increasing the construction cost for any project compared to the much of the State. With low availability of workers in the immediate area, our labor costs greatly increase as workers need to be brought in from other areas around the State.

Conclusion

Based on the District's unique circumstances, we request the SAB to fund the rehabilitation of these facilities at the Replacement funding level. In doing so, we also request an apportionment for funds outside of the Priority in Funding process.

Sincerely,

Kathleen Graham

Kathleen Graham
Superintendent/Principal

ATTACHMENT C

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: …… BURNT RANCH ELEMENTARY	County:……TRINITY
Application Number:……51/71662-00-001	School Name……...BURNT RANCH ELEMENTARY
Total District Enrollment:……96	Project Grade Level:……K-8
Financial Hardship:……YES	

The District qualifies for financial hardship pursuant to School Facility Program (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 June 29, 2017, is $5 million or less.

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) conceptual approval for a SFP Facility Hardship replacement project and an Apportionment for design funding.
Estimated Total Project Cost	$ 8,023,226
Estimated Cost to the State	$ 7,992,130

DESCRIPTION

Description of Health and Safety Threat	Burnt Ranch Elementary located in Burnt Ranch, California, was originally constructed in 1961. In March 2017, a licensed industrial hygienist inspected all of the buildings on the site. Testing revealed high levels of mold due to water intrusion from the roof areas in all structures. The industrial hygienist determined that the mold constituted a health and safety issue and required that the facilities be vacated. The Trinity County Environmental Health Division (TCEHD) concurred. The District is seeking a design Apportionment to begin the design of their project and qualifies for replacement funding based on their cost/benefit analysis.
Scope of Project	The industry specialist report requires mitigation work include the following, "The entire roof shall be removed, including all plywood and any affected wood beams below, all siding, windows, and exterior wall systems and finishes. All drywall, wall tile, ceiling tile, floor systems and/or plaster shall also be removed. All cellulose ceiling tiles, drywall/joint compound and insulation shall also be removed through remediation. Note: Drainage systems must be installed at the perimeter of all buildings to prevent water incursions under the buildings. All areas shall be placed under full containment guidelines. All HVAC areas associated with the above shall also be removed and replaced."
Status of School Site	All of the buildings are currently closed and the students and staff are housed in portable classrooms and restrooms. Rehabilitation work has not yet begun.

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 TCEHD.
Staff Supports the District's Request	Yes
Site Visit Completed by Staff	Staff has accepted reports by the industry specialists and TCEHD concurrence in lieu of a site visit

AUTHORITY

See Attachment.

RECOMMENDATIONS

1. Approve the District's request for conceptual approval for replacement funding for the Burnt Ranch Elementary site, limited to 384 square feet of toilet space and 15,725 square feet of other space, pursuant to the SFP Regulation Section 1859.82(a).

2. Provide that the District must file an Approved Application for funding within 18 months of this approval, pursuant to Regulation Section 1859.82(c).

3. Provide that this conceptual approval does not guarantee a commitment for future of the full project beyond the design apportionment by the Board. Any possible future funding will be subject to all governing laws and regulations, and the availability of funds.

4. Provide that the State portion of any and all savings which may be realized from the funding of this Facility Hardship Program project must be returned to the State.

5. Approve the District's request for a design Apportionment in the amount of $1,573,550 as shown on the Attachment, pursuant to Regulation Section 1859.81.1(e)(2).

ATTACHMENT C

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 1859.81(e)(2) permits design funding for a district that meets the financial hardship criteria in Section 1859.81 at, "25 percent of the modernization grant less any district funds available for the project pursuant to Section 1859.81(a)…."

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."

AUTHORITY (cont.)

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.

SFP Regulation Section 1859.82(a)(1)(A)(2) states in part, "If the total cost to remain in the classroom or related facility is greater than 50 percent of the Current Replacement Cost and the Application is for replacement facilities, the district may qualify for a grant for a new or replacement school or replacement facilities as a new construction project."

SAB Meeting: **August 23, 2017** **Replacement - Site/Design**

SCHOOL DISTRICT DATA

Application No:	51/71662-00-001	**County:**	Trinity
School District:	Burnt Ranch Elementary	**School Name:**	Burnt Ranch Elementary

PROJECT DATA

Type of Project:		Middle School	**Application Filing Basis:**	Site Specific
Pupils Assigned	**K-6:**	77	**Number of Classrooms:**	5
	7-8:	19	**Existing Acres:**	N/A
	9-12:		**Proposed Acres:**	N/A
	Non-Severe:		**Facility Hardship (a):**	Yes
	Severe:		**Addition to Existing Site:**	No
Financial Hardship Requested:		Yes		

GRANT DATA

Estimated Total Grant		**Separate Site/Design Grant**	
New Construction Grant	$ 4,011,613	**Total Design (40% of Grant)**	$ 1,604,646
Total State Share (50%)	4,011,613	**Total Site/Design**	$ **1,604,646**
District Share (50%)	4,011,613	**Total State Share (50%)**	802,323
Total Estimated Cost	$ 8,023,226	**District Share (50%)**	802,323
		District Cash Contribution	31,096
		Financial Hardship	$ 771,227

SITE/DESIGN PROJECT FINANCING

State Share	
New Construction Site/Design Grant	$ 802,323.00
District Share	
Cash Contribution	31,096.00
Financial Hardship	771,227.00
Total Site/Design Cost	$ **1,604,646.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction Site/Design Grant	**051-500**	**51**	$	$ 802,323	$ 802,323
District Share					
Cash Contribution				31,096	
Financial Hardship	**051-500**	**51**		771,227	771,227
Total			$	$ **1,604,646**	$ **1,573,550**

Funding Source: Proposition 51 Bonds/2016-Nov.

The school district is responsible for ensuring the project is compliant with all Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts were executed and/or construction commenced.

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

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 a 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 April 10, 2012 is $5 million or less.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal.

STATE ALLOCATION BOARD
APPROVAL ❖ ❖ ❖ August 23, 2017

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REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: ..... MOUNTAIN VALLEY USD	County:..... TRINITY
Application Number:.....51/75028-00-001,-002	School Name: ..... HAYFORK ELEMENTARY and HAYFORK HIGH
Total District Enrollment:..... 273	Project Grade Level: K-12
Financial Hardship: ..... To Be Determined	

PURPOSE OF REPORT

To present the District's request for Financial Hardship status based upon "Other evidence of reasonable effort as approved by the State Allocation Board" and other action related to funding.

DESCRIPTION

On June 26, 2017, the District submitted an appeal requesting Financial Hardship status for two Facility Hardship applications for Hayfork Elementary and Hayfork High School. The application requests design funding to plan mitigation and replacement of areas contaminated with toxigenic mold and fungus. During the initial Financial Hardship eligibility review, Staff determined that the District did not meet any of the four requirements for Financial Hardship status. Therefore, the District is appealing to qualify for Financial Hardship status under other evidence.

Due to the extraordinary circumstances, the District is requesting the Board to consider the following actions for these two projects:

I. Provide Financial Hardship approval based on other evidence.

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

AUTHORITY

See Attachment A.

BACKGROUND

Mountain Valley Unified School District is located in central Trinity County and serves the rural communities of Hayfork, Peanut, Hyampom and Wildwood. Hayfork Elementary and Hayfork High School are the only two schools in the District, aside from the continuation high that has only six students. The nearest neighboring district is 45 minutes away over a winding mountain pass. The student enrollment has declined over the years from 296 students in 2014-15, to a current enrollment of 273. Seventy four percent of the students qualify for free or reduced lunch.

