

STATE ALLOCATION BOARD AGENDA

Meeting Date: April 25, 2018

State Capitol
Room 2040
4:00 p.m.

Revision date: April 20, 2018

Tab #6 – Appeal Items

- Insert pages 90-114

Thank you,

Lisa Jones
Office of Public School Construction
Lisa.jones@dgs.ca.gov
(916) 376-1753

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, April 25, 2018

SCHOOL DISTRICT DATA	
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School District:BURNT RANCH ELEMENTARY	County:TRINITY
Application Number:51/71662-00-001	School Name:BURNT RANCH ELEMENTARY
Total District Enrollment:.....88	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 request for approval for an expedited Apportionment outside of the priority funding process.

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. In August 2017, the Board approved design funds for the project and provided the District with an expedited Apportionment outside of the priority funding process for the design amount.

The district has submitted, and OPSC has reviewed, the full funding request which is presented for Board approval as Attachment 4 of this item.

Due to the extraordinary circumstances related to its financial condition, the unique weather conditions in the District's location which result in a shorter window of time for construction activities, and the necessity of returning students to the impacted facilities in the next school year. Hence, the District is requesting the Board to approve the full funding request as an expedited Apportionment outside the priority funding process.

AUTHORITY

See Attachment 1.

BACKGROUND

Burnt Ranch is a one-school school district located in an isolated, remote community in central Trinity County. The closest small city is located 65 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 leased seven portable classroom buildings and one portable restroom building to continue school. There is no multipurpose room for physical education, meal service or other educational programs. Currently, the District must have food service transported from another district and the students eat outside or in their classrooms during inclement weather.

BACKGROUND (cont.)

Due to the extraordinary financial and safety conditions present at the school site, the Board granted an appeal in August 2017 to allow the District to do the following:

1. Use replacement funding to rehabilitate the buildings
2. Receive an expedited Apportionment for design funding for the project

The August 2017 Board item is included as Attachment 3.

STAFF ANALYSIS/STATEMENTS**District Position**

According to the *School District Appeal Request* (Form SAB 189), "The Burnt Ranch Elementary School District respectfully requests to receive an apportionment outside the priority funding process to rehabilitate our school district campus. Our entire campus was condemned March 24, 2017 due to pervasive mold and water damaged. Since then our students and staff have been housed in temporary modulars. We have no kitchen, multipurpose room, or gymnasium. There has been no indoor area for counseling, the nurses, speech services, or conferences. These services, as well as adequate office space for office staff and administration, are essential. Many of our students do not have internet access or computers at home, so having access to a lab at school is essential. That space has also been compromised at our site due to our limited temporary facilities. Our Physical Education and sports programs, along with assemblies, productions, and group events are extremely limited without a gym or MP room. We live in a very rural remote area in which no other facilities such as gyms or cafeterias are located. The next closest elementary school in Trinity County is located over 35 miles away. Our climate is very cold, rainy and snowy in the winter, which severely curtails the window of time open and available for building. We have used our design funds to have all site and building plans completed to enable construction to start as soon as our funding is secure. We have exhausted all options, including district building reserves and interfund borrowing, so without immediate apportionment we will not be able to go forward with the next phase of construction. In order to have an adequate, clean, healthy and appropriate educational facility for our students and staff we are asking to have funds appropriated as soon as possible."

The District's Form SAB 189 is included as Attachment 2.

Staff Position

The multipurpose room, kitchen, all classrooms, and main office and administration for the school remain closed. The mold has been abated, but it is necessary to finish the construction work (including replacing the roof and walls) to bring the facilities back into a condition that would allow for use by students and staff. In its appeal request, the District outlines the challenges they are facing without having use of their campus. Further adding to the unique circumstances is the fact that the severe weather that led to the mold problem initially also limits the window in which construction work can be completed. The District qualifies for Financial Hardship Assistance and has demonstrated that they have no other funds available to move forward on the construction project.

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 construction process to allow the students and staff to return to the buildings in the next school year.

