

California Community Colleges Capital Outlay Program Priorities and Grant Application Process

BACKGROUND TO THE 2020 REVISION

In 1999, the California Community Colleges Board of Governors adopted priority-criteria and -funding categories scoring system to assist community college districts with local capital planning efforts to ensure project proposals reflect the state's priorities. The Board of Governors priority-funding categories give preference to projects that best meet the following priorities: life and safety, growth of instructional space, modernization of instructional space, complete campus concept, growth of institutional support space, and modernization institutional support space. The Board of Governors' priority-criteria metrics primarily evaluate how a capital outlay project proposal meets the campus's instructional need, its use of space, and the condition of its existing facilities.

With the adoption of the *Vision for Success* and at the direction of the Board of Governors, the Chancellor's Office with the help of the Association of Chief Business Officials' Facilities Task Force has proposed improvements to the capital outlay program to align with effort to improve student success. These improvements include simplifying capital outlay project categories and aligning the project scoring metrics with the student-centered goals that are identified in the *Vision for Success*.

INTRODUCTION

Community college districts have the responsibility to maintain, modernize, and expand as necessary the facilities at their institutions on behalf of the students they serve. To accomplish these objectives, community college districts are authorized to seek local and state financing for their facilities.

In addition to local efforts, the state's capital outlay program provides voter-approved statewide general obligation bonds through grants to fund capital outlay projects on community college campuses. These grants are developed pursuant to the annual state capital outlay grant application process and approved by the Board of Governors of the California Community Colleges (Board). Districts often leverage these grants with local funds; however, for some districts with minimal local resources for facilities, funds provided from the state capital outlay grant application process are the only source of funds available to modernize facilities and/or construct new buildings.

The Board has adopted priority funding categories to assist districts in their capital planning efforts so that the capital outlay proposals submitted for consideration of state funding reflect the state's priorities. The Board priority funding categories give preference to projects that best meet the following priorities:

- Expand campuses appropriately to meet enrollment demands,
- Modernize aging facilities,
- Meet the space utilization standards referenced in California Code of Regulations, and
- Leverage state funds with local funds to provide facilities at the least cost to the state.

The Chancellor's Office Facilities Planning and Utilization Unit administers the state capital outlay grant application process for the community college system on behalf of the Board of Governors. Under the policy guidance and direction of the Board of Governors, the Facilities Planning and Utilization unit assists districts in meeting guidelines, regulations, and other requirements to receive state funding for capital construction projects.

The capital outlay grant application process is based on the Board priority funding categories and has three district inputs that culminate in the annual capital outlay spending plan:

1. District five-year capital outlay plans,
2. Initial Project Proposals, and
3. Final Project Proposals.

PROPOSED PRIORITY-FUNDING CATEGORY SCORING METRICS

For all capital outlay project funding categories, proposed projects must first be capacity load eligible; this includes modernizations where projects must not sustain or increase an overbuilt status. Additionally, community college districts that are proposing capital outlay projects must be aligned with the California Community College Promise requirements (AB-19, Santiago 2017), as these requirements establish the minimum conditions for participating in the California Community Colleges capital outlay program. California Community College Promise requirement include the following:

- Partner with local educational agencies to establish an early commitment to college.
- Partner with local educational agencies to improve student preparation for college.
- Utilize evidence-based assessment and placement practices at the community college including multiple-measures.
- Participate in the Guided Pathways program.

BOARD OF GOVERNORS PRIORITY FUNDING CATEGORIES

There are three Priority Funding Categories for which projects are classified. The categories below illustrates the maximum share of state funding allocated to each category in a specific plan year as follows:

Proposed Project Categories, Definitions and Percentage Allocations

Category: A - Life and Safety Projects

Definition: To provide for safe facilities and activate existing space.

Proposed Allocation: Up to 50 percent of the total

Category: M – Modernization Projects

Definition: To modernize instructional and institutional support spaces.

Proposed Allocation: 65 percent of the remaining total

Category: G – Growth

Definition: To increase instructional and institutional support spaces.

