



California School Boards Association

November 2007

### Overview of Public School Construction Process State Agencies

#### Background

School construction management is an issue of critical importance to school boards because of the number of classrooms that must be built and modernized and the funds that will be required to do so. In the next five years, 32,470 new classrooms will need to be built, with the state's share of the cost estimated to be over \$10 billion. Additionally, 44,492 classrooms will need to be modernized in the next five years, with a price tag of over \$4 billion.

The state share of funding, including district financial hardship costs, for approved but unfunded projects and for projects for which eligibility documents have been filed with the Office of Public School Construction as of September 2005 is:

State share	5-year need	Per year
New Construction (50 percent state share)	\$10.06 billion	\$2.01 billion
Modernization (60 percent state share)	\$ 4.06 billion	\$0.81 billion
<b>TOTAL (Rounded)</b>	<b>\$14.12 billion</b>	<b>\$2.82 billion</b>

Districts in California will have to build 6,494 new classrooms a year (18 new classrooms a day) between 2005 and 2010, and renovate 8,898 classrooms per year, (25 classrooms per day) in order to meet the needs of all students. With these statistics in mind, it is clear that understanding the role the governance team plays in school construction is essential for school board members.

#### State agency overview

As an overview, boards should be aware of the agencies at the state level that are involved in school construction funding and approval.

- Office of Public School Construction

*The OPSC administers and implements the state school facilities programs for the State Allocation Board. The OPSC is also charged with the responsibility of verifying that all applicant school districts meet specific criteria based on the type of funding which is being requested.*

- State Allocation Board

*The SAB is responsible for determining the allocation of state resources including proceeds from general obligation bond issues and other designated state funds used for the new construction and modernization of public school facilities. The SAB is also charged with the responsibility for the administration of the State School Facility Program, the State Relocatable Classroom Program and the Deferred Maintenance Program.*

- Division of the State Architect

*The DSA is involved in three phases of school construction projects: plan review and approval, construction oversight and project closing and certification. The Division of the State Architect reviews projects for structural, fire/life safety and accessibility requirements.*

- California Department of Education, School Facilities Planning Division

*CDE reviews public school sites and plans to determine if they meet Title 5 standards. The review includes areas such as: standards for school site selection; procedures for site acquisition; standards for the development of plans for the design and construction of school facilities; educational specifications; site layout; playground and field areas; delivery and utility areas; future expansion; placement of buildings; classrooms; specialized classrooms and areas; laboratories; gymnasium; shower/lockers; auxiliary areas; lighting; acoustical; plumbing; year-round education; Americans with Disabilities Act; and child care.*



- Depending upon the location of the school site, other agencies may be required in the plan approval process, such as:
  - Army Corps of Engineers
  - Airport authority
  - Water district
  - CalTrans
  - California Highway Patrol
  - Air Resources Board
  - Santa Monica Mountains Conservancy
  - Historic preservation/historic landmark groups
  - Department of Fish and Game
  - Department of Conservation

## Start to finish: State agency involvement in the process

The process is very complex, but the items below are basic milestones to keep in mind as part of the school construction and modernization, with regard to interaction with state agencies. It is important to note that while these milestones appear in chronological order, there is some overlap to the timeline and multiple activities may be occurring simultaneously in order to proceed with the construction project.

### **• Facilities needs assessment**

- Analyze enrollment trends
- Assess facilities needs
- Plan for new facilities
- Board determines means to fund project, identifying resources available such as bonds, certificates of participation, etc.
- Board sets a budget for the construction project

### **• Funding eligibility**

- Determine district's eligibility for state funds by submitting a funding eligibility application (which is separate from a funding application) before beginning project.