Without an immediate Apportionment, the District would not receive the funding to begin the construction work until after July 1, 2018 or until a fall 2018 bond sale. If the appeal request is not approved, the project could only receive

an unfunded approval following the priority funding process. Without additional state funding, the District cannot proceed with the project.

The District proceeded diligently and quickly upon receiving the prior design Apportionment to complete the construction drawings and receive the necessary approvals from state and local entities. Given that the school still cannot be safely occupied, and given that the District has no other funds available for the construction project Staff supports the District's request for an immediate Apportionment outside of the priority funding process.

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 an Expedited Apportionment outside the priority funding process for the project as shown on Attachment 4.

This option would provide the District an immediate cash Apportionment for the remaining funding for this project.

Consideration:

- The District receives cash immediately to continue addressing the necessary health and safety mitigation measures and to move forward with construction to allow the school to reopen.

II. Approve an Unfunded Approval for the project as shown on Attachment 5.

This option would provide the District an unfunded approval and allow for placement on the Unfunded List (Lack of AB 55 Loans).

Consideration:

- The District would not receive cash until after the next priority funding round filing period, for cash made available after July 1, 2018 or until after a fall bond sale.

ATTACHMENT 1

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 1859.90 states that "a district must submit the Form SAB 50-05 and a Grant Agreement, within 18 months of the Apportionment of the SFP grant for the project or the entire...apportionment shall be rescinded without further Board action...."

ATTACHMENT 2

STATE OF CALIFORNIA SCHOOL DISTRICT APPEAL REQUEST

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

Page 2 of 2

SCHOOL DISTRICT Burnt Ranch Elementary School District	APPLICATION NUMBER 51/71662-00-01
SCHOOL NAME Burnt Ranch Elementary School	COUNTY Trinity
DISTRICT REPRESENTATIVE Kathleen Graham	E-MAIL ADDRESS kgraham@tcoek12.org

Purpose of Request:

Request is to receive apportionment outside the priority funding process.

Basis of Request:

- ☐ Law (Statute) _____
- ☒ Regulation _____
- ☒ Other (specify) Unique circumstances _____

Description:

The Burnt Ranch Elementary School District respectfully requests to receive an apportionment outside the priority funding process to rehabilitate our school district campus. Our entire campus was condemned March 24, 2017 due to pervasive mold and water damaged. Since then our students and staff have been housed in temporary modulars. We have no kitchen, multipurpose room, or gymnasium. There has been no indoor area for counseling, the nurses, speech services, or conferences. These services, as well as adequate office space for office staff and administration, are essential. Many of our students do not have internet access or computers at home, so having access to a lab at school is essential. That space has also been compromised at our site due to our limited temporary facilities. Our Physical Education and sports programs, along with assemblies, productions, and group events are extremely limited without a gym or MP room. We live in a very rural remote area in which no other facilities such as gyms or cafeterias are located. The next closest elementary school in Trinity County is located over 35 miles away. Our climate is very cold, rainy and snowy in the winter, which severely curtails the window of time open and available for building. We have used our design funds to have all site and building plans completed to enable construction to start as soon as our funding is secure. We have exhausted all options, including district building reserves and interfund borrowing, so without immediate apportionment we will not be able to go forward with the next phase of construction. In order to have an adequate, clean, healthy and appropriate educational facility for our students and staff we are asking to have funds appropriated as soon as possible.

SIGNATURE OF AUTHORIZED DISTRICT REPRESENTATIVE <i>Kathleen Graham</i>	DATE <i>April 18, 2018</i>
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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 REQUESTSTATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

SAB 189 (REV 10/09)

Page 2 of 2

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

7/18/17



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

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

Superintendent/Principal

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

SCHOOL DISTRICT DATA

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

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

<u>Estimated Total Grant</u>		<u>Separate Site/Design Grant</u>	
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
<u>State Share</u>					
New Construction Site/Design Grant	051-500	51	\$	\$ 802,323	\$ 802,323
<u>District Share</u>					
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.