Proposed Allocation: 35 percent of the remaining total

CATEGORY A – LIFE AND SAFETY PROJECTS

The most critical projects, life and safety projects, are assigned to Category A. Projects in Category A involve life and safety issues and are ranked according to the number of people threatened or affected by the condition of a facility or site. Please see the following for details about Category A priority-criteria.

Category A – Criteria

Category: A-1-Life Safety Projects

Description:

- 1.** The intent of this category is to permanently mitigate the life safety conditions in buildings or systems that create imminent danger to the life or limb of facility's occupants.
- 2.** One or more of the following must exist to be considered as an A-1 project:
 - Imminent Danger – immediate danger to the health, life or limb of the facility's occupants;
 - Health and Life Safety – obvious danger to health, life or limb exists. While danger is not immediate, remedy is needed to protect people;
 - Fire Safety – existing conditions could place people in grave peril and inadequate escape
 - The lack of compliance with existing code is not considered sufficient justification to warrant classification of an issue as a critical life-safety issue
- 3.** The Final Project Proposal (FPP) shall be accompanied by a third-party study that identifies the critical life safety issues and states that imminent danger exists to the facility's occupants (study must be performed by an independent, professional who is certified or licensed to perform the relevant study).

Category: A-3 Seismic Retrofit Projects

Description:

- 1.** The intent of this category is to seismically retrofit structures subject to the likely probability of collapse during a seismic event of greater than 6.0.
- 2.** Final Project Proposal (FPP) shall be accompanied by a third-party study/report that validates that the target building's structural deficiencies provides a risk that is equivalent to Risk Level 4 or greater as specified in the April 1998 *CCC Seismic Survey, Report and Recommendations*, prepared by the State Department of General Services – Real Estate Services Division. This study must be performed by an independent, professional who is certified or licensed to perform the relevant study and shall include possible mitigation measures.

Category: A-4: Immediate Infrastructure Failure Projects**Description:**

- 1.** The intent of this category is to repair or replace the immediate failing infrastructure within a structure or campus system.
- 2.** Final Project Proposal (FPP) shall be accompanied by a third-party study that identifies the failing infrastructure and least cost mitigation measures that permanently mitigates the issues and restores the designed capability (study must be performed by an independent, professional who is certified or licensed to perform the relevant study).

Local Contribution/Hardship

All Category A projects are required to have a local contribution or hardship waiver.

Local Contribution

- 1.** Minimum Local Contribution is 25 percent (25 points) AND
- 2.** Local Contribution above minimum (maximum 25 points additional) receives one point for every percent of local contribution up 50 percent

Hardship Waiver

- 1.** A hardship waiver will receive 25 points maximum. A hardship waiver will demonstrate local effort to raise revenues. In order to qualify for hardship, provide evidence of at least one of the following:
 - District passed a local GO bond within the past two years but it is not sufficient to fund the project
 - Debt-level of at least 70 percent of bonding capacity (2.5 percent of assessed value)
 - Total district bonding capacity less than \$50 million

CATEGORY M – MODERNIZATION PROJECTS

Projects that modernize existing space earn eligibility points based upon the age and condition of the existing facility or its infrastructure and the extent to which local funds directly mitigate state costs of the project. Please see below for details about Category M priority-criteria and point system, which has a maximum of 200 points allowable.

Metrics for Modernization**Age of Project Building Metric**

Description: This factor provides priority to facilities 15 years and older that have a greater need for program space renovations. One point for every year, starts with 15 years equal to 15 points and so forth to 60 years equal 60 points.

Existing Points: 120

Proposed Points: 60

Activates Unused Space Metric

Description: This factor supports renovation of existing space that currently cannot be used but can be activated after the renovation. Activated unused space (050), is at least 5% of total space to be renovated.

Existing Points: 30

Proposed Points: 0

Facility Condition Index (FCI) Metric

Description: FCI is from the FUSION assessments (start at 5 percent = 1 point; increase 2 percentage points for each point thereafter; 80 percent and higher reaches a maximum of 40 points)

Existing Points: New

Proposed Points: 40

Full-time Equivalent Students (FTES) Metric

Description: Projects will be given points based on their campus FTES. Campuses with FTES between 500 – 999 will receive 6 points. FTES between 1,000 – 9,999 will receive 12 points. FTES between 10,000 – 19,999 will receive 16 points. FTES 20,000 and above will receive 20 points.