In February and May 2017, the District had testing performed to determine the extent of damage resulting from water intrusion. The testing found mold and fungal contamination at the Hayfork Elementary and Hayfork High School sites. This report by Asbestos Science Technologies Inc. for Hayfork Elementary states in part,
"The suspected failing roof is no longer protecting the students and staff from mold and fungal contamination issues. This has also become a health and safety issue for the district as students and faculty are being exposed to airborne mold spores which are toxigenic and allergenic… Immediate health and safety measures are being requested to be put into place involving remediation and including immediate evacuation and closure of the affected areas…"

BACKGROUND (cont.)

The District immediately closed one classroom, the kitchen, cafeteria, gymnasium, locker rooms, performance stage and the athletic director's office at Hayfork Elementary.

Testing was also performed at Hayfork High with very similar results. At the high school, the District was required to close the library, career center, computer lab, ag shop, cafeteria, kitchen facilities, performance stage, boys and girls locker rooms, staff offices and the District board room.

The District submitted a request for Financial Hardship status, because it does not have sufficient funds to provide the matching share requirements under the School Facility Program (SFP) Regulations to mitigate the health and safety threat. The criteria for a School District to qualify for Financial Hardship assistance is that they levy the maximum developer fees allowed by law and meet one of the following criteria:

- Bonded indebtedness that is 60 percent or greater of total bonding capacity.
- Have had a successful Proposition 39 bond passed for the maximum amount allowed within the two previous years.
- Total bonding capacity of less than $5 million.
- Other evidence as approved by the State Allocation Board.

Once a district is approved for Financial Hardship status, the district has six months from the date of the approval letter to submit an application for funding for the projects and phases of projects listed on the Financial Hardship approval. If no application is received within six months, the district is subject to another full Financial Hardship review.

If a district's project is on the Unfunded List (Lack of AB 55 Loans) for more than 180 days, the district's financial records will undergo a re-review to determine whether additional funds have become available to offset the Financial Hardship apportionment.

If a Financial Hardship district meets the basic eligibility requirements and local funds are less than the district's required contribution to the project, then the State will fund the difference between the available amount of contribution and the district match, up to 100 percent of the total eligible project costs. Financial Hardship districts also have the added flexibility to request separate design and site funding prior to requesting full construction funding.

However, the Office of Public School Construction determined that the District does not qualify for Financial Hardship status, as it currently has no outstanding bonded indebtedness and its local bonding capacity exceeds five million dollars. The District has not passed a Proposition 39 bond within the last two years and the District is not a County Superintendent of Schools. For these reasons, the District is requesting Financial Hardship approval based on "other evidence."

STAFF ANALYSIS/STATEMENTS

Due to the extraordinary financial circumstances, the District is requesting the Board to consider the following actions, which are presented separately in the following pages, for these two projects:

I. Provide Financial Hardship approval based on other evidence.

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

STAFF ANALYSIS/STATEMENTS (cont.)

DISTRICT POSITION

In its School District Appeal Request (SAB 189), the District states that the purpose of its request is:

> … Financial Hardship approval from the Office of Public School Construction for design and construction of Facility Hardship projects at the Hayfork Elementary and Hayfork High School sites. Mountain Valley Unified School District does not have sufficient funds to provide the match requirements under the School Facility Program Regulations for their proposed projects. Approval of Financial Hardship is critical to addressing the facilities needs of the District.

To support its request, the District provided an attachment that more fully describes its circumstances and additional relevant information. It includes a narrative description of the following:

- The Situation – The health and safety threat and the condition of the school facilities.
  - Remotely located school site that has a major portions of the site closed for abatement.
  - Forced to bring in temporary kitchen, classroom and administrative facilities to house students and staff while affected facilities are rehabilitated.
- The Community and Economy – Location and economic status.
  - Current bonding capacity is just over $6 million and just exceeded the $5 million bonding capacity threshold to automatically qualify for Financial Hardship status.
- District Assets and Difficulties – Historical perspective and the Districts current financial status.
  - Federal funding from the Secure Rural Schools and Community Self Determination Act of 2000 has declined from $295,000 in 2016, to $14,000 in 2017 and it is expected to be $0 in future years.
  - District has made choices to reduce staffing levels and reduce operational costs commensurate with declining enrollment.
  - District has expended all available funds for mold abatement and to get these projects started.
- Impacts and Actions Taken – Potential sources of revenue.
  - District has never had a need for local bonds as enrollment has always been fairly consistent and facilities have been maintained well.
  - District has a qualified status and they only have the ability to make this year's obligations.
  - District can only qualify for approximately $2.5 million in Certificate of Participation (COP) funding, however repaying the COP would result in the District entering state receivership or negative status.
  - Projected project costs will exceed $17 million; therefore a $2.5 million COP wouldn't be sufficient to complete the projects.

Summary – The District is seeking financial hardship assistance based on "other evidence."
In addition to the SAB 189, on June 16, 2017 the Trinity County Office of Education provided a letter to OPSC describing the District's financial standing, which is included as Attachment C.

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

STAFF POSITION

I. Financial Hardship: Other evidence

Qualification for Financial Hardship
School districts may qualify for the FH Program by levying the maximum developer fees allowed by law and by meeting one of the following criteria:

STAFF ANALYSIS/STATEMENTS (cont.)

- Bonded indebtedness 60 percent or greater of total bonding capacity
- Successful Proposition 39 bond passed for the maximum amount allowed within the two previous years
- Total bonding capacity of less than $5 million
- Other evidence as approved by the State Allocation Board

OPSC has determined that the District does not meet the criteria to qualify for Financial Hardship status under the standard criteria in SFP Regulation.

Therefore, the District has requested consideration under the "Other evidence of reasonable effort" criteria, which requires Board approval. In the past, when faced with decisions regarding other evidence of reasonable effort, the Board has considered a district's level of financial indebtedness, whether the district is in jeopardy of becoming financially insolvent, or other unusual circumstances. Staff has provided an overview of the District's financial condition for the Board's consideration of its request.

SFP Regulations state that, "Financial hardship approval status for a separate design and/or site apportionment does not apply to any subsequent funding for the project(s)". When the District submits the funding application for the remainder of the funding, OPSC will re-evaluate the District's financials to see if it has funds available to contribute to the projects. Should the local bond proposed for November pass, the District may have funds available to contribute to the project.

Developer Fees
The District currently charges developers the lowest fee, Level I, which provides less than $27,000 per year. It does not charge Level II fees because it does not meet the criteria in statute to do so. A district may only charge the Level II fee when it makes a timely application to the Board for new construction funding, conducts a School Facility Needs Analysis pursuant to Government Code, and satisfies other statutory requirements. Therefore, at this time the District is collecting the maximum amount of developer fees possible, as is required per SFP Regulation in order to qualify for Financial Hardship status.

Qualification Status
The District received a qualified certification on the Second Interim Status Report for Fiscal Year 2016-17 and is currently under qualified status solely due to the discovery of mold and the unknown financial impact associated with it. Local educational agencies (LEA) are required to file two reports during a fiscal year (interim reports) on the status of the LEA's financial health. County superintendents must then report to the Superintendent of Public Instruction and the State Controller the certification for all districts in their county.

The interim reports must include a certification of whether or not the LEA is able to meet its financial obligations. The certifications are classified as positive, qualified, or negative. A positive certification is assigned when the district will meet its financial obligations for the current and two subsequent fiscal years. A qualified certification is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years. A negative certification is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year. Based on its current qualified status, the District may not meet its financial obligations for Fiscal Years 2017-2019.

Bonding Capacity & Available Funds
During a review of the District's financial records, OPSC determined the District has $2,849 in funds to contribute to the Facility Hardship projects at Hayfork Elementary and Hayfork High Schools. However, the District plans on placing a facilities bond on the November 2017 ballot. In regard to the upcoming bond election, the District states in part,

STAFF ANALYSIS/STATEMENTS (cont.)

