

# ADVISORY ACTIONS

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## opsc reminders

### State Allocation Board Meetings\*

- » May 24, 2006
- » June 28, 2006
- » July 26, 2006

### Implementation Committee Meetings\*

- » June 2, 2006
- » July 7, 2006
- » August 4, 2006

### Interest Earned Report (Form SAB 180)

- » Due quarterly (March 31, June 30, September 30 and December 31) from each county for all districts that earned interest from the Leroy F. Greene Lease-Purchase Program.

### School Facility Program (SFP) Joint Use:

- » Application Submittal: June 1, 2005–May 31, 2006
- » Target SAB Date: July 26, 2006

### Deferred Maintenance Program (DMP):

- » Application Submittal: June 30, 2006
- » Target SAB Date: December 2006

### Annual Unused Sites Reporting

- » Certification of Unused Sites (Form SAB 423) due June 30, 2006
- » Modification of Unused Site Status (Form SAB 424) for each site with a modification due June 30, 2006

### Reports Due On September 1, 2006

- » Community School Facilities Report (Form SAB 406C)
- » Expelled Pupils Facilities Report (Form SAB 406E)

\* For the latest meeting dates, times and locations, check the OPSC Web site.



from the desk of Luisa Park, Executive Officer

Last year the State Allocation Board requested that a committee be formed for the special purpose of comparing the Lease-Purchase Program (LPP) funding and the School Facility Program (SFP) base grant funding to see if the conversion, from one program to the next, was equitable. With reports of concern on the bid climate and in funding California's schools, this is a very important and needed task.

In December 2005, the committee was formed and is known as the Grant Adequacy Ad Hoc Committee. The Committee is comprised of individuals from various sectors of private and governmental businesses. A wide variety of expertise comes to the Committee's table as they come together to share thoughts, to create action plans, and to fulfill the tasks required to accomplish this endeavor. The individuals and areas of expertise that are represented in this group includes architects, contractors, consultants, school district personnel and facility experts, funding agencies, and California educational professionals. This great task they have voluntarily set forth upon is not only important but massive in the undertaking.

The Grant Adequacy Ad Hoc Committee has been hard at work collecting data, comparing cost indexes and base grants, and sample testing actual past projects and applying the LPP and SFP funding models to compare and determine if the program conversion was equitable (for more information regarding the analysis, please refer to the article titled Grant Adequacy within this edition of the *Advisory Actions*). This requires much diligence, brainstorming and good old fashioned roll up your sleeves and dive in, hard work. So, as the Committee continues to make strides in these efforts, I am extending my appreciation and gratitude for their willingness to take on this task. Thank you all for your hard work, expertise, and efforts you are taking in this vital issue.

## Submit Those Modernization Applications!!

By Darlene Newman, OPSC Project Manager

The funds designated to assist districts with their modernization projects have been exhausted as of the April 2006 State Allocation Board (SAB) meeting. The Office of Public School Construction (OPSC) recognizes the significant need for modernization of our schools; therefore, we would like to encourage districts to continue submitting their modernization projects.

Complete applications that are received will be placed on the OPSC workload list and will continue to be processed and presented to the SAB as an "unfunded" approval. These projects will be maintained on an "unfunded" list until funds become available. This not only provides our office with up-to-date information regarding your district's needs, but guarantees your project a "date received" place in line for consideration when funds become available in the future.

Further, it is equally important to file your school site's modernization eligibility, for which all or a portion of the site is of age (20 years for portables and 25 years for permanent facilities). As your enrollment increases or additional facilities come of age, the modernization eligibility can be updated. Having this information on file with our office is critical to demonstrating California's need for modernization funding.

Should you have any questions or need assistance filing an application, please contact your OPSC Project Manager.