Existing Points: New

Proposed Points: 20

Vision for Success – Career and Technical Education (CTE) Programs Metric

Description: This factor promotes projects that create the needed space type for CTE related Taxonomy of Program (TOP) codes. Points are given based on ratio of CTE Space to Project Space multiplied by 25.

Existing Points: New

Proposed Points: 25

Vision for Success - Regions of High Need Metric

Description: Points will be given to regions of high need are Central Valley, Sierras, Inland Empire, and Far North.

Existing Points: New

Proposed Points: 5

Local Contribution/Hardship

All Category M projects are required to have a local contribution or hardship waiver.

Local Contribution

- 1.** Minimum Local Contribution is 25 percent (25 points) AND
- 2.** Local Contribution above minimum (maximum 25 points additional) receives one point for every percent of local contribution up 50 percent

Hardship Waiver

1. A hardship waiver will receive 25 points maximum. A hardship waiver will demonstrate local effort to raise revenues. In order to qualify for hardship, provide evidence of at least one of the following:
 - District passed a local GO bond within the past two years but it is not sufficient to fund the project
 - Debt-level of at least 70 percent of bonding capacity (2.5 percent of assessed value)
 - Total district bonding capacity less than \$50 million

CATEGORY G– GROWTH

Category G projects that expand space on sites earn eligibility scores based upon a site's need for space, projected enrollment growth over the next five years, the extent to which the proposed solution provides the needed space, and the extent to which local funds directly mitigate state costs of the project. Please see below for details about Category G priority-criteria and point system, which has a maximum of 200 points allowable.

Metrics for Growth

Enrollment Growth Metric

Description: This factor looks at the campus' enrollment, weekly student contact hours (WSCH), change over a 5-year period; the higher the enrollment increase, the more points the project will be eligible for.

Existing Points: 50

Proposed Points: 50

Existing Inventory Metric

Description: This calculation compares the existing space capacity to the enrollment need or load. The lower the capacity load ratio, the greater the need for additional space, therefore the more points the project will receive.

Existing Points: 50

Proposed Points: 50

Assignable Square Footage (ASF) Change Metric

Description: This factor promotes projects that create the needed space type.

Existing Points: 50

Proposed Points: 0

Full-time Equivalent Students (FTES) Metric

Description: Projects will be given points based on their campus FTES. Campuses with FTES between 500 – 999 will receive 6 points. FTES between 1,000 – 9,999 will receive 12 points. FTES between 10,000 – 19,999 will receive 16 points. FTES 20,000 and above will receive 20 points.

Existing Points: New

Proposed Points: 20

Vision for Success – Career and Technical Education (CTE) Programs Metric

Description: This factor promotes projects that create the needed space type for CTE related Taxonomy of Program (TOP) codes. Points are given based on ratio of CTE Space to Project Space multiplied by 25.

Existing Points: New

Proposed Points: 25

Vision for Success - Regions of High Need Metric

Description: Points will be given to regions of high need are Central Valley, Sierras, Inland Empire, and Far North.

Existing Points: New

Proposed Points: 5

Local Contribution/Hardship

All Category G projects are required to have a local contribution or hardship waiver.

Local Contribution

- 1.** Minimum Local Contribution is 25 percent (25 points) AND
- 2.** Local Contribution above minimum (maximum 25 points additional) receives one point for every percent of local contribution up 50 percent

Hardship Waiver

- 1.** A hardship waiver will receive 25 points maximum. A hardship waiver will demonstrate local effort to raise revenues. In order to qualify for hardship, provide evidence of at least one of the following:
 - District passed a local GO bond within the past two years but it is not sufficient to fund the project
 - Debt-level of at least 70 percent of bonding capacity (2.5 percent of assessed value)
 - Total district bonding capacity less than \$50 million

FUNDING ALLOCATION BETWEEN CATEGORIES

Category A projects involve health and safety issues and are the highest priority in the capital outlay spending plan. Category A projects are ranked according to the number of people threatened or impacted by the condition of a facility or site, and up to 50 percent of the annual allocation of state funds is made available for projects in this category.