> While bonding capacity is currently just over the $5 million threshold, this calculation is based on a property value bubble that is about to burst. Property values in the area are directly tied to the demand created by the "green rush" and as the market for marijuana adjust to legalization there will be a decline in property values.
>
> Basing bonding capacity on property values that have only risen to where they are due to a black market economy ignores reality. These facts are born out in the statistics: the median household income in the area served by our district is only $26,824, while the median house price has risen 198.31% (to $246,400) since the year 2000.

According to a letter from the Trinity County Office of Education to OPSC, the District has already spent $539,000 with temporary borrowing from the District's reserves for mold abatement, but the total estimated cost for the mold abatement and rebuild for both schools is $17 million. The full text of the letter is included as Attachment C. Should the bond not pass, the District has indicated that they would have no alternative for obtaining additional funding to design the mitigation measures for these health and safety projects, as it is already levying the maximum developer fees and has no remaining funds to contribute to the projects. The District has also stated that if it were to seek a COP, they would only be able to qualify for approximately $2.5 million, which is well short of what is needed to complete the projects.

Other Evidence as Approved by the State Allocation Board
If a district does not meet one of previously mentioned criteria for Financial Hardship status, then it still has the option to submit under "other evidence" as approved by the Board. While there are no set criteria when districts request to qualify for Financial Hardship under other evidence, the Board has considered the following circumstances in the past:

- Loss of previous revenue streams. One district lost federal dollars when a local army base closed.
- Action by other governmental agencies.
- Whether a district has recently received a qualified or negative certification by its local county office of education.

There have been eight prior requests for Financial Hardship status under "Other Evidence" considered by the Board. Each district presented unique circumstances surrounding its request. Of these, two were approved as requested and three were partially approved. The remaining five were not approved. A summary of these items and the outcome is included as Attachment D.

Summary
The District is requesting approval for Financial Hardship status via other evidence as approved by the Board. If awarded Financial Hardship approval, the District is also seeking immediate design apportionments for both schools in order to begin planning the required mitigation measures.

All requests for Financial Hardship status under the other evidence option requires Board action of six votes to be granted. Approving Financial Hardship status for the Hayfork Elementary and Hayfork High projects will provide the District funding for the design of two Facility Hardship projects

II. Immediate Apportionments

If the Board approves Financial Hardship status under other evidence, the District is also requesting an immediate Apportionment for design funds due to the urgency of the District's situation.

STAFF ANALYSIS/STATEMENTS (cont.)

The Estimated Project Grants are as follows:

SFP Application # & Site	Scope of Project	Total Estimated Project Cost	Design Grant		
			State Share	Financial Hardship	District Cash Contribution
51/75028-00-001 Hayfork ES	Replacement	$6,006,434	$600,664	$597,795	$2,849
51/75028-00-002 Hayfork High	Replacement	$7,925,667	$792,567	$792,567	$0

Apportionments outside of the priority funding process will result in the District having immediate access to cash once a signed Grant Agreement is submitted for the two projects. Without an immediate Apportionment, the District would not have the funding to begin the design process for the remediation measures until after its local bond measure is presented to voters in November this year.

Due to the current unsafe conditions, the District was required to close many of the facilities at both sites. According to industry specialist reports, these facilities must remain closed until the abatement is completed and the affected roofs and walls are replaced. Since the District has exhausted its available funding with previous repairs, immediate access to cash will allow them to begin the design of the required remediation work. Therefore, if the Board approves the District's request for Financial Hardship status, Staff recommends that the Board approve an Apportionment for this project due to the extraordinary circumstances surrounding the project.

BOARD OPTIONS

Pursuant to the Rules and Procedures of the State Allocation Board, "Staff is providing the following options 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."

OPTION A
Approve the District's request for Financial Hardship status under other evidence for both projects and approve immediate Apportionments as shown in Attachments E and F.
This option would provide the District with immediate access to cash to begin designing the mitigation work for the Hayfork Elementary and High School facilities.

Considerations:

- District receives cash immediately to begin addressing the necessary health and safety mitigation measures
- The District is planning to place a local bond measure on the ballot in November 2017 to cover the cost of repairs.
- If the local bond measure passes in November, the District contribution could be adjusted at the full funding stage.
- Without Financial Hardship status, the District currently has no means to obtain its matching share of the SFP project.

BOARD OPTIONS (cont.)

OPTION B

Approve the District's request for Financial Hardship status and approve the projects for placement on the Unfunded List (Lack of AB55 Loans) without the expedited Apportionments as shown in Attachments G and H.

This option would provide the District design funding and a cash Apportionment through the priority funding process after January 1, 2018.

Considerations:

- District would receive an Apportionment after January 1, 2018 when cash becomes available.
- If the local bond measure passes in November, the District contribution could be adjusted to the standard 50/50 state and local share ratio at the full funding stage.
- Without Financial Hardship status, the District would have no means to obtain its matching share of the SFP project.

BOARD ACTION

In considering this Item, the Board approved Option A, which approves the District's request for Financial Hardship status under "Other evidence" for both projects and approves immediate Apportionments as shown on Attachments E and F.

ATTACHMENT A

AUTHORITY

Education Code Section 17075.10(b)(B) states that "…the school district has made all reasonable efforts to impose levels of local debt capacity and developer fees, and that the school district is, therefore, unable to participate in the program pursuant to this chapter except as set forth in this article."

EC Section 17075.10(b)(2) states that a school district applying for hardship state funding must:

> 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. 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…..If the board determines that the seismic mitigation work of a school building would require funding that is greater than the 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.

EC Section 17075.15(d) states:

> Further, regulations shall also specify a method for determining required level of local effort to obtain matching funds. The regulations shall include consideration of at least all of the following factors:
> (1) Whether the school district has passed a bond measure within the two-year period immediately preceding the application for funding under this article, the proceeds of which are substantially available for use in the project to be funded under this chapter, but remains unable to provide the necessary matching share requirement.
> (2) Whether the principal amount of the current outstanding bonded indebtedness issued for the purpose of constructing school facilities for the school district and secured by property within the school district or by revenues of, or available to, the school district, which shall include general obligation bonds, Mello-Roos bonds, school facility improvement district bonds, certificates of participation, and other debt instruments issued for the purpose of constructing school facilities for the school district and for which owners of property within the school district or the school district are paying debt service is at least 60 percent of the school district's total bonding capacity, as determined by the board.
> (3) Whether the total bonding capacity, as defined in Section 15102 or 15106, as applicable, is five million dollars ($5,000,000) or less, in which case, the school district shall be deemed eligible for financial hardship.
> (4) Whether the application for funding under this article is from a county superintendent of schools.
> (5) Whether the school district submits other evidence of substantial local effort acceptable to the board.
> (6) The value of any unused local general obligation debt capacity, and developer fees added to the needs analysis to reflect the district's financial hardship, available for the purposes of school facilities financing."

School Facility Program (SFP) Regulation Section 1859.81(c) states

> (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 the following: "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)(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…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) or 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 1859.90 states that "a district must submit the Form SAB 50-05, within 18 months of the Apportionment of the SFP grant for the project or the entire…apportionment shall be rescinded without further Board action…"

STATE OF CALIFORNIA
SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

SCHOOL DISTRICT	APPLICATION NUMBER
Mountain Valley Unified School District	
SCHOOL NAME	COUNTY
Hayfork High School & Hayfork Elementary School	Trinity
DISTRICT REPRESENTATIVE	E-MAIL ADDRESS
Deborah Miller, Superintendent	dmiller@mvusd.us

Purpose of Request:

The District is requesting Financial Hardship approval from the Office of Public School Construction for design and construction of Facility Hardship projects at the Hayfork Elementary and Hayfork High School sites. Mountain Valley Unified School District does not have sufficient funds to provide the match requirements under the School Facility Program Regulations for their proposed projects. Approval of Financial Hardship is critical to addressing the facilities needs of the District.