## Helpful Hints For A Successful SFP Expenditure Report Audit

By Ethan Mathes, OPSC Auditor

When a 100 percent complete Expenditure Report (Form SAB 50-06) is received or the three or four year timeline has elapsed (pursuant to SFP Regulation 1859.104), districts can expect to be contacted by the Office of Public School Construction (OPSC) to start the audit of their new construction or modernization project. Subsequent to OPSC contact, a letter will be sent to the district outlining the project audit. The SFP audit seeks to corroborate certifications made on the Application for Funding (Form SAB 50-04) and expenditures reported on the Expenditure Report and Detailed Listing of Project Expenditures (DLOPE). In an effort to inform districts and help achieve a successful audit, we have outlined some areas which we have observed that districts are having problems in being able to provide supporting documentation. By looking at these areas prior to the audit process, we hope districts will plan accordingly for purposes of records retention and maintaining documents that can be presented, if need be, during the audit process. Good record keeping is very important.

While this is a partial listing of certifications that are made that could be verified during the audit process, here are some areas that some districts may not realize are subject to verification:

- » 60 percent requirement for modernization and new construction projects.
- » District Disabled Veteran Business Enterprise (DVBE) participation goals.
- » Qualification appraisal process per Government Code Section 4526.
- » Force Account Labor law per Public Contract Code Section 20114.
- » Routine Restricted Maintenance Account per Education Code Section 17046.11.
- » Labor Compliance Program per Labor Code Section 1771.7.

Also, some examples (partial listing) of documents and expenditures that may be required to be verified are:

- » Site purchases including any applicable relocation expenditures incurred.
- » Construction bidding documents such as bid advertisements and bid summaries including the district's DVBE requirement.
- » Notice to Proceed and Notice of Completion for the main construction contractor(s).
- » Labor Compliance Program expenditures.
- » Architect agreement(s) and expenditures.
- » Main construction contractor agreement(s) including, but not limited to, paid warrant(s) and supporting invoices.
- » Construction Manager agreement(s) including, but not limited to, paid warrant(s) and supporting invoices.
- » Verification of and remaining project savings.
- » Verification of all project interest accrued.
- » All other expenditures from the DLOPE are subject to warrant and invoice verification depending on the scope of the audit.

Knowing what documentation is expected from the district by the OPSC at audit time will hopefully lead to a successful and timely audit for all parties involved. We encourage the districts to contact our OPSC audit staff in the beginning of their projects. We are happy to work with you to setup your record keeping to enable a smooth and uneventful project audit.

## Grant Adequacy

By Karen Sims, OPSC Project Manager

An Ad Hoc Committee (Committee) was formed to review the adequacy of the School Facility Program (SFP) grants at the request of the State Allocation Board (SAB). The Committee was assembled with 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 staff of the Board. Specifically, the Board requested that the Committee address two main issues: one, the equivalence of the SFP new construction base grant amount to the funds provided under the LPP when the State converted programs in 1998; and two, if the grants are sufficient to build a complete new school today.

The Committee has completed the first phase of the study. The results of the first phase were presented to the SAB at its April 2006 meeting. When compared to the LPP, the SFP new construction base grant appears to be deficient. The details of this status report can be viewed on the OPSC Web site at [www.opsc.dgs.ca.gov](http://www.opsc.dgs.ca.gov).

While these resulting percentages reflect the request of the SAB to determine the adequacy of the SFP new construction base per pupil grant specified in the law, the LPP and SFP consist of two vastly different funding models and the new construction base grant does not reflect the total funding that can be provided under the SFP. For example, while both the LPP and the SFP provide additional funds for building in urban or geographically remote locations, or constructing multi-level facilities, the manner in which these additional funds are calculated differ significantly. The Office of Public

School Construction (OPSC) believes that the additional grants provided under the SFP compensate for some of the deficiencies between the LPP and SFP new construction base grants. As a result, the Committee will thoroughly analyze the SFP total funding model before any conclusive recommendations are made.

During the second phase of the study, the Committee will be ascertaining if the grants are sufficient to build new schools today. Recently the Committee sent out surveys requesting information on 231 projects that were funded under the SFP. The goal is to find out the actual costs of completing these projects versus the amount of funding the projects received under the SFP. The Committee is also looking at exploring other contributing factors that may result in insufficient funding, such as the cost of materials, overhead and profit, and the overall market and what possible solutions exist in order to make it easier to build schools.