Once the continuing phases of previously funded projects and new Category A projects are prioritized, projects in the remaining categories are prioritized based on various factors for each Priority Funding Category. The proposals compete for the highest ranking within each category based on points calculated using the age of the facility, age of the campus, enrollment capacity load ratios, cost, project scope, and local contribution.

Projects in Categories M and G are ranked by eligibility points (highest to lowest). The annual capital outlay spending plan includes a maximum of one project from any

Category M or G per authorized site. With the exception of projects that address life and safety, seismic or infrastructure failure problems, only one “new start” project per year is funded per authorized site. This limit ensures that more campuses will likely have new proposals included in the annual capital outlay spending plan.

If more than one project is eligible for potential funding from Categories M and G per authorized site, the project with the highest local ranking from the district’s five-year capital outlay plan is proposed for funding. In recent years, the number of proposals seeking state funds and obtaining Board of Governors’ approval has greatly exceeded the amount of state funds available. Every year valid, meritorious proposals are excluded from the statewide spending plan. To mitigate such exclusions, the development of the proposed annual capital outlay spending plan may include a realignment of funds between categories.

DISTRICT FIVE-YEAR CAPITAL OUTLAY PLANS

Education Code sections 81820-81823 require the governing board of each community college district to annually prepare and submit to the facilities planning and utilization unit a five-year plan for capital construction. California Code of Regulations, title 5, section 57014 requires districts to receive approval of their five-year capital outlay plans from the facilities planning and utilization unit prior to receiving state funding for projects. Districts are also required to complete district and campus master plans before preparing their five-year capital outlay plans. The districts’ five-year capital outlay plans are submitted to the facilities planning and utilization unit on July 1 of each year, unless the Chancellor’s Office delays this submission.

In adopting capital outlay plans, governing boards should confirm that the plans reflect the infrastructure necessary to achieve the goals aligned to the *Vision for Success* adopted by that local board.

DISTRICT MASTER PLANS

The districts’ five-year capital outlay plans are based on the local education master plan and facilities master plan for each campus. The California Code of Regulations, title 5, section 51008 requires districts to establish policies for, and approve, comprehensive or master plans which include academic master plans and long-range master plans for facilities.

Master plans define how a district will meet the needs of its students and the community. They outline the short and long-range goals for a community college district and for each of its major campuses. Districts use master plans as a tool to periodically reevaluate education programs and facilities needs in terms of past experience, current community requirements, and future goals.

An education master plan is therefore a prerequisite to the preparation of a facilities master plan. The preparation of a facilities master plan is in turn a prerequisite to the preparation of the five-year capital outlay plan districts submit annually to the facilities planning and utilization unit.

EDUCATION MASTER PLANS

An education master plan defines a district's goals for the future of the education program. An education plan describes current programs and details how those programs should develop in the future. The plan may introduce new programs and describe how the programs will be integrated into the curriculum and the direction in which they will grow in the future. Districts must consider state codes and regulations, long-term budget considerations, staffing requirements, and new educational delivery methods and technology when developing their education master plans.

FACILITIES MASTER PLANS

A facilities master plan is derived from the education master plan and provides a blueprint for the facilities and technology that will be required to fully implement the education master plan of a district for each campus. The decisions a district makes in developing a facilities master plan are critical due to the permanent nature of any decisions made. The construction process for buildings is lengthy and once buildings are constructed, change is very difficult. This is evidenced by the fact that 62 percent of buildings in the community college system are over 25-years old and 50 percent are over 40-years old.

