

ADDITIONAL GRANT FOR GENERAL SITE DEVELOPMENT

PURPOSE OF REPORT

To seek approval from the State Allocation Board (Board) to extend the General Site Development grant for five years.

DESCRIPTION

The School Facility Program (SFP) Regulations authorizing the General Site Development grant will expire on January 1, 2026. With the passage of Proposition 2 in November 2024, it is anticipated that it will take approximately five years to distribute the funding made available. Therefore, this item provides the Board the option to extend the authority to provide the grant until January 1, 2031.

AUTHORITY

Education Code 17070.35 states, in part:

(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 another design professional on any project...

BACKGROUND

When an applicant applies for SFP New Construction funding, supplemental site grants such as Service Site Development, Off-Site Development, Utilities, and General Site Development, may be requested. A description of what is included in each of these grant categories follows.

Service Site Development prepares the site for building or infrastructure construction and is performed within school property lines. Service site development includes such items as site demolition, rough grading, soil compaction, drainage and eligible erosion control.

Off-Site Development prepares the perimeter of two contiguous sides of the site including street grading and paving, storm drainage lines, curbs, gutters, sidewalks, and street lighting. These improvements are commonly dedicated for public use.

Utility costs involve the installation of water, sewer, gas, electricity, and communication lines necessary to serve the master-planned capacity of the site.

BACKGROUND (cont.)

General Site Development includes, but is not limited to, finish grading, on-site hard surfaced areas for foot traffic, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, athletic fields, and landscaping.

In December 2005, the Board requested that the Office of Public School Construction (OPSC) create a committee to look at the adequacy of new construction grants. Specifically, the Board asked that the committee address two issues: the equity of the SFP new construction base grant compared to the equivalent allowances provided under the Lease Purchase Program (LPP) when the State converted programs in 1998; and, if the grants were sufficient to build a completely new school.

In response, OPSC assembled the Grant Adequacy Ad Hoc Committee (Committee), which included representatives from several school districts, architectural, construction and construction management firms, consultants, the California Building Industry Association, the Department of Finance, the California Department of Education, and OPSC staff. The Committee took a two-step approach to the Board's request, and its first step concentrated on determining if the SFP new construction base grant was equitable at the time of conversion from the LPP.

The report back to the Board in April 2006 identified that additional analysis was warranted to fully explore the complexities of the funding model and how the additional grants may make up for differences seen when comparing the SFP base grant to the LPP base grants. However, through analysis, the Committee was unable to definitively conclude if the general site allowance was included in the SFP base grant. The Board requested that OPSC return the following month to present a proposal and recommendations regarding general site additional grants.

In May 2006, an item was presented to the Board for consideration of adding an additional grant for general site development. In the report, OPSC staff stated that "if general site development costs were factored into the development of the new construction base grant, then the new construction base grant does not take into account the size of the site." Because larger sites would incur more costs related to general site development, it was considered a reasonable conclusion that the general site costs were not fully factored into the development of the SFP new construction base grant. The Board adopted a temporary general site grant until a complete analysis of the new construction base grant could be completed. SFP Regulation Section 1859.76(d) implementing this additional grant was effective on September 5, 2006, with a suspension date of "no later than January 1, 2008, unless otherwise extended by amendments as adopted by the Board."

Subsequent Extensions

At the December 2007 meeting, the Board approved the first one-year extension of the General Site Development Grant. Since then, the Board has approved single-year extensions every year with three exceptions. In July 2011, the Board approved a two-year extension; in June 2018, the Board approved a five-year extension; and in September 2023, the Board approved a two-year extension.

BACKGROUND (cont.)

Proposition 2 Estimated Bond Fund Distribution Timeframe

On November 5, 2024, California voters approved Proposition 2, which implements the provisions of Assembly Bill 247 (Muratsuchi, Chapter 81, Statutes of 2024). In part, Proposition 2 provides \$8.5 billion in proceeds from the sale of bonds for the construction and modernization of Transitional Kindergarten through Grade 12 school facilities. Assuming recent application processing rates continue, OPSC anticipates that distribution of bond funds authorized by Proposition 2 will take approximately five years.

STAFF ANALYSIS/STATEMENTS

Staff recommends that the Board approve a five-year extension to the General Site Development grant regulation, consistent with the estimated timeframe to allocate the remaining Proposition 2 authorized bond funds.

The proposed extension would prevent a lapse in regulatory authority and would continue to allow applications to be processed with the grant, provided that the regulation extension is approved by the Board, filed with the Office of Administrative Law, and in effect before the existing regulations expire. Funding applications received after January 1, 2026 would not be able to request this supplemental grant without the extension.

Summary

Staff recommends extending the General Site Development grant for five years, to sunset on January 1, 2031.

RECOMMENDATIONS

1. Adopt the proposed regulations as shown in the Attachment, which extends the General Site Development grant for five years to January 1, 2031.
2. Authorize the Executive Officer to file the proposed regulatory amendments with the Office of Administrative Law and make the regulations permanent.

This Item was approved by the State Allocation Board on August 19, 2025.

ATTACHMENT

School Facility Program Regulatory Amendments

Section 1859.76. New Construction Additional Grant for Site Development Costs.

In addition to any other funding authorized by these Regulations, the Board shall provide funding equal to 50 percent of the following approved site development and applicable design costs:

...

(d) General Site Development costs within school property lines for an addition to an existing school site project wherein additional acreage is acquired, with the exception of existing school site acreage that is leased pursuant to Section 1859.22, or a new school project, determined as follows:

(1) \$19,200 per Useable Acre as approved by the CDE. This sum may be increased by the percentage identified in Section 1859.83(b). The per acre amount shown above shall be adjusted annually in the manner prescribed in Section 1859.71.

(2) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the New Construction Grant. For purposes of this calculation, the percentage amount for Severely Disabled Individuals with Exceptional Needs and Non-Severely Disabled Individuals with Exceptional Needs pupils shall be based on the type of project selected by the district on the Form SAB 50-04.

(3) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the funding provided by Sections 1859.71.2, 1859.72, 1859.73, 1859.73.2, 1859.82.1(b)(4)(A)1., 1859.82.1(b)(4)(B), 1859.82.1(b)(4)(C), 1859.82.2(b)(4)(A), 1859.82.2(b)(4)(B), 1859.83(a), (b) and (c) and 1859.125(a)(1) through (a)(2).

Subsection (d) of this section shall be suspended no later than January 1, ~~2026~~2031, unless otherwise extended by amendments as adopted by the Board.

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Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.35, 17072.12 and 17072.35, Education Code.