As part of the study, the Committee strived to determine if "general site development" was included in the SFP base grant amounts. The Committee was unable to definitively come to a conclusion. Therefore, at the April SAB meeting, the Board requested that the OPSC return to the May 2006 meeting with a proposal and recommendations regarding the general site issues.

Once the study has been concluded, the OPSC will be present a complete report on the findings at a future SAB meeting.

## Contract Requirements For State Funding

By Don Littlefield, OPSC Project Manager

The State Allocation Board (SAB) took action at its April 2006 meeting to address a growing concern by the SAB and the Office of Public School Construction (OPSC) that there are districts that may be misinterpreting the appropriate timing of the Division of the State Architect (DSA) approvals relative to the district entering into a construction contract.

In order to be eligible for construction funding a district must not sign construction contracts prior to receiving written approval of the plans and specifications from the DSA. It is also important to note that the date-stamped approval on plans and specifications does not suffice as the required written approval. The official DSA plan approval date is the date of the DSA final plan approval letter.

The confusion appears to have developed out of a misinterpretation of certain Education Code (EC) Sections, specifically: EC Section 17307 and EC Section 17267, and Section 4-318 of Part I, Title 24. The following paragraphs provide clarification of these statutes:

**EC Section 17307** Section 17307 is pertinent to the DSA's review and approval of the working drawings. In broad terms, Section 17307 states that school construction plans, specifications and estimates must receive written DSA approval prior to a district entering into a contractual agreement for construction in order to be eligible for State funding assistance.

**Section 4-318 of Part 1, Title 24** The DSA shall issue to the school district a letter approving the application for the project upon receipt of the stamped file copies of the approved plans and specifications. This letter shall constitute the 'written approval of the plans, as to safety of design and construction' required by EC Sections 17297 and 81134 before letting any contract.

To summarize these provisions, there is a requirement for districts to obtain written DSA approval of their plans and specifications, which is the date of the DSA final plan approval letter. This letter is issued by the DSA after receipt of the file set of drawings. This means that the date-stamped approval on plans and specifications does not suffice as the required written approval. The date of the DSA approval letter will be considered the valid approval. Please note the OPSC is requiring districts as of October 1, 2005, to submit the DSA approval letter with their plans and specifications in order to be considered a complete application for new construction and modernization funding.

At the April 26, 2006 SAB meeting, the OPSC presented an item to advise the SAB and to seek direction on this issue. To facilitate the processing of existing construction funding applications, the SAB has approved a grace period that will allow all funding applications with construction contracts signed through April 26, 2006, to be considered for funding regardless of the DSA approval date, as long as districts have received DSA approval of the plans, and the district has received written DSA confirmation that the plans represent what was actually constructed. Applications with construction contracts signed after April 26, 2006, must have secured written approval by the DSA prior to the contract signature date in order to receive or retain State funding. If you have any questions regarding this matter, please contact your OPSC Project Manager.

## Re-Designation Of Energy Funds

By Don Littlefield, OPSC Project Manager

Assembly Bill 16 authorized the State Allocation Board (SAB) to set aside \$40 million in total for new construction and modernization to provide supplemental funding to projects that meet energy efficiency criteria. Of the \$40 million, the SAB designated \$5.8 million from each of Proposition 47 and 55 for modernization projects and \$14.2 million from each of Proposition 47 and 55 for new construction projects. To date, all but \$0.1 million of the \$5.8 million allocated for modernization energy efficiency in Proposition 47 has been expended, and none of the \$5.8 million allocated for modernization energy efficiency from Proposition 55 has been expended, for a total of \$5.9 million remaining for modernization energy efficiency.

Modernization funds were exhausted at the April 2006 meeting leaving an unused balance of \$5.9 million in modernization energy funds. Since the SAB is unable to fund any modernization projects at this time, the remaining modernization funds designated for energy purposes can not be utilized; while there remains an ongoing need for new construction energy efficiency grants. Therefore, an emergency regulation was presented and approved by the SAB allowing the re-designation of \$5.9 million in the Modernization Energy Efficiency Fund to the Modernization Fund for regular modernization projects, and the re-designation of \$5.9 million from the New Construction Fund to the New Construction Energy Efficiency Fund.

