



**FACILITY PLANNERS MEETING UPDATE
JUNE 2016**

UPCOMING EVENTS

**CASH MONTHLY
WORKSHOPS**

School District Options for
Competitive Selection
6/10/16, Ontario

Planning your
Construction and
Modernization Programs
6/21/16, Sacramento
6/24/16, Ontario

**CASH FALL
CONFERENCE**

Save the Date!
October 17-19, 2016
Fairmont Newport Beach

Visit the CASH website to
register for these events.
www.cashnet.org

UPDATE

Kindergarten through Community College Public Education Facilities Bond Act of 2016

In response to the lack of state funding for school facilities, CASH has qualified a State School Bond for the November 2016 Statewide General Election ballot. The 2016 State School Bond, which would provide \$9 billion for New Construction (\$3 billion) and Modernization (\$3 billion) projects, as well as Career Technical Education (\$500 million), Charter Schools (\$500 million), and Community Colleges (\$2 billion) and which would continue the successful School Facility Program, **will be on the November 8, 2016 ballot.**

On April 20, the Public Policy Institute of California (PPIC), a well-respected California polling firm widely read by Sacramento decision-makers, released its 12th Annual Statewide Survey on Californians and Education. The report indicates strong support for funding local schools, stating that, "Most Californians...favor two proposals that are likely to be on the November ballot to increase it: an extension of the Proposition 30 tax increase on higher incomes and a bond measure to pay for school construction projects." Specifically, the PPIC survey indicated that 76% of adults and 63% of likely voters would vote yes on a state school bond measure to pay for school construction projects, which is a very strong level of support for school facilities. The polling shows support is highest among Democrats (83%), second highest among Independents (60%), and third highest among Republicans (51%). It is also noteworthy that an overwhelming majority of public school parents support a state school bond (84%).

Thank you to all of the school districts and county offices of education that have passed school board resolutions supporting the 2016 State School Bond. 122 resolutions have been received, identifying over \$23.5 billion in need. **We must pass the 2016 State School Bond!** We need every school district and county office to pass a resolution in support of the 2016 State School Bond. Attached is a sample resolution for your use.

CASH continues to roll out endorsements of the State School Bond on a weekly basis, which continues to broaden and deepen support. We look forward to your continuing support to pass the State School Bond on November 8, 2016! For more information or to contribute, please visit www.cashissuesstateschoolbond.com.

State Budget May Revision

K-12 School Facility Emergency Repair Revolving Loan Program

As CASH has previously reported, the Governor's 2016-17 May Revision includes the K-12 School Facility Emergency Repair Revolving Loan Program which would provide \$100 million in one-time Proposition 98 funds for bridge loans to school districts to address imminent emergency health and safety facilities repairs. School districts that receive a loan through this program would have the option of paying the loan off in full without interest within one year or having the Superintendent of Public Instruction (SPI) structure a longer-term low interest loan.



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As loans are repaid, funds would be returned to the program and made available for emergency repairs at other sites.

In light of Budget Flexibility, the elimination of the Deferred Maintenance Program (DMP) under the LCAP, and conclusion of the Emergency Repair Program (ERP), state support for school maintenance has essentially been eliminated. Because health and safety are cornerstone priorities for our organization, CASH supported (with amendments to assist small rural school districts), the K-12 School Facility Emergency Repair Revolving Loan Program as a bridge to a more permanent solution to funding adequate school maintenance, though we do note that this loan program should be a floor, not a ceiling, with regard to support for school maintenance.

On May 17 and 18 the Senate Budget Subcommittee #1 on Education reviewed the proposed May Revision and voted to reject the proposal 2-1, arguing that changes to the facilities program should be made in the context of whether or not a statewide bond for school facilities passes in November, and that there are concerns about, "...the use of Proposition 98 for this purpose..." The Assembly Budget Subcommittee on Education also rejected this item. The Legislative Analysts' Office (LAO) and the California Teachers Association (CTA) opposed the program. The Department of Finance (DOF), the California Department of Education (CDE), and CASH testified in support. It is not expected that this program will be included on the Budget Conference Committee agenda.