Basis of Request:

- ☐ Law (Statute) _____
- ☒ Regulation 1859.81
- ☐ Other (specify) _____

Description:

See the attached document which outlines the circumstances and relevant information for our School District Appeal Request.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE	DATE
DMiller	6-22-17

Attachment to SAB 189 (4 pages)
State of California
SCHOOL DISTRICT APPEAL REQUEST

The Situation

This past winter, Mountain Valley Unified School District discovered that both of our campuses were contaminated with dangerous strains of mold. Affected areas include all of our common areas, both kitchen facilities, the locker rooms at both campuses, and more. We immediately took steps to confirm the extent of the damage, and understand the risks the mold poses to students and personnel. This led to sealed remediation efforts now being undertaken by a licensed abatement company.

There are several affected buildings at our high school campus. The high school was designed around two main multi-purpose rooms "hubs" through which all classrooms connect. The library--which serves as the district's board room, career center, and a computer lab--in addition to the library, is the "hub" that connects the math, science, English and history classrooms as well as the district office. The second "hub" is the cafeteria—which connects our special education classrooms, computer lab and a second math classroom—in addition to housing the performance stage, staff offices, and kitchen facilities. There is also mold in our Ag shop, in the locker rooms attached to the gymnasium, and in the Superintendent's office. Affected areas at the elementary school include one classroom and Critser Hall, which houses that site's kitchen, cafeteria, gymnasium, locker rooms, performance stage and athletic director's office.

While abatement is in process we've relocated the staff whose offices were in contaminated areas; closed Critser Hall; closed the high school library and cafeteria, isolating all of our classrooms; and we've relocated computers for student use into the hallway. These interim measures have allowed us to continue providing instruction, but with mold in all of our common areas, the impact on students and staff has been severe. Sealing these areas has left us with no indoor space for elementary students' physical education; our auditoriums are now unavailable for student use; we will be unable to host athletic events next year without our locker rooms; and we've been forced to rent a portable kitchen and transport and distribute food to be served in classrooms at both sites.

We are moving forward with abatement, and also working with a variety of entities to examine long-term options for dealing with this crisis, but there have been obstacles at every turn.

Community and Economy

Mountain Valley Unified serves the isolated rural communities of Hayfork, Peanut, Hyampom and Wildwood in the heart of Trinity County. Our nearest neighboring district is 45 minutes away over a winding mountain pass. The county is primarily public lands--82% is federally managed public land—posing some unique barriers to growth, and revenue potential.

The local economy has been driven by a series of resource-based booms and busts. The latest iteration, the pot boom (otherwise known as the "green rush"), has been largely a clandestine affair providing very little direct public benefit. While some students have moved into the district, slowing enrollment decline, and increasing property values as a result, the quasi-legal nature of the industry has limited the positive impacts it has had on our public institutions. Even now, as state legalization offers pathways for

regulation and taxation, the very aspects of Hayfork that made it attractive for illegal growing are now business liabilities in a post-legalization world. Long transport distances due to extreme isolation, limited law enforcement, and a small population are no longer "cover" for growers, but disadvantages in the legal market.

While bonding capacity is currently just over the $5 million threshold, this calculation is based on a property value bubble that is about to burst. Property values in the area are directly tied to the demand created by the "green rush" and as the market for marijuana adjusts to legalization there will be a decline in property values. Basing bonding capacity on property values that have only risen to where they are due to a black market economy ignores reality. These facts are born out in the statistics: the median household income in the area served by our district is only $26,827, while the median house price has risen 198.31% (to $246,400) since the year 2000. (http://www.usa.com/96041-ca.htm)

Throughout the socio-economic turmoil of booms turning to busts, our school district has been one thing the community can count on: a centering institution that everyone in town (no matter your stance on the spotted owl, or marijuana) could get behind. Now our auditoriums are no longer available for community use (which is a frequent occurrence as the schools are the largest meeting spaces in the community) and the community is also feeling the loss of places to hold large meetings, funeral services, etc.

Our community has no history of passing bond measures, in part because we haven't needed one. Instead, our community has always worked informally to support our district, rallying to raise funds and find solutions. But now, we are faced with a problem that out-paces our community's capacity to manage alone.

District Assets and Difficulties

The discovery of mold (and necessary associated facility rehabilitation) comes at the confluence of several other financial circumstances that, when taken together, pose a serious threat to the solvency of our district.

Prior to changes in federal forest lands management (which resulted in the closure of Hayfork's last sawmill in the mid-1990's) our district benefited from a portion of the revenue generated by that industry. These funds, along with our peak enrollment levels (due to the high number of related jobs in the community) placed the district in a good financial position.

But that all changed. Hayfork was just one of many "timber towns" across the west that faced this change. In order to alleviate the impact on communities like ours, the *Secure Rural Schools and Community Self Determination Act* (SRS) was passed in 2000. This law provided funds to schools and county roads in public lands counties. SRS has been reauthorized several times since it first passed, each time at reduced levels. Trinity County, with our very large percentage of public land, benefited greatly from this act. Last year SRS contributed $295,000 to our budget, this year it will contribute just $14,000 and there is currently no proposal to continue any funding in years to come.

At the same time our enrollment has been declining. With SRS payments acting as a parachute, helping slow our operational transition, we had been managing to stage the transformation. We've been steadily taking action to reduce staffing, consolidate school sites and business offices, and reduce administration. Things had begun to level off. From four school sites to two, from three administrators

to two, and from 82 total staff to 62 in the last three years—we'd taken the necessary steps to keep our spending in line with our budget, and successfully navigate the difficult process of "right-sizing" our district while managing to stay out of debt, or so we thought.

Now, SRS has lapsed, leaving us with a gap, the mold abatement has cost us $1,600,000 (putting us on track to completely drain our reserves by September 2017) and rehabilitating the sites will cost us far more than we have the capacity to pay.

The upside of living in a boom and bust world is the opportunity to practice real community resilience. We've faced many challenges as a community, and we've worked together to solve them. Our public institutions—the school district and US Forest Service—have become the community's largest employers and the school district has risen as the economic and cultural center of our community. Mountain Valley has built a world class ag program that consistently ranks in the top 10 in state competitions in spite of our small size. We have a wonderful drama program that allows students to develop their talents and practice creative expression, while providing the community with cultural performances. The Elementary School was designated as a Distinguished School in 2006, and the high school was nationally recognized in US News and World Report in 2015. Three quarters of our students are faced with economic hardship (75% are economically disadvantaged) and we have a graduation rate of 100% (excepting Special Education students who are not on the graduation track).

Impacts and Actions Taken

The discovery of mold on our campuses has seriously impacted not only day-to-day operations and instruction, but is taking a psychological toll on staff and students. Faced with a problem of this magnitude—that we as a community do not have the resources to resolve alone--has introduced a sense of fear and powerlessness to which we are not accustomed. We've always risen to meet challenges, but the near $15 million dollar price tag for facility rehabilitation is far outside of our reach alone. At the same time, the facilities impacted are all of our common areas, so people are facing this crisis in isolation as we have no spaces to facilitate gathering.

We stand ready to do our part as a district, and as a community. We've already begun taking action: holding community meetings introducing the idea of a bond measure that we will pursue in the upcoming November election; meeting with parents and staff to discuss health concerns; working with contractors, lawyers, and financial advisors to explore our financing options; and spending our reserve funds on abatement.

While we know our property values (and thus our bonding capacity) are artificially inflated due to the pot boom, citizens are none-the-less supportive of trying to pass a bond. At our most recent community town hall the public showed a sense of general support when we discussed the need for a bond measure in the next election.