Although educational programming is always supposed to drive facilities planning, the permanent nature of facilities will limit or dampen the ability of the education master plan to respond to rapid changes in the educational program, delivery systems and technology. Given this permanence, there are many factors districts must take into consideration as they develop facilities master plans:

- 1. Community College Change and Growth** - Community colleges are inherently difficult to plan because the only constant is change – change in the size of the campus, rules and regulations, educational programs, administration, staff and faculty, and a myriad of other factors. Community college campuses often grow to many times their original size over a long period of time so the need to plan for and respond to change must be integral to a facilities master plan.
- 2. Campus Design Guidelines** – The facilities master plan must define campus design guidelines, not only to provide a cohesive look for the entire campus but to ensure access and functionality. The campus needs to be designed for flexibility so that facilities can change to the extent possible to support changes in the educational program.
- 3. State Rules and Guidelines** – California's community colleges are governed by laws, regulations and guidelines that are utilized by various governmental entities (i.e., Board of Governors, Department of Finance, Division of the State Architect) in the review of new campuses and building projects. The facilities master plan for any campus must be consistent with state rules and guidelines.
- 4. California Environmental Quality Act** – The California Environmental Quality Act requires districts to define and possibly mitigate the negative impact of construction or new development on neighboring properties. Districts must evaluate the impact of

vehicle traffic, pedestrian traffic, storm water run-off, historic structures and features, greenhouse gas emissions, and a variety of other potential impacts on neighboring properties when developing a new site or starting a new project on an existing site.

- 5. Operational Considerations** – The facilities planning process must take into account various operational issues, including those that influence staffing requirements and energy usage for new and/or modernized facilities. Incentives are provided by the Board and the various utility companies that encourage energy efficient design and construction. Laws and regulations impact staffing levels such as: the 75/25 percent full-time/part-time ratio of faculty; the 50 Percent Law which requires 50 percent of the operating costs to be spent on instruction; funding caps which limit the growth of a district, and collective bargaining which determines class size limitations and other working condition issues. Classroom scheduling issues must also be taken into account when determining the number and size of classrooms: faculty preference of rooms, availability of rooms, size of rooms, physical adequacy of rooms to teach specific types of courses, and the preference of students and faculty for morning classes.
- 6. Funding Availability** – Funding for community college facilities is always less than what is required to support the facility needs of the community college system. State funding is dependent upon the passage of statewide general obligation bonds, and local funding is dependent upon the passage of local general obligation bonds. Moving forward, the availability of state funds to finance new community college projects is been constrained due to the lack of an education bond in 2020. Facilities master plans must plan to the extent possible for buildings that are efficient, flexible (can be used for more than one purpose and adaptable to change over time), and cost effective. Careful planning of classroom scheduling within existing facilities can increase facility utilization without the need for new buildings. Districts must explore alternative instructional delivery options such as distance education which can also mitigate the need for new facilities.

Districts submit their five-year capital outlay plans using the Facility Utilization Space Inventory Options Net (FUSION) online database. FUSION is a web-based project planning and management tool activated in May 2003 and updated between 2017 and 2020. A consortium of community college districts provided the initial funds to develop FUSION, and all districts annually fund the operation and maintenance of FUSION. The Foundation for California Community Colleges and the facilities planning and utilization unit provide support for FUSION. FUSION provides facilities planning and utilization unit staff, district staff and consultants access to data and applications useful in assisting with the administration of district capital outlay programs. Districts use FUSION to better assess the various components of their current buildings, update their annual space inventory reports, and update their annual district five-year capital outlay plans. FUSION is also used to prepare Initial Project Proposals and selected components of Final Project Proposals as part of the application process for state capital outlay funds.

INITIAL PROJECT PROPOSALS

An Initial Project Proposal (IPP) is submitted by districts requesting state funding for projects included in the district's five-year capital outlay plan. The IPP provides a general project description including space, cost and funding schedule. Projects are to be submitted to the facilities planning and utilization unit by July 1 using the three-page IPP form.

The description of the intent and purpose of each project enables facilities planning and utilization unit staff to determine the appropriate board priority funding category to assign for the project. The IPP step in the screening process also allows the facilities planning and utilization unit to more accurately assess a district's capital outlay needs before there is a significant investment of time and money in projects by the district. After evaluating the IPPs, the facilities planning and utilization unit notifies the districts of those IPPs to be developed into Final Project Proposals which are due the following year for possible submission to the Board for project scope approval.

FINAL PROJECT PROPOSALS

A Final Project Proposal (FPP) describes the scope, cost, schedule, and financing array of a project and includes conceptual drawings of the project. The description of the project in the FPP includes an assessment of the problems of the existing facilities, as well as an analysis of alternatives considered prior to proposing the recommended solution. The proposal includes a detailed space array, detailed cost estimate and summary calculation of the equipment allowance.