The re-designation of the energy funding provides the Board with flexibility. If additional bonds are approved by the voters, or funds are made available from rescinded or closed Propositions 47 or 55 projects and the Board is again able to fund modernization projects, the OPSC will request the SAB to re-designate funds for supplemental modernization energy funding. Thus the ability to provide supplemental funding for energy efficient projects will continue uninterrupted up to the maximum of \$20 million from each of Proposition 47 and 55. If you have any questions regarding the redesignation of these funds, please contact your OPSC Project Manager.

## Do You Want To Piggyback?

By Katrina Valentine, Policy and Specials Team Supervisor

In February 2006, school districts were notified that the Office of Public School Construction (OPSC) requested and received an opinion from the Attorney General's office regarding the legality of the use of Public Contract Code Section 20118 to acquire and install factory built modular building components that result in the assembly of permanent schools without further competitive bid. Please refer to the 2006, Issue No. 1 edition, of the *Advisory Actions* for more information on the opinion. The Attorney General's opinion references modular buildings and does not address portable buildings, defined in EC Section 17070.15(j) as being designed and constructed to be relocatable and transportable over public streets, designed and constructed for relocation without the separation of the roof or floor from the building and has a floor area not in excess of 2,000 square feet. It is important to note that although portable buildings may be acquired through a piggyback contract, often times the site and installation work associated with the portable exceeds the \$15,000 threshold specified in Public Contract Code Sections 20111 and 20112, thereby requiring the district to follow the competitive bidding process.

In addition, districts must be aware that statute does not provide authority for a school district to contract directly with a vendor or lessor. Public Contract Code Section 20118 applies only to a school district's contract with another "public corporation or agency" to lease or purchase personal property. Therefore, if a district piggybacks onto another district's contract, the amount of the approved invoice will have to be paid to that district (the public corporation or agency), rather than to the vendor (which is a private company).

Please confer with your legal counsel when considering this method of delivery so that you do not jeopardize State funding. If you have any questions regarding this matter, please contact your OPSC Project Manager.

## State Relocatable Classroom Program Chargeability

By Missy Carrick, OPSC Project Manager

On April 26, 2006, the State Allocation Board (SAB) approved an amendment to the State Relocatable Classroom Program (Program) Phase-Out Plan (Plan) that was adopted by the SAB at its October 2005 meeting (for more information on the Plan, please refer to the 2005, Issue No. 5 edition, of the *Advisory Actions*). The Plan provides for a systematic approach to dispose of the state owned relocatable classrooms.

This amendment adopted by the SAB provides for a minimal charge to a district's new construction baseline eligibility when a district purchases a state relocatable. The following table illustrates the pupil grants to be charged:

| YEAR BUILT    | PURCHASE PRICE | NUMBER OF PUPILS GRANTS CHARGED TO THE SFP ELIGIBILITY BASELINE AND CORRESPONDING PUPIL DOLLAR VALUE* |              |           |              |            |              |
|---------------|----------------|-------------------------------------------------------------------------------------------------------|--------------|-----------|--------------|------------|--------------|
|               |                | K-6 GRADE                                                                                             |              | 7-8 GRADE |              | 9-12 GRADE |              |
|               |                | PUPILS                                                                                                | DOLLAR VALUE | PUPILS    | DOLLAR VALUE | PUPILS     | DOLLAR VALUE |
| Prior to 1997 | \$ 4,000       | 1                                                                                                     | \$ 7,082     | 1         | \$ 7,490     | 1          | \$ 9,805     |
| 1997          | \$ 6,000       | 1                                                                                                     | \$ 7,082     | 1         | \$ 7,490     | 1          | \$ 9,805     |
| 1998          | \$ 9,000       | 1                                                                                                     | \$ 7,082     | 1         | \$ 7,490     | 1          | \$ 9,805     |
| 1999          | \$12,000       | 2                                                                                                     | \$14,164     | 1         | \$ 7,490     | 1          | \$ 9,805     |
| 2000          | \$15,000       | 2                                                                                                     | \$14,164     | 2         | \$14,980     | 1          | \$ 9,805     |
| 2001          | \$18,000       | 3                                                                                                     | \$21,246     | 2         | \$14,980     | 2          | \$19,610     |
| 2002          | \$21,000       | 3                                                                                                     | \$21,246     | 3         | \$22,470     | 2          | \$19,610     |
| 2003          | \$24,000       | 4                                                                                                     | \$28,328     | 3         | \$22,470     | 3          | \$29,415     |

\*Pupil Grants and Purchase Price are based on 2006 figures.