We have extensively researched financing options including a Certificate of Participation (CoP), and will be forced to move forward with that option to manage cash flow and while moving the rehabilitation forward in a timely manner.

While we are doing our utmost to figure out the financing pathway, both bonding and CoP efforts are confounded by the fact that because mold abatement costs have forced us to self-certify at Second Interim and we can no longer pursue these mechanisms ourselves. Due to our qualified status, the

County Office of Education must state that our repayment of the CoP is probable and we cannot issue or sell bonds on our own behalf. The Trinity County Board of Supervisors will have to sponsor the bonds. We are working with both the County Office and Board of Supervisors, but being forced to have these entities act on our behalf further complicates the already tangled situation.

Summary

Mountain Valley is not servicing debt over 60% of our bonding capacity. We've taken the responsibility to guard our budget very seriously. In fact, Senator Mike McGuire told Debbie Miller, Superintendent, that we are being punished for being good stewards of our money. Due to our declining enrollment and public lands status, we've known we must be conservative in how we handle our money in order to safeguard the district's ability to serve our community. This has led us to carefully manage our funds and build a strong reserve. However, these savings will be depleted completely by the end of September and a CoP will bankrupt us.

While our bonding capacity has been calculated at slightly over the $5,000,000 threshold, this is due to a property value bubble driven by the pot economy. Legalization has begun to burst that bubble and we fully expect values to continue to decline. With a median household income of only $26,827 per year, you can see there is a miss-match between property values and local incomes.

Until now we have not had a reason to pursue a bond. Our facilities have always met the needs of our student population. We've been able to upgrade our technology and make other improvements through grant funds, private donations and community support. Please note that we are actively pursuing a bond for the November ballot—though that is complicated due to our qualified status.

Upon discovery of the mold we took immediate steps to secure the safety of our students and staff. Then, we began planning for a reduced budget, cutting staff and other expenditures, temporarily borrowing from our reserves, mustering a coalition to lead a bond effort this fall, and taking steps to secure financing. We will continue to pursue pathways forward, but we need your help.

We are asking for Financial Hardship Assistance based on "other evidence" as outlined here, and in our other documentation. Thank you for considering our situation and the state's role in maintaining a safe learning environment for our students and staff.

Trinity County

OFFICE OF EDUCATION

P.O Box 1256 • 201 Memorial Drive
Weaverville, CA 96093-1256
(530) 623-2861 • FAX (530) 623-4489
http://www.tcoek12.org

Office of Public School Construction
707 Third Street, 6th Floor
West Sacramento, California 95605

June 16, 2017

ATTN: Lisa Silverman, Barb Kampmeinert, Brian LaPask

Re: Mountain Valley Unified School District
Request for Other Evidence for Financial Hardship
Hayfork Elementary & Hayfork High School Mold Abatement & Rebuild

Dear OPSC Staff,

Regarding the financial status of the Mountain Valley Unified School District (District) and their application for Financial Hardship, the Trinity County Office of Education (TCOE) is of the following position:

The District had a qualified 2016-17 Second Interim Financial Report as a result of unforeseen expenditures necessary to address the health and safety projects at their school sites. The District has already spent $539,000 with temporary borrowing from their reserves for mold abatement with more work to be done. The District will encumber all of their available funds in the next fiscal year and will need additional funds to complete the work. Under Education Code 42133, before the District could issue any general fund backed debt, such as certificates of participation, the TCOE would be required to find that repayment of the proposed indebtedness is probable.

The estimated Hayfork Elementary & Hayfork High School Mold Abatement & Rebuild project cost is $17 million. As of the District's 2016-17 Second Interim Financial Report, the District's total projected unrestricted General Fund revenue was $3.73 million, and the TCOE projects this to decline over the next few years due to decreased enrollment. Because the District's financial resources are so limited, any borrowing amount for which full repayment from the District's budget could reasonably be deemed probable would be a relatively small portion of the $17 million need. Issuing any debt beyond this amount could lead to default and possible state intervention and takeover. The District has already obligated all available local dollars to repairing their facilities. Due to the District's small size and limited financial resources, it would be fiscally irresponsible to take on additional debt beyond what the projected revenues can support.

The TCOE cannot in good conscience support or recommend any significant amount of debt to be carried by the District. Any such significant debt could only be fully repaid if sufficient funds were available from the state. However, even entering into any such significant debt would introduce risks to the District's fiscal solvency. The issues faced by the District are urgent in nature and of potentially serious impact to the health and safety of the students and faculty, and must be addressed promptly. Further, as detailed above, the District does not have the financial resources to meet the $17 million need. Therefore, the TCOE supports the District's application for financial hardship funding as the District will be unable to take on additional General Fund debt for its required matching share. Further, should the District enter into any borrowing (pursuant to consultation with the TCOE and for only a relatively small portion of the total project cost) prior to final approval of its financial hardship application, the TCOE respectfully requests that this be considered "bridge financing" and not counted as District resources available for the project.

Respectfully submitted,

Sarah Supahan
Trinity County Interim Superintendent of Schools

Gretchen Deichler
Assistant Superintendent of Business Services

Cc: Senator Mike McGuire, senator.mcguire@senate.ca.gov

ATTACHMENT D

District's Seeking Financial Hardship Status – Other Evidence

District	District FH Request	Unique Situation	SAB Meeting Date	Board Action
Monterey Peninsula	New construction project – full construction funding	• Closure of Fort Ord • Loss of $10 million in annual federal aid	January 23, 2003	Approved
Mariposa County Unified	Three modernization projects – full construction funding	• No bonded Indebtedness • Never attempted prop. 39 bond	February 26, 2003	FH Status not approved
Galt Joint Union High	Two new construction projects – full construction funding	• Three Failed bond measures • Levying max. developer fees • In danger of becoming AB 1200[1] district	August 25, 2004	Approved
Needles Unified	New construction project – full construction funding	• Facility Hardship project, school needed to be relocated because of hazardous transportation route to site and remote location.	October 26, 2005	• Approved Design grant only • Board directed District to pass local bond before seeking FH for construction phase
Acton-Aqua Dulce Unified	New construction project – full construction funding	• Previously under State receivership • Gym was non-Field Act compliant & shut down by DSA • No cafeteria	October 26, 2005	• Board seeking further information • Item was scheduled again for 3/22/06 SAB meeting • District withdrew appeal with understanding that they needed to first seek a local bond measure
Needles Unified	New construction project & two modernization projects – full construction funding	Facility Hardship project, entire school was relocated because of hazardous transportation route to site and remote location	January 27, 2007	• Approved new construction Parker Dam project only • Modernization projects not approved
Biggs Unified	New construction project – full construction funding	• Lacked matching funds to move forward • Instability of District's fiscal situation	January 27, 2010	• Approved for Design grant only • Board directed District to seek local funding sources prior to requesting FH for construction phase
Aromas- San Juan Unified	Facility Hardship project-Design Funding with Advance Funding for Evaluation and RA	• Facility Hardship project involves buildings defined as "Most Vulnerable Category 2 Building	March 28, 2012	• Board took no action • FH status not approved
Sierra Plumas Joint Unified	Facility Hardship project- full construction funding	• Unable to pass a bond due to county demographics and history • Requesting funding for health and safety related rehabilitation work	March 20, 2013	FH status not approved

AB 1200 District – Law passed in 1991 that defined fiscal accountability for school districts and county offices of education to prevent bankruptcy. Districts are required to submit interim reports of their financial health to their County offices.