Division of State Architect School Construction Plan Review

The May Revision trailer bill includes language to increase the minimum project cost threshold for school and community college construction projects to be reviewed by the Division of the State Architect (DSA). Specifically, the proposal would increase the minimum project cost threshold for school and community college from \$42,218 to \$100,000 for structural projects, and from \$168,187 to \$225,000 for non-structural projects. CASH supports this proposal.

Safe Drinking Water in Schools

The May Revision includes a \$10 million allocation (along with AB 2124/Garcia) to assist schools that do not have access to safe drinking water. While the language is still fluid, the grant funds may be used to install safe drinking water stations (with filtration when necessary), plumbing repairs that improve drinking water quality, and to provide technical assistance for planning and installing in schools. CASH supports this proposal.

Legislative Update

May 27, 2016, was the deadline for bills to pass out of Appropriations Committee to continue moving through the legislative process. Both houses use a mechanism called the "suspense file" to collect and prioritize bills with potential state costs, acting on them all at the same time. Bills that were "held on suspense" in Appropriations Committee failed to meet legislative deadlines and are essentially dead.



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The Legislature now turns its attention to taking bills up for consideration on the floor, working toward a deadline of June 3 to pass bills out of the house of origin. Below is an update on several bills with facilities implications. The status of bills noted below is current as of June 1, 2016.

AB 1783 (Dodd) – Classroom Contents and Earthquake Safety

This bill requires school districts, COEs, and charter schools in areas of “high seismicity” to conduct a one-time earthquake safety assessment by January 1, 2020 of non-structural classroom contents. Schools will use the guidelines set forth in the Office of Emergency Services “Guide and Checklist for Nonstructural Earthquake Hazards in California Schools” document, then develop and present to the governing board a corrective action plan to bring non-compliant items into compliance, including a prioritization of those items that present an “immediate and serious threat” to safety. The superintendent would annually certify to the governing board which corrective actions have been taken. The bill passed out of Assembly Appropriations Committee with amendments, and CASH staff will review these amendments closely once they are in print. CASH has worked with legislative staff to address concerns regarding the expense and administrative burdens of the original proposal, which has since been narrowed significantly.

AB 2059 (Garcia) – Scrap Metal Recycling

This bill would allow junk dealers and recyclers who carry a surety bond of at least \$100,000 to provide payment to a seller by cash or check before the three-day waiting period established in current law. School districts have faced serious losses due to the theft of nonferrous metals and materials from their sites, necessitating costly repairs. The three-day waiting period has lessened but not eliminated these losses. CASH has adopted an oppose position on this bill, with concerns that waiving the waiting period could lead to an increase in metal theft and costs to schools. The bill passed out of Assembly Appropriations Committee and is awaiting consideration on the Assembly floor.

AB 2316 (O’Donnell) – Lease-Leaseback

This bill continues to be a work in progress. The author intends to create a competitive selection process for Lease-Leaseback, and CASH advocates are participating in a stakeholder group led by the author’s office to develop language that preserves the collaborative process while establishing parameters for competitive selection similar to a best value methodology. The bill also protects contracts signed prior to July 1, 2015 from disgorgement; contractors would keep costs of labor, equipment, materials, and services but return profit for contracts that are deemed invalid and if certain parameters are met. The bill was passed by Assembly Education Committee and the full Assembly, and is now awaiting consideration in the Senate. CASH adopted a support position on the competitive selection provisions, and no position on the disgorgement provision, the impacts of which need to be studied more closely.



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AB 2429 (Thurmond) – Proposition 39 Bond Caps

This bill would increase the limits on bonding capacity for bonds issued under Proposition 39 (2000) as follows:

- From 1.25% of taxable property to 2% for elementary and high school districts
- From 2.5% to 4% for unified school districts and community college districts.

Given the current political complexities and CASH's top priority of a successful bond in November, CASH has not adopted a formal position and is instead closely monitoring this bill. The bill passed out of two policy committees and the full Assembly and is now awaiting consideration in the Senate.

