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State Allocation Board Meeting

May 25, 2016

Minutes

The minutes from the April 20, 2016 State Allocation Board (SAB) meeting were approved unanimously.

Executive Officer Statement

Lisa Silverman provided updates on the following:

- Current Priority Funding Filing Round: The current priority funding filing round opened on May 11, 2016 and will close on June 9, 2016. Currently, there are 9 projects for 7 school districts on the Unfunded List (Lack of AB 55 Loans) totaling \$54.9 million that could submit a request for participation in this filing round.
- Seismic Mitigation Program Update: There is one item on the consent calendar to provide an unfunded approval for a Seismic Mitigation Program rehabilitation project in the amount of \$859,181.
- Fund Releases for Priority Funding Apportionments: On February 24, 2016, the Board approved \$81.7 million in priority funding apportionments for 31 projects representing 20 school districts. Of these 31 projects, 19 were required to submit a valid *Fund Release Authorization* (Form SAB 50-05) containing an original signature by Tuesday, May 24, 2016 to the Office of Public School Construction (OPSC). As of May 13, 2016 OPSC had received 11 SAB 50-05 forms.
- Fund Releases for Priority Funding Apportionments: The SAB provided apportionments to Career Technical Education Facility Program (CTEFP) projects in April and September 2015. Of the April apportionments, one district did not submit required documents in time and their project was rescinded. As of May 13, 2016, there are 6 CTEFP projects from the September action that have not submitted a Form SAB 50-05.

Consent Agenda

The consent agenda was approved unanimously. Items included, but were not limited to, the following:

Unfunded Approvals

The Board approved eight projects worth \$20,888,507.60 within existing bond authority:

- Overcrowding Relief Grant: \$2,887,450
- Facility Hardship: \$3,985,298
- Charter: \$14,015,759.60

Additional Grant for General Site Development



The Board approved regulations adopting a one-year extension to the General Site Development grant. The regulations authorizing the General Site Development grant were set to expire on January 1, 2017; this action authorizes the grant until January 1, 2018.

Repeal of the State Deferred Maintenance Program Regulations

The Board approved the repeal of State Deferred Maintenance Program regulations and forms. This action supersedes the Board’s April 2015 action approving the regulations as inoperative.

Emergency Repair Program Grant Adjustments

The Board approved Emergency Repair Program apportionments for 32 applications worth \$5,750,059. OPSC has received \$9.8 million in savings from previously funded projects.

Facility Hardship/Rehabilitation Program

The Board approved two Facility Hardship Rehabilitation projects for placement on the Unfunded List (Lack of AB 55 Loans), including one Seismic Mitigation Program Rehabilitation project.

Financial Reports

The following bond authority balances account for Unfunded Approvals made at the May 25, 2016 meeting:

SFP Program	Prop. 1D	Prop. 55	Prop. 47
New Construction	\$0.6 million	\$1.3 million	\$0.2 million
Seismic Repair	\$85.2 million	---	---
Overcrowding Relief	\$6.6 million	---	---
Modernization	\$9.6 million	\$0.0	\$0.0
Career Technical	\$6.6 million	---	---
High Performance	\$0.0	---	---
Charter School	\$32.6 million	\$3.8 million	\$4.3 million

Appeal Items

Montague Elementary/Siskiyou

To present the District’s request for an extension to complete an Emergency Repair Program project to replace a structurally unsafe portable classroom.

Motion: To grant the District’s appeal. **APPROVED UNANIMOUSLY**

Action Items

Developer Fees

The Board discussed options to take action to allow school districts the ability to impose Level III developer fees. In order to trigger Level III fees, the Board must make a finding that state funds for new construction are not available. OPSC staff stated that the Board is no longer approving apportionments for new construction pursuant to Article 5 of Chapter 12.5 of Part 10 of the Education Code, and the last time that the Board did so was September 8, 2015. OPSC



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staff explained that the Board is continuing to make apportionments for Seismic Mitigation Program and Facility Hardship projects; however those projects are being apportioned pursuant to Article 8, not Article 5. As such, OPSC staff opined that the Board appears to be within its statutory authority to make a finding that new construction funds are not available for new construction apportionments.

Board members asked questions about OPSC's analysis and legal interpretation and discussed the impacts of triggering Level III. During public comment, support for the motion was expressed by representatives from Dublin, Fremont, and Beaumont Unified School Districts, the Riverside County Schools Advocacy Association, and the Association of California School Administrators. Speaking in opposition was the Coalition for Adequate School Housing (CASH) and the California Building Industry Association, who felt that the action was premature given the school bond on the November ballot. CASH expressed concern that Level III creates school facility funding inequities and will result in unnecessary litigation, confusion, and conflict.

Motion: To make a finding per Government Code Section 65995.7 that state funds for new construction are not available, and to notify the Secretary of the Senate and the Chief Clerk of the Assembly that this determination was made on May 25, 2016. APPROVED 6:1

Reports, Discussion, and Information Items

New Construction Loan Program

OPSC staff provided the Board with a report on proposed regulations to create a School Facility Program New Construction loan when general obligation bonds for new construction are insufficient. This report is in response to a discussion at the April 20, 2016 meeting regarding a proposal from Assembly Member Bonilla and stakeholders. The proposed loans would expand the regulations for Hardship Assistance for districts that meet new "extreme financial hardship" criteria. The report provided a summary of the proposed regulations and identified issues for the Board's consideration should staff be directed to implement the program in the future. Representatives from Dublin Unified School District addressed the Board during public comment, describing the challenges to accommodating growth in their districts and asking that the Board agendaize this as an action item in June. Chair Eraina Ortega stated that the Board does not have statutory authority to implement a loan program, and she would not agendaize the proposal as an action item until that authority was granted.

The next State Allocation Board meeting is scheduled for Wednesday, June 22, 2016.

~ Rebekah Cearley