ATTACHMENT E

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: ……MOUNTAIN VALLEY UNIFIED	County:……..……..……TRINITY
Application Number:……...……51/775028-00-001	School Name……HAYFORK ELEMENTARY
Total District Enrollment:……..……..…...…...…..273	Project Grade Level:……...…...…..…K-8
Financial Hardship:……..……..……..……...…YES	

The District is requesting financial hardship approval based upon "other evidence of reasonable effort as approved by the State Allocation Board" pursuant to SFP Regulation Section 1859.81(c)(5).

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) conceptual approval for a School Facility Program Facility Hardship replacement project and an Apportionment for design funding.
Estimated Total Project Cost	$ 6,006,434
Estimated Cost to the State	$ 6,003,585

DESCRIPTION

Description of Health and Safety Threat	Hayfork Elementary in Hayfork, California, was originally constructed in 1961. In February of 2017, a licensed industrial hygienist inspected the gymnasium building inclusive of restrooms, stage, and the kitchen and one classroom on the site. Testing revealed high levels of mold due to water intrusion from the roof areas in these structures. The industrial hygienist determined that the mold constituted a health and safety issue and required that the affected areas be vacated. The Trinity County Environmental Health Division (TCEHD) concurred. The District is seeking a design Apportionment for their project and qualifies for replacement funding based on their cost/benefit analysis.
Scope of Project	Rehabilitation work would 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. In addition, both buildings would need new roofing systems to prevent future water intrusion and HVAC systems to provide adequate ventilation. These buildings may require replacement.
Status of School Site	Both of the buildings are currently closed. A portable kitchen is being used for food service, and students are eating in other classrooms. The District has begun work to remove contaminated materials from the site.

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the industry specialist's reports and with the required minimum work for rehabilitation from the TCEHD.
Site Visit Completed by Staff	Staff has accepted reports by the industry specialists and TCEHD concurrence in lieu of a site visit.

AUTHORITY

See Attachment.

RECOMMENDATIONS

1. Approve the District's request for conceptual approval for replacement funding for the Hayfork Elementary site, limited to 578 square feet of toilet space and 11,248 square feet of other space, pursuant to the SFP Regulation Section 1859.82(a).

2. Provide that the District must file an Approved Application for funding within 18 months of this approval, pursuant to Regulation Section 1859.82(c).

1. Provide that this conceptual approval does not guarantee a commitment for future of the full project beyond the design Apportionment by the Board. Any possible future funding will be subject to all governing laws and regulations, and the availability of funds.

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

3. Approve the District's request for a design Apportionment in the amount of $1,198,438 as shown on the Attachment, pursuant to Regulation Section 1859.81.1(e)(2).

ATTACHMENT E

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 1859.81(e)(2) permits design funding for a district that meets the financial hardship criteria in Section 1859.81 at, "25 percent of the modernization grant less any district funds available for the project pursuant to Section 1859.81(a)…."

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."

ATTACHMENT E

AUTHORITY (cont.)

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.

SFP Regulation Section 1859.82(a)(1)(A)(2) states in part, "If the total cost to remain in the classroom or related facility is greater than 50 percent of the Current Replacement Cost and the Application is for replacement facilities, the district may qualify for a grant for a new or replacement school or replacement facilities as a new construction project."

SFP Regulation Section 1859.82 further states:

> A district may request a determination of eligibility for facility hardship funding in advance of project funding.
> (c) A district seeking replaced facilities as a result of either (a) or (b) above must submit Form SAB 50-04 for the replaced facilities:
>
> > (1) Within 18 months if the replacement facilities will be located on the same site.
> > (2) Within 24 months if the replacement facilities will be located on a replacement site.

ATTACHMENT E

SAB Meeting: **August 23, 2017** **New Construction - Separate Design**

SCHOOL DISTRICT DATA

Application No:	51/75028-00-001	**County:**	Trinity
School District:	Mountain Valley	**School Name:**	Hayfork Elementary

PROJECT DATA

Type of Project:		Middle School	**Application Filing Basis:**	Site Specific
Pupils Assigned	**K-6:**	148	**Number of Classrooms:**	5
	7-8:	45	**Existing Acres:**	N/A
	9-12:		**Proposed Acres:**	N/A
	Non-Severe:		**Facility Hardship (a):**	Yes
	Severe:		**Addition to Existing Site:**	No
Financial Hardship Requested:		Yes		

GRANT DATA

Estimated Total Grant		**Separate Site/Design Grant**	
new construction grant	3,003,217.00	**Total Design (40% of Grant)**	1,201,287.00
Total State Share (50%)	3,003,217.00	**Total Site/Design**	**$ 1,201,287.00**
District Share (50%)	3,003,217.00	**Total State Share (50%)**	600,643.50
Total Estimated Cost	$ 6,006,434.00	**District Share (50%)**	600,643.50
		District Cash Contribution	2,849.00
		Financial Hardship	$ 597,794.50

SITE/DESIGN PROJECT FINANCING

State Share	
New Construction Site/Design Grant	$ 600,643.50
District Share	
Cash Contribution	2,849.00
Financial Hardship	597,794.50
Total Site/Design Cost	**$ 1,201,287.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction Site/Design Grant	**051-500**	**51**		600,643.50	$ 600,643.50
District Share					
Cash Contribution				2,849.00	
Financial Hardship	**051-500**	**51**		597,794.50	597,794.50
Total			**$ 0.00**	**$ 1,201,287.00**	**$ 1,198,438.00**

Funding Source: Proposition 51 Bonds/2016-Nov.

The District is responsible for ensuring that the project is compliant with Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts are executed and/or construction commenced.

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

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 a 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 April 10, 2012 is $5 million or less.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal.

STATE ALLOCATION BOARD
APPROVAL ❖ ❖ ❖ August 23, 2017

ATTACHMENT F

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: ……MOUNTAIN VALLEY UNIFIED	County:……..……..……TRINITY
Application Number:……...……51/775028-00-002	School Name……..…..HAYFORK HIGH
Total District Enrollment:……..……..…...…...…..273	Project Grade Level:……...…...……9-12
Financial Hardship:……..……..……...…YES	

The District is requesting financial hardship approval based upon "other evidence of reasonable effort as approved by the State Allocation Board" pursuant to SFP Regulation Section 1859.81(c)(5).

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) conceptual approval for a School Facility Program Facility Hardship replacement project and an Apportionment for design funding.
Total Estimated Project Cost	$7,925,667
Estimated Cost to the State	$7,925,667

DESCRIPTION

Description of Health and Safety Threat	Hayfork High School in Hayfork, California, was originally constructed in 1961. In February of 2017, a licensed industrial hygienist inspected all the buildings on the site. Testing revealed high levels of toxigenic mold due to water intrusion from the roof areas in these structures. The industrial hygienist determined that the mold constituted a health and safety issue, and the Trinity County Environmental Health Division (TCEHD) concurred. Multiple areas throughout the campus have been closed due to this issue, including the agriculture shop, the locker rooms in the gymnasium, the media center, the cafeteria, the kitchen, and the administration office. The District is seeking a design Apportionment to begin the design of their project and qualifies for replacement funding based on their cost/benefit analysis.
Scope of Project	Mitigation work would 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. In addition, both buildings would need new roofing systems to prevent future water intrusion and HVAC systems to provide adequate ventilation. These buildings may require replacement.
Status of School Site	Affected facilities on the campus are currently closed. A portable kitchen located at a nearby elementary school site is being used for food service, and students are eating in classrooms and hallways. The District has begun work to remove contaminated materials from the site.

(Continued on Page Two)

ATTACHMENT F

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the industry specialist's reports and with the proposed minimum work for mitigation from the TCEHD.
Site Visit Completed by Staff	Staff has accepted reports by the industry specialists and TCEHD concurrence in lieu of a site visit.

AUTHORITY

See Attachment.