The Purchase Price represents the dollar value in which the State recoups all Program expenses such as the purchase price, transportation costs and set-up costs. The pupil grants shown in the Table represent the nearest whole pupil grant that equates to the purchase price to be paid by a school district.

With the passage of this amendment, the Office of Public School Construction (OPSC) will immediately proceed with the implementation of the Plan. Notification letters will be mailed to school districts currently leasing relocatable classrooms in the first cycle. Due to the large number of relocatable classrooms in the Program, the Plan has divided the disposition into three cycles as follows:

- » **First Cycle:** Buildings built between 1978 and 1991
- » **Second Cycle:** Buildings built between 1992 and 1998
- » **Third Cycle:** Buildings built between 1999 and 2003

The notification letter requests the district to indicate within 60 days their intention to either purchase, return or continue to lease the relocatable(s). As the first processing cycle concludes, notification letters will be sent to districts in the second cycle followed by the third cycle.

For more information on the phase out of the Program, please visit the OPSC Web site at [www.opsc.dgs.ca.gov](http://www.opsc.dgs.ca.gov). If you have specific questions regarding the Program, please contact Liz Cheyne at 916.323.2636 or at [liz.cheyne@dgs.ca.gov](mailto:liz.cheyne@dgs.ca.gov), Freda Stathopoulos at 916.322.5766 or at [freda.stathop@dgs.ca.gov](mailto:freda.stathop@dgs.ca.gov), Missy Carrick at 916.323.3871 or at [mcarrick@dgs.ca.gov](mailto:mcarrick@dgs.ca.gov), or your OPSC Project Manager.

AS OF APRIL 26, 2006

## Proposition Funds Put to Work

| PROGRAM                        | BOND ALLOCATION          | APPORTIONED              | RELEASED/CONTRACTED      |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| <b>PROPOSITION 55</b>          |                          |                          |                          |
| New Construction               | \$ 4,960,000,000         | \$ 1,575,584,028         | \$ 1,054,031,445         |
| Modernization                  | 2,250,000,000            | 2,168,806,150            | 1,422,597,492            |
| Charter School                 | 300,000,000              | 272,134,102              | 18,031,608               |
| Critically Overcrowded Schools | 2,440,000,000            | 1,887,970,777            | 0                        |
| Joint Use                      | 50,000,000               | 17,849,502               | 6,792,736                |
| <b>Total Proposition 55</b>    | <b>\$ 10,000,000,000</b> | <b>\$ 5,922,344,559</b>  | <b>\$ 2,501,453,281</b>  |
| <b>PROPOSITION 47</b>          |                          |                          |                          |
| New Construction               | \$ 6,250,000,000         | \$ 6,149,947,335         | \$ 6,059,458,942         |
| Modernization                  | 3,300,000,000            | 3,287,790,151            | 3,267,542,475            |
| Charter School                 | 100,000,000              | 97,034,156               | 0                        |
| Critically Overcrowded Schools | 1,700,000,000            | 1,641,507,667            | 49,927,288               |
| Joint Use                      | 50,000,000               | 49,917,000               | 35,912,629               |
| <b>Total Proposition 47</b>    | <b>\$ 11,400,000,000</b> | <b>\$ 11,226,196,309</b> | <b>\$ 9,412,841,334</b>  |
| <b>Grand Total</b>             | <b>\$ 21,400,000,000</b> | <b>\$ 17,148,540,868</b> | <b>\$ 11,914,294,615</b> |