SB 885 (Wolk) – Indemnity

SB 885 (Wolk) proposes changes to the contractual arrangement options between school districts and design professionals related to indemnity and the duty to defend. It is sponsored by the American Council of Engineering Companies, California, and at issue is who pays the first dollar of defense. The bill would effectively prohibit contractual arrangements where the design professional pays upfront defense costs and instead establish a reimbursement process, shifting risk to public owners and other partners on public works projects. This issue was the subject of major negotiations in 2010, resulting in a compromise bill, SB 972 (Wolk).

CASH has joined with a coalition of other public works entities opposing the bill and encouraging preservation of the previously negotiated agreement. The opposition coalition continues to grow and now includes contractor groups, labor, and more. The bill passed out of Senate Judiciary Committee, despite concerns expressed by members that the approach may lead to increased costs for public projects. The bill is now awaiting consideration on the Senate floor.

SB 1029 (Hertzberg) – Bond Data Reporting

This bill creates new reporting requirements for state and local debt issuances. Specifically, the bill would require state and local agencies to submit an annual report to the California Debt and Investment Advisory Committee (CDIAC) that identifies debt issuances, outstanding debt, and use of proceeds. The bill would also require CDIAC to track and report on all outstanding debt until it is fully repaid. CASH has an oppose unless amended position and is concerned that the new reporting requirements are duplicative to what is already provided, increasing costs and administrative burdens unnecessarily. The bill passed out of Senate Appropriations Committee and will next be heard on the Senate floor.



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CASH Workshop: School District Options for Competitive Selection

Friday, June 10 | Registration: 8:30 a.m.-9:00 a.m. | Workshop: 9:00 a.m.-3:00 p.m.

This workshop will focus on the various aspects of Competitive Selection to ensure that school districts have the most recent information to perfect their school facility projects. Specifically, the workshop will feature a presentation on what services can be competitively selected and the types of competitive selection. In addition, the workshop will include presentations on:

- Department of Industrial Relations (certified payroll, approved contractor list, apprenticeship training pipeline)
- Financing and Selecting Consultants for Your Local School Bond (California Attorney General's opinion on financing local bond campaigns, security dealers limitations, role of consultants)
- Procurement Law (CMAS, piggyback contracts, relocatable classrooms)
- Project Insurance (wrap-around, sew-up, indemnification)

For school districts or COEs with school facility projects, or thinking about initiating a school facility project, this is a workshop that you cannot afford to miss.

CASH June Workshops: Planning Your Construction and Modernization Programs

Tuesday, June 21 & Friday, June 24 | Registration: 8:30 a.m.-9:00 a.m. | Workshop: 9:00 a.m.-3:00 p.m.

This workshop will provide information on what you will need to consider for delivering your school bond projects program:

- Incorporating master planning into a project delivery schedule to ensure that projects move forward with the least disruption and are consistent with the schedule presented to the school board and citizens.
- What is happening in the municipal bond market to help you plan the probable issuance and interest costs and tax rates for local school bond funded projects. Will your current or planned bond authority still buy as much as originally planned?
- Projected materials cost increases and how those need to be budgeted into the expected bond program to meet project cost expectations.
- Incorporating developer fee increase for revenue expectations and California Environmental Quality Act costs in bond program revenue and expenditure.
- Alternatives to district-wide local bonds to fund those hard-to-fund projects by using Mello-Roos, Community Facility Districts and School Facility Improvement Districts.



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C.A.S.H. Welcomes New Members

C.A.S.H. would like to welcome the following new members:

School Districts
Newcastle Elem. SD

Associates
The Trinity Group
Hill International Inc.
Innovative Structural Engineering
Norman S. Wright, Mechanical
Equipment Corporation

Maintenance Network
ARCADIS U.S., Inc.
Fullerton Jt. Un. HSD
Inglewood USD
Lake Elsinore USD
San Diego COE
Yolo Co. Ofc. of Educ.

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For the latest updates on important matters affecting school facilities, be sure to check the
CASH Register news website, www.cashfacilitiesnews.org.

CASH is on Facebook!
To “like” our page and connect with us, click the Facebook link on the CASH homepage.
You can also follow us on Twitter at @CASHFacilities.