RECOMMENDATIONS

1. Approve the District's request for conceptual approval for replacement funding for the Hayfork High site, limited to 2,056 square feet of toilet space and 12,509 square feet of other space, pursuant to SFP Regulation Section 1859.82(a).

2. Provide that the District must file an Approved Application for funding within 18 months of this approval, pursuant to Regulation Section 1859.82(c).

1. Provide that this conceptual approval does not guarantee a commitment for future of the full project beyond the design Apportionment by the Board. Any possible future funding will be subject to all governing laws and regulations, and the availability of funds.

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

3. Approve the District's request for a design Apportionment in the amount of $1,585,134 as shown on the Attachment, pursuant to Regulation Section 1859.81.1(e)(2).

ATTACHMENT F

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 1859.81(e)(2) permits design funding for a district that meets the financial hardship criteria in Section 1859.81 at, "25 percent of the modernization grant less any district funds available for the project pursuant to Section 1859.81(a)…."

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."

AUTHORITY (cont.)

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.

SFP Regulation Section 1859.82(a)(1)(A)(2) states in part, "If the total cost to remain in the classroom or related facility is greater than 50 percent of the Current Replacement Cost and the Application is for replacement facilities, the district may qualify for a grant for a new or replacement school or replacement facilities as a new construction project."

SFP Regulation Section 1859.82 further states:

> A district may request a determination of eligibility for facility hardship funding in advance of project funding.
> (c) A district seeking replaced facilities as a result of either (a) or (b) above must submit Form SAB 50-04 for the replaced facilities:
>
> > (1) Within 18 months if the replacement facilities will be located on the same site.
> > (2) Within 24 months if the replacement facilities will be located on a replacement site.

ATTACHMENT F

SAB Meeting: **August 23, 2017** **Replacement - Site/Design**

SCHOOL DISTRICT DATA

Application No:	51/75028-00-002	**County:**	Trinity
School District:	Mountain Valley	**School Name:**	Hayfork High

PROJECT DATA

Type of Project:		Middle School	**Application Filing Basis:**	Site Specific
Pupils Assigned	**K-6:**	148	**Number of Classrooms:**	5
	7-8:	45	**Existing Acres:**	N/A
	9-12:		**Proposed Acres:**	N/A
	Non-Severe:		**Facility Hardship (a):**	Yes
	Severe:		**Addition to Existing Site:**	No
Financial Hardship Requested:		Yes		

GRANT DATA

Estimated Total Grant		**Separate Site/Design Grant**	
new construction grant	$ 3,962,834	**Total Design (40% of Grant)**	$ 1,585,134
Total State Share (50%)	3,962,834	**Total Site/Design**	$ **1,585,134**
District Share (50%)	3,962,834	**Total State Share (50%)**	792,567
Total Estimated Cost	$ 7,925,667	**District Share (50%)**	792,567
		District Cash Contribution	0
		Financial Hardship	$ 792,567

SITE/DESIGN PROJECT FINANCING

State Share	
New Construction Site/Design Grant	$ 792,567.00
District Share	
Cash Contribution	0.00
Financial Hardship	792,567.00
Total Site/Design Cost	$ **1,585,134.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
State Share					
New Construction Site/Design Grant	**051-500**	**51**	$	$ 792,567	$ 792,567
District Share					
Cash Contribution					
Financial Hardship	**051-500**	**51**		792,567	792,567
Total			$	$ **1,585,134**	$ **1,585,134**

Funding Source: Proposition 51 Bonds/2016-Nov.

The District is responsible for ensuring that the project is compliant with Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts are executed and/or construction commenced.

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

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 a 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 April 10, 2012 is $5 million or less.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal.

STATE ALLOCATION BOARD
APPROVAL ❖ ❖ ❖ August 23, 2017

ATTACHMENT G

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: ……MOUNTAIN VALLEY UNIFIED	County:……..……..……TRINITY
Application Number:……...……51/775028-00-001	School Name…….HAYFORK ELEMENTARY
Total District Enrollment:……..……..…...…...…..273	Project Grade Level:……...…...…..…K-8
Financial Hardship:……..……..……...…YES	

The District is requesting financial hardship approval based upon "other evidence of reasonable effort as approved by the State Allocation Board" pursuant to SFP Regulation Section 1859.81(c)(5).

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) conceptual approval for a School Facility Program Facility Hardship replacement project and design funding for placement on the Unfunded List (Lack of AB 55 Loans).
Estimated Total Project Cost	$ 6,006,434
Estimated Cost to the State	$ 6,003,585

DESCRIPTION

Description of Health and Safety Threat	Hayfork Elementary School in Hayfork, California, was originally constructed in 1961. In February of 2017, a licensed industrial hygienist inspected the gymnasium building inclusive of restrooms, stage, and the kitchen and one classroom on the site. Testing revealed high levels of mold due to water intrusion from the roof areas in these structures. The industrial hygienist determined that the mold constituted a health and safety issue and required that the affected areas be vacated. The Trinity County Environmental Health Division (TCEHD) concurred. The District is seeking a design Apportionment for their project and qualifies for replacement funding based on their cost/benefit analysis.
Scope of Project	Rehabilitation work would 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. In addition, both buildings would need new roofing systems to prevent future water intrusion and HVAC systems to provide adequate ventilation. These buildings may require replacement.
Status of School Site	Both of the buildings are currently closed. A portable kitchen is being used for food service, and students are eating in other classrooms. The District has begun work to remove contaminated materials from the site.

ATTACHMENT G

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the industry specialist's reports and with the required minimum work for rehabilitation from the TCEHD.
Site Visit Completed by Staff	Staff has accepted reports by the industry specialists and TCEHD concurrence in lieu of a site visit.

AUTHORITY

See Attachment.

RECOMMENDATIONS

1. Approve the District's request for conceptual approval for replacement funding for the Hayfork Elementary site, limited to 578 square feet of toilet space and 11,248 square feet of other space, pursuant to the SFP Regulation Section 1859.82(a).

2. Provide that the District must file an Approved Application for funding within 18 months of this approval, pursuant to Regulation Section 1859.82(c).

1. Provide that this conceptual approval does not guarantee a commitment for future of the full project beyond the design apportionment by the Board. Any possible future funding will be subject to all governing laws and regulations, and the availability of funds.

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

3. Approve the District's request for design funding and placement on the Unfunded List (Lack of AB 55 Loans) in the amount of $1,198,438 as shown on the Attachment, pursuant to Regulation Section 1859.81.1(e)(2).

ATTACHMENT G

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 1859.81(e)(2) permits design funding for a district that meets the financial hardship criteria in Section 1859.81 at, "25 percent of the modernization grant less any district funds available for the project pursuant to Section 1859.81(a)…."

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."

AUTHORITY (cont.)

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.

SFP Regulation Section 1859.82(a)(1)(A)(2) states in part, "If the total cost to remain in the classroom or related facility is greater than 50 percent of the Current Replacement Cost and the Application is for replacement facilities, the district may qualify for a grant for a new or replacement school or replacement facilities as a new construction project."

SFP Regulation Section 1859.82 further states:

> A district may request a determination of eligibility for facility hardship funding in advance of project funding.
> (c) A district seeking replaced facilities as a result of either (a) or (b) above must submit Form SAB 50-04 for the replaced facilities:
>
> > (1) Within 18 months if the replacement facilities will be located on the same site.
> > (2) Within 24 months if the replacement facilities will be located on a replacement site.