AS OF APRIL 26, 2006

## Status of Funds

| PROGRAM                               | BALANCE AVAILABLE |
|---------------------------------------|-------------------|
| <b>PROPOSITION 55</b>                 |                   |
| <b>New Construction</b>               | \$ 3,447.7        |
| Energy                                | 2.3               |
| Small High School                     | 20.0              |
| <b>Modernization</b>                  | 3.0               |
| Energy                                | 5.8               |
| Small High School                     | 5.0               |
| <b>Critically Overcrowded Schools</b> |                   |
| 15% COS Unrestricted Fund             | 283.0             |
| <b>Charter School</b>                 | 9.1               |
| DTSC/Relocation                       | 13.1              |
| Hazardous Material                    | 2.6               |
| <b>Joint Use</b>                      | 31.8              |
| <b>Total Proposition 55</b>           | <b>\$ 3,853.4</b> |
| <b>PROPOSITION 47</b>                 |                   |
| <b>New Construction</b>               | \$ 15.4           |
| Charter School                        | 29.1              |
| Energy                                | 0.0               |
| <b>Modernization</b>                  | 9.7               |
| Energy                                | 0.1               |
| <b>Critically Overcrowded Schools</b> |                   |
| Reserved                              | 58.5              |
| <b>Joint Use</b>                      | 0.0               |
| <b>Total Proposition 47</b>           | <b>\$ 112.8</b>   |
| <b>Grand Total</b>                    | <b>\$ 3,966.2</b> |

## New School Openings

By Darlene J. Newman, OPSC Project Manager

The Office of Public School Construction (OPSC) would like to congratulate the following districts for the opening and dedication ceremonies.

| SCHOOL DISTRICT      | COUNTY      | PROJECT                             | OPENING/DEDICATION |
|----------------------|-------------|-------------------------------------|--------------------|
| Los Angeles Unified  | Los Angeles | Bryson Elementary School (Addition) | March 2006         |
| Los Angeles Unified  | Los Angeles | Crenshaw High School (Addition)     | April 2006         |
| Los Angeles Unified  | Los Angeles | Jefferson Elementary School (#7)    | April 2006         |
| Los Angeles Unified  | Los Angeles | Maywood Elementary School (#5)      | April 2006         |
| Los Angeles Unified  | Los Angeles | Oxnard Elementary School (Addition) | April 2006         |
| Desert Sands Unified | Riverside   | Thomas Jefferson Middle             | May 2006           |

Did you know that you can highlight your district's new school dedications and groundbreaking ceremonies in the *Advisory Actions* newsletter? To have your event highlighted, please notify the Office of Public School Construction, include all information as referenced in the table above, and please include the related School Facility Program application number. Submit this information to the OPSC, *Attention: New School Dedications and Groundbreakings*.

The SAB approved \$72,918.17 in decreases for the Deferred Maintenance Program.

Note: Amount shown above are in millions of dollars.

Office of Public School Construction  
1130 K Street, Suite 400  
Sacramento, CA 95814



STATE ALLOCATION BOARD

# Implementation Committee

MAVONNE GARRITY, ASSISTANT EXECUTIVE OFFICER, STATE ALLOCATION BOARD

## At the previous meeting...

The following topics were discussed at the State Allocation Board (SAB) Implementation Committee meeting on April 6, 2006.

### NEW CONSTRUCTION ADDITIONAL GRANT FOR REPLACED FACILITIES

The State Allocation Board (SAB) requested the Office of Public School Construction (OPSC) to examine possible reasons why there has been limited participation in requests for the *New Construction Additional Grant For Replaced Facilities* (Regulation Section 1859.73.2) and to determine possible modifications to qualify for the additional grant to enhance district participation. This regulation provides that, as part of a School Facility Program (SFP) new construction project, a school district may demolish a single story facility and replace it with a multistory facility on the same site.

The OPSC Staff presented an overview of the history and current regulations regarding the Additional Grant for Replaced Facilities. In addition to the new construction grant allowance, this supplemental grant to fund 50 percent of the replacement cost of the single story facility(s) can be allocated by the SAB providing that:

- » Applicant districts must have a site which is less than 75 percent of the California Department of Education (CDE) recommended site size.
- » Districts must construct the *greater* of eight classrooms (200 pupils) or the number of classrooms commensurate with 20 percent of the existing pupil capacity of the site based upon State loading standards.
- » A cost benefit analysis that demonstrates that the cost of demolition and construction of a new multi-story building on the same site is less than the total cost of providing a new school facility, including land on a new site, for the additional number of pupils housed.
- » The CDE must determine that this option is the best available alternative and does not create a school with an inappropriate number of pupils in relation to the size of the site.
- » The district must replace all the excluded portables for which the district was provided an increase in new construction eligibility to qualify a non permanent building for multi-story replacement.