SAB Meeting: April 25, 2018

New Construction - Adjusted Grant Approval

SCHOOL DISTRICT DATA

Application No: 51/71662-00-001

School District: Burnt Ranch Elementary

County: Trinity

School Name: Burnt Ranch Elementary

PROJECT DATA

Type of Project: Elementary School

K-6:

7-8:

9-12:

Non-Severe:

Severe:

Application Filing Basis: District Wide

Number of Classrooms: 5

Master Acres:

Existing Acres: 3

Proposed Acres: 0.25

Recommended Acres:

Facility Hardship (a): Yes

Financial Hardship Requested: Yes

Alternative Education School: No

Addition to Existing Site: Yes

PROJECT FINANCING

State Share

This Project \$ 7,180,641.00

District Share

Cash Contribution 32,816.00

Financial Hardship 7,147,825.00

Total Project Cost \$ 14,361,282.00

HISTORY OF PROJECT COST AND APPORTIONMENT
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	Fund Code	Proposition	Previously Authorized	Authorized This Action	State Apportionment This Action
<u>State Share</u>					
New Construction/Add. Grant	051-500	51	\$ 802,323.00	\$ 6,378,318.00	\$ 6,378,318.00
<u>District Share</u>					
Cash Contribution			31,096.00	1,720.00	
Financial Hardship	051-500	51	771,227.00	6,376,598.00	6,376,598.00
Total			\$ 1,604,646.00	\$ 12,756,636.00	\$ 12,754,916.00

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.

Amounts shown for financial hardship assistance are subject to adjustment as a result of a review of the District's financial records pursuant to Regulation Section 1859.81(a) at the time of apportionment.

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

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal pursuant to School Facility Program Regulation Section 1859.90.4.

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 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 16, 2018) is \$5 million or less.

SAB Meeting: April 25, 2018

New Construction - Adjusted Grant Approval

SCHOOL DISTRICT DATA

Application No: 51/71662-00-001

County: Trinity

School District: Burnt Ranch Elementary

School Name: Burnt Ranch Elementary

PROJECT DATA

ADJUSTED GRANT DATA

Type of Project: Elementary School

K-6:

7-8:

9-12:

Non-Severe:

Severe:

Application Filing Basis: District Wide

Number of Classrooms: 5

Master Acres:

Existing Acres: 3

Proposed Acres: 0.25

Recommended Acres:

Facility Hardship (a): Yes

Financial Hardship Requested: Yes

Alternative Education School: No

Addition to Existing Site: Yes

Project Assistance \$ 7,074.00

Service Site 1,577,029.00

Off-Site 651,695.00

Utilities 1,489,702.00

Fac. Hardship Toilet 384 Sq. Ft. 130,560.00

Fac. Hardship Other 15725 Sq. Ft. 2,987,750.00

Site Acquisition 25,000.00

Geographic Index Factor 10 % 311,831.00

Total State Share (50%) 7,180,641.00

District Share (50%) 7,180,641.00

Total Project Cost \$ 14,361,282.00

PROJECT FINANCING

State Share

This Project \$ 7,180,641.00

District Share

Cash Contribution 32,816.00

Financial Hardship 7,147,825.00

Total Project Cost \$ 14,361,282.00

HISTORY OF PROJECT COST AND APPORTIONMENT
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	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
<u>State Share</u>					
New Construction/Add. Grant	951-500	51	\$ 802,323.00	\$ 6,378,318.00	\$ 6,378,318.00
<u>District Share</u>					
Cash Contribution			31,096.00	1,720.00	
Financial Hardship	951-500	51	771,227.00	6,376,598.00	6,376,598.00
Total			\$ <u><u>1,604,646.00</u></u>	\$ <u><u>12,756,636.00</u></u>	\$ <u><u>12,754,916.00</u></u>

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Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal pursuant to School Facility Program Regulation Section 1859.90.4.

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