ATTACHMENT G

SAB Meeting: **August 23, 2017** **Replacement - Site/Design**

SCHOOL DISTRICT DATA

Application No:	51/75028-00-001	**County:**	Trinity
School District:	Mountain Valley	**School Name:**	Hayfork Elementary

PROJECT DATA

Type of Project:		Middle School	**Application Filing Basis:**	Site Specific
Pupils Assigned	**K-6:**	148	**Number of Classrooms:**	5
	7-8:	45	**Existing Acres:**	N/A
	9-12:		**Proposed Acres:**	N/A
	Non-Severe:		**Facility Hardship (a):**	Yes
	Severe:		**Addition to Existing Site:**	No
Financial Hardship Requested:		Yes		

GRANT DATA

Estimated Total Grant		**Separate Site/Design Grant**	
new construction grant	$ 3,003,217	**Total Design (40% of Grant)**	$ 1,201,287
Total State Share (50%)	3,003,217	**Total Site/Design**	$ **1,201,287**
District Share (50%)	3,003,217	**Total State Share (50%)**	600,644
Total Estimated Cost	$ 6,006,434	**District Share (50%)**	600,644
		District Cash Contribution	2,849
		Financial Hardship	$ 597,795

SITE/DESIGN PROJECT FINANCING

State Share	
New Construction Site/Design Grant	$ 600,643.50
District Share	
Cash Contribution	2,849.00
Financial Hardship	597,794.50
Total Site/Design Cost	$ **1,201,287.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
State Share					
New Construction Site/Design Grant	**951-500**	**51**	$	$ 600,644	$ 600,644
District Share					
Cash Contribution				2,849	
Financial Hardship	**951-500**	**51**		597,795	597,795
Total			$	$ **1,201,287**	$ **1,198,438**

Funding Source: Proposition 51 Bonds/2016-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.

The District is responsible for ensuring that the project is compliant with Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts are executed and/or construction commenced.

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

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 a 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 April 10, 2012 is $5 million or less.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal.

ATTACHMENT H

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 23, 2017

SCHOOL DISTRICT DATA	
School District: ……MOUNTAIN VALLEY UNIFIED	County:……..……..……TRINITY
Application Number:……...……51/775028-00-002	School Name…….……...….HAYFORK HIGH
Total District Enrollment:……..…….…...…...…..273	Project Grade Level:……...…...……9-12
Financial Hardship:……..……..……...…YES	

The District is requesting financial hardship approval based upon "other evidence of reasonable effort as approved by the State Allocation Board" pursuant to SFP Regulation Section 1859.81(c)(5).

PURPOSE OF REPORT

Type of Request	State Allocation Board (Board) conceptual approval for a School Facility Program Facility Hardship replacement project and design funding for placement on the Unfunded List (Lack of AB 55 Loans).
Total Estimated Project Cost	$7,925,667
Estimated Cost to the State	$7,925,667

DESCRIPTION

Description of Health and Safety Threat	Hayfork High School in Hayfork, California, was originally constructed in 1961. In February of 2017, a licensed industrial hygienist inspected all the buildings on the site. Testing revealed high levels of toxigenic mold due to water intrusion from the roof areas in these structures. The industrial hygienist determined that the mold constituted a health and safety issue, and the Trinity County Environmental Health Division (TCEHD) concurred. Multiple areas throughout the campus have been closed due to this issue, including the agriculture shop, the locker rooms in the gymnasium, the media center, the cafeteria, the kitchen, and the administration office. The District is seeking a design Apportionment to begin the design of their project and qualifies for replacement funding based on their cost/benefit analysis.
Scope of Project	Mitigation work would 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. In addition, both buildings would need new roofing systems to prevent future water intrusion and HVAC systems to provide adequate ventilation. These buildings may require replacement.
Status of School Site	Affected facilities on the campus are currently closed. A portable kitchen located at a nearby elementary school site is being used for food service, and students are eating in classrooms and hallways. The District has begun work to remove contaminated materials from the site.

ATTACHMENT H

QUALIFYING CRITERIA

Government/State Level Concurrence	The District has obtained concurrence with the industry specialist's reports and with the proposed minimum work for mitigation from the TCEHD.
Site Visit Completed by Staff	Staff has accepted reports by the industry specialists and TCEHD concurrence in lieu of a site visit.

AUTHORITY

See Attachment.

RECOMMENDATIONS

1. Approve the District's request for conceptual approval for replacement funding at the Hayfork High site, limited to 2,056 square feet of toilet space and 12,509 square feet of other space, pursuant to the SFP Regulation Section 1859.82(a).

2. Provide that the District must file an Approved Application for funding within 18 months of this approval, pursuant to Regulation Section 1859.82(c).

1. Provide that this conceptual approval does not guarantee a commitment for future of the full project beyond the design apportionment by the Board. Any possible future funding will be subject to all governing laws and regulations, and the availability of funds.

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

3. Approve the District's request for design funding and placement on the Unfunded List (Lack of AB 55 Loans) in the amount of $1,585,134 as shown on the Attachment, pursuant to Regulation Section 1859.81.1(e)(2).

ATTACHMENT H

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 1859.81(e)(2) permits design funding for a district that meets the financial hardship criteria in Section 1859.81 at, "25 percent of the modernization grant less any district funds available for the project pursuant to Section 1859.81(a)…."

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."

AUTHORITY (cont.)

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.

SFP Regulation Section 1859.82(a)(1)(A)(2) states in part, "If the total cost to remain in the classroom or related facility is greater than 50 percent of the Current Replacement Cost and the Application is for replacement facilities, the district may qualify for a grant for a new or replacement school or replacement facilities as a new construction project."

SFP Regulation Section 1859.82 further states:

> A district may request a determination of eligibility for facility hardship funding in advance of project funding.
> (c) A district seeking replaced facilities as a result of either (a) or (b) above must submit Form SAB 50-04 for the replaced facilities:
>
> > (1) Within 18 months if the replacement facilities will be located on the same site.
> > (2) Within 24 months if the replacement facilities will be located on a replacement site.

ATTACHMENT H

SAB Meeting: **August 23, 2017** **Replacement - Site/Design**

SCHOOL DISTRICT DATA

Application No:	51/75028-00-002	**County:**	Trinity
School District:	Mountain Valley	**School Name:**	Hayfork High

PROJECT DATA

Type of Project:		Middle School	**Application Filing Basis:**	Site Specific
Pupils Assigned	**K-6:**	148	**Number of Classrooms:**	5
	7-8:	45	**Existing Acres:**	N/A
	9-12:		**Proposed Acres:**	N/A
	Non-Severe:		**Facility Hardship (a):**	Yes
	Severe:		**Addition to Existing Site:**	No
Financial Hardship Requested:		Yes		

GRANT DATA

Estimated Total Grant		**Separate Site/Design Grant**	
new construction grant	$ 3,962,834	**Total Design (40% of Grant)**	$ 1,585,134
Total State Share (50%)	3,962,834	**Total Site/Design**	$ **1,585,134**
District Share (50%)	3,962,834	**Total State Share (50%)**	792,567
Total Estimated Cost	$ 7,925,667	**District Share (50%)**	792,567
		District Cash Contribution	0
		Financial Hardship	$ 792,567

SITE/DESIGN PROJECT FINANCING

State Share	
New Construction Site/Design Grant	$ 792,567.00
District Share	
Cash Contribution	0.00
Financial Hardship	792,567.00
Total Site/Design Cost	$ **1,585,134.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
State Share					
New Construction Site/Design Grant	**951-500**	**51**	$	$ 792,567	$ 792,567
District Share					
Cash Contribution					
Financial Hardship	**951-500**	**51**		792,567	792,567
Total			$	$ **1,585,134**	$ **1,585,134**

Funding Source: Proposition 51 Bonds/2016-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.

The District is responsible for ensuring that the project is compliant with Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts are executed and/or construction commenced.

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

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 a 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 April 10, 2012 is $5 million or less.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal.

Bright Star Schools/Los Angeles

54/64733-00-053

APPEAL ITEM HAS BEEN WITHDRAWN