### **• Site approval**

- Potential sites – LEA identifies and evaluates potential sites
- CDE evaluation – CDE evaluates three or more of the potential sites identified by the district
- Preferred site – LEA identifies preferred site and prepares requested studies for CDE site approval
- CDE site approval – CDE reviews project and approves if Title 5 standards are met
- LEA submits site approval letter from CDE as part of their OPSC funding application

### **• Building design plan approval**

- Educational specifications – LEA develops educational specifications
- Developing the plans – LEA submits preliminary plans to CDE (design development)
- Preliminary plans – LEA resolves CDE concerns
- CDE plan approval – CDE reviews project and approves if Title 5 standards are met
- District submits plans to DSA for approval
- LEA submits CDE and DSA approval letter as part of their OPSC funding application

### **• Funding application**

- District submits application for eligibility determination to OPSC
- OPSC processes eligibility applications for SAB approval
- SAB approval
- District submits plans to CDE for approval
- District submits plans to DSA for approval
- District submits funding application (including DSA- and CDE-approved plans) to the OPSC
- OPSC processes funding applications for SAB approval and funding of grant allowance and site
- SAB approval
- OPSC releases grant amount upon evidence of district match and construction contract
- Project construction
- District submits expenditure reports to the OPSC
- OPSC performs audits of district expenditures to ensure that state funds were expended in accordance with law

### **• Before construction begins**

- Upon approval by the DSA of all drawings and specifications and written approval of the application, award a contract for project construction.
- Hire a project inspector (also known as the inspector of record, who must pass DSA administered inspector examinations) and obtain DSA approval of the inspector.
- The DSA-approved project inspector must be present at the construction site to maintain a personal knowledge of the ongoing work and to verify that construction conforms to approved documents. The project inspector also must inspect all work before it is covered or closed in by other construction work.

### **• During construction**

- Coordinate field reviews
- Coordinate specialized lab tests and inspections
- Respond if special circumstances arise



### • Project closure

- The DSA can close projects either by issuing the final certification of construction or by closing the project without certification.
- Without certification, the state will not assume liability for the facility. Your district's school board members remain liable in any construction-related litigation.

### • Follow-up

- Within two years of project completion, the OPSC will perform a financial audit of the project expenditures.
- The Department of Toxic Substances Control may need to monitor long-term operations and maintenance at the school site, if your district was required to prepare a response action for the site.

There are six different types of construction in which school districts may be engaged:

#### School Facility Program

Funds for the School Facility Program may be from any funding source made available to the SAB. This includes proceeds from the sale of state general obligation bonds and the state general fund. In addition, districts are required to provide a portion of the cost of a project from funds available to the school district. This may include, among other sources, local general obligation bonds, developer fees, general fund, etc.

#### New Construction Grant

The New Construction Program provides state funds on a 50/50 state and local sharing basis for public school capital facility projects in accordance with statute. Eligibility for state funding is based on a district's need to house pupils and is determined by criteria set in law.

#### Modernization Grant

The Modernization Program provides state funds on a 60/40 state-local basis for improvements to educationally enhance school facilities that are at least 25 years old (relocatable buildings must be at least 20 years old). The modernization grant can be used to fund a large variety of work at an eligible school site. Air conditioning, insulation, plumbing, lighting, electrical system and roof replacement, as well as the purchase of new furniture and equipment are just a few of the eligible expenditures of modernization grants. A district may even use the grants to demolish and replace existing facilities of like kind. However, modernization funding may not be spent for construction of a new facility, except in very limited cases. Site acquisition may not be included in modernization applications.

#### Charter Schools

This program is intended to provide a charter school with funding to construct new facilities. To qualify for funding a charter must be deemed financially sound by the California School Finance Authority and meet the eligibility criteria outlined in law. The criteria includes SFP new construction eligibility to support the project. A charter, or school district filing on behalf of a charter under this program, may receive a reservation of funding, by submitting a preliminary application, prior to receiving the necessary approvals from other state entities. Once those approvals are received the preliminary apportionment may be converted to a final apportionment and the funds previously set aside by the SAB may be released.

#### Critically Overcrowded Schools

The Critically Overcrowded Schools program allows school districts with qualifying critically overcrowded school facilities to apply for a preliminary apportionment for new construction projects to relieve overcrowding. The preliminary apportionment serves as a reservation of funds and must be converted within a four-year period to a final apportionment that meets all the SFP New Construction program laws and regulations required for such an apportionment.