The OPSC addressed the concern raised by members of the SAB that participation is low due to the requirement that a site's enrollment be increased by the greater of 200 pupils or 20 percent of the existing pupil capacity. Staff recommended changing the existing requirement to state that the increase in pupil capacity housed be the greater of 200 pupils or 20 percent of the **existing permanent classroom design capacity** at the site.

The list of issues raised by the Committee and audience members as they relate to the regulations is provided below:

- » Some requested that the 200 pupils or 20 percent requirement be removed from the qualifying criteria and that the required cost benefit analysis be the basis for approval.
- » Some questioned that the law does not stipulate a minimum threshold for the increase in pupil capacity.
- » Concerns were expressed that the additional grant should not be inappropriately used as a school replacement program.

- » A question was raised regarding whether or not a district should be required to replace all excluded portables prior to being able to qualify for this additional grant.
- » A request was made to provide information on how much acreage would be required for a given number of pupils, or a calculation substantiating the proposed new site size for potential projects.
- » A question was raised about whether or not this additional grant is not being utilized due to the impact on a districts' new construction eligibility baseline.

The OPSC agreed to examine these issues and present its findings at the next Implementation Committee meeting. Additionally, it was suggested that staff from the CDE be involved in the analysis of the issues.

### SCHOOL FACILITY PROGRAM PORTABLE CHARGEABILITY

The OPSC addressed the questions and concerns raised by the Committee and the audience from the February 3, 2006 meeting regarding the chargeability of portable classrooms and the adjustments to the new construction eligibility for additional classrooms provided as required by current SFP Regulations. Staff presented suggestions on the options available to accommodate some of the concerns, which are described in detail below.

Current SFP Regulations require a downward adjustment to the new construction baseline eligibility for classrooms provided in any locally funded project, even when these classrooms do not provide additional housing capacity because they replace existing classrooms. This policy provides no incentive for school districts to raise local funds for facility projects that they may consider outside of the SFP. The OPSC provided suggestions on regulatory changes needed to accommodate locally funded replacement projects without an adjustment to the new construction baseline eligibility. These suggestions included modifications to the financial hardship criteria and modernization eligibility adjustments needed to account for facilities replaced with local funds. The audience was concerned with a proposal to exclude any debt incurred on financing a replacement project from the determination of the district's bonded indebtedness at the same time as counting the funds expended as available district contribution on the next SFP financial hardship project. OPSC agreed to examine the issues and present proposed Regulation changes at the next Implementation Committee meeting.

The OPSC also agreed to bring back regulatory changes that would allow districts to continue to exclude leased portable classrooms for an additional period of time from the new construction baseline eligibility when the lease term has reached five years.

For further details on this or any other meetings, please refer to the Implementation Committee section of the OPSC Web site where the Committee discussion items and meeting minutes are posted under Agenda History.

### Watch for...

The next items scheduled for discussion at the Implementation Committee are:

- » Discussion on proposed regulatory amendments regarding adjustments to the existing building capacity for portable classrooms provided after the new construction baseline eligibility is established.
- » Discussion on proposed regulatory amendments to increase participation in the utilization of the grants to replace single-story facilities with multi-story facilities.
- » Discussion on proceeds from the sale of a site funded in part or whole with State funds as requested by the State Allocation Board at its March 22, 2006 meeting.

### The next meeting...

The next Implementation Committee meetings are scheduled for:

- » Friday, June 2, 2006 from 9:30 a.m. to 3:30 p.m. at the Legislative Office Building, 1020 N Street, Room 100 in Sacramento.
- » Friday, July 7, 2006 from 9:30 a.m. to 3:30 p.m. at the Legislative Office Building, 1020 N Street, Room 100, in Sacramento.