The facilities planning and utilization unit staff performs an in-depth analysis of each FPP. This analysis determines the following for each project:

- Accurate cost and scope,
- Board priority funding category for each project,
- Feasible calendar and timing of state funds, and
- Comparison of a project's merits with other projects in the same category.

SCOPE APPROVAL

An FPP is eligible for inclusion in the annual capital outlay spending plan if it is consistent with the requirements, standards, and guidelines outlined in the Education Code, California Code of Regulations, title 5, and the State Administrative Manual/Capitalized Assets section 6800. The Chancellor's Office facilities planning and utilization unit staff determine whether or not a proposal satisfies the required governmental rules and regulations and works with districts to refine project proposals.

ANNUAL CAPITAL OUTLAY PLAN

The facilities planning and utilization unit develops an annual capital outlay spending plan that will be proposed for approval by the Board. The development of the spending plan draws upon a project's priority funding category, ranking among other projects within the same category, and total need for state funds versus the availability of state funds to determine which projects may be included in the plan. Following Board approval,

the annual capital outlay spending plan is submitted to the Department of Finance for consideration of funding in the next budget cycle.

PROJECT PHASING

The annual capital outlay spending plan includes projects seeking state financing to complete preliminary plans, working drawings, construction, and equipment phases. Brand new projects are known as “new start projects,” and projects seeking to obtain state funding for their remaining project phases are known as “continuing projects.”

READY ACCESS PROJECTS

A “Ready Access” project is a special type of new start project that is seeking a state appropriation for all phases in a single budget cycle. A district is required to finance at least 10 percent of the state supportable cost for a Ready Access project and must commit to completing the project with no changes in scope or state financing.

DESIGN-BUILD PROJECTS

“Design-Build” is a project delivery method that community college districts can use instead of the traditional Design-Bid-Build delivery method. A Design-Build project will be funded in two phases: 1) Design and 2) Construction. The Design-Build delivery method involves a process whereby district staff work with an architect to develop minimum design standards, room capabilities, and functional adjacencies for new or redesigned space without first establishing floor plans. These design standards are assembled into bid documents accompanied by the anticipated project budget and distributed to multiple Design-Builders so that they can develop proposed solutions with various floor plans and elevations. District staff review the various proposals and select a winning Design-Builder who in turn completes the development of construction documents and builds the project.

Following a successful pilot test involving more than 10 projects at eight districts, Senate Bill 614 (Stats. 2007, Ch. 471) authorized community colleges to use the Design-Build delivery method for both locally-funded and state-funded community college projects costing more than \$2.5 million.

Annual funding of the proposed projects is contingent on meeting the Governor’s priorities and the availability of funds to meet continuing needs. The development of the annual capital outlay spending plan also considers the state funds needed by projects in future budget years so that a project included in the spending plan can have a reasonable expectation to receive the state funds necessary in future years to allow completion of the project.

ANNUAL “ZERO-BASED” BUDGETING METHOD

The annual capital outlay spending plan is developed using a “zero-based” budgeting method in which all proposals eligible to compete in a specific fiscal year are evaluated to determine that the highest priority projects are included in the spending plan based on the funds available. FPPs not included in a specific year’s spending plan must compete in

a subsequent budget cycle. Between budget cycles, districts may update or modify the proposals as needed to reflect changing local needs or priorities and resubmit in the next budget cycle. Otherwise FPPs that are submitted for state funding but do not receive appropriations in the annual state Budget Act have no automatic special standing in subsequent budget cycles.

APPEALS PROCESS

An appeal process is available when a district believes that its project was omitted in error from either the state scope approval list or proposed annual capital outlay spending plan. Districts are urged to contact their facilities specialist in the facilities planning and utilization unit for an explanation of the project's priority status. After discussions with the facilities specialist, if need be districts may appeal in writing to the Chancellor.

DEPARTMENT OF FINANCE/LEGISLATIVE PROCESS

Once the annual capital outlay spending plan is approved by the Board, facilities planning and utilization