#### Joint-Use Projects

The state and local contribution to a joint-use project is 50/50. The joint-use partner must match a minimum of 25 percent of the eligible project costs. If the district has passed a bond which specifies that the monies are to be used specifically for the purposes of the joint-use project, then the district can opt to pay up to the full 50 percent local share of eligible costs. Anything beyond the eligible project cost are the responsibility of the joint-use partner and/or the district.

Under the SFP a method to fund certain types of joint-use projects has been implemented. There are two types of joint-use projects, both types include specific project eligibility.

- A Type I must be part of an SFP new construction project that will either increase the size, create extra costs, or both beyond that necessary for school use of the multi-purpose room, gymnasium, childcare facility, library, or teacher education.
- A Type II may be part of a modernization or a stand alone project located at a school because it does not have the type of facility or the existing facility is inadequate. The project proposes to reconfigure existing school buildings, construct new school buildings, or both to provide for a multi-purpose room, gymnasium, childcare facility, library, teacher education facility, or pupil academic achievement facility.



## **Facilities Hardship Replacement or Rehabilitation**

While the SFP generally requires the state and school districts to share the cost of facilities, if a school district faces unusual circumstances, it may apply for “hardship” funding from the state to offset its local share of costs. The facility Hardship Replacement or Rehabilitation project funding for classrooms or related facilities (or lack of facilities) where a clear and imminent threat to the health and safety of students can be demonstrated along with an on-going need for those facilities to house pupils. Factors that may be considered include:

- Structural deficiencies that the DSA has deemed a health and safety threat and where the DSA has specifically required that those deficiencies be repaired.
- Environmental health hazards, such as dangerous levels of mold contamination, etc.
- Traffic safety, including remote area pupils where transportation to existing facilities is not possible or it poses a health and safety threat.
- Close proximity to:
- Major freeway
- Electrical facility
- Dam
- Industrial facility
- Airport
- High power transmission lines
- Pipeline
- Adverse air quality emission
- Other health and safety threats

To determine whether a district can qualify for the hardship provision, determine whether:

- There is an imminent health and safety threat to students
- The facilities were not insured and were lost or destroyed as a result of a disaster such as fire, flood or earthquake
- There is a demonstrated on-going need for the facility and no other space to house pupils is available in the district

## Resources

**California Department of Education, Learning Support, Facilities** provides information to assist school districts and their communities in creating well-planned, K-12 learning environments in safe, clean and up-to-date schools. This document can be found at <http://www.cde.ca.gov/ls/fa/>.

**Construction Management Association of America** offers an overview into the professional service of construction management, including the planning, design, and construction of projects from inception to completion for the purpose of controlling time, cost and quality. This document can be found at <http://www.cmaanet.org>.

**"Maximizing School Board Governance: School Finance School Facilities Management,"** part of the "Maximizing School Board Governance" series produced through CSBA's Governance Institute, addresses school construction and facilities management with a focus on effective governance and student achievement.

**Office of Public School Construction** facilitates the processing of school applications and makes funding available to qualifying school districts. This document can be found at <http://www.opsc.dgs.ca.gov>.

**"State Agencies' Top Tips for Getting Your Project Approved"** is a presentation by Dave Hawke of the California Department of Education, School Facilities Planning Division providing insight into the approval process for school construction projects from the perspective of statewide agencies. The document can be found at <http://www.cashnet.org/resource-center/resourcefiles/606.pdf>.

**"The State School Facility Program – A District's Perspective"** is a presentation by Janet Dixon of the Riverside Unified School District which provides an overview of the process of school construction application and funding from the perspective of local school district staff. This document can be found at <http://www.cashnet.org/resource-center/resourcefiles/605.pdf>.

**Public School Construction Process** is a Web site that summarizes the state role in the process of public school construction, including general information on the agencies involved in each phase. This document can be found at <http://www.schoolconstruction.dgs.ca.gov>.

The California School Boards Association's Construction Management Task Force provides districts with policy briefs and fact sheets on construction related issues. District staff and Governing Boards should use this information as a resource when making local decisions. These documents are provided for informational purposes only and are not a substitute for legal advice from school districts legal counsel. Districts should obtain independent legal advice and review when necessary.

If you have any questions, please contact CSBA Policy Services at (800) 266-3382 or via e-mail [policy@csba.org](mailto:policy@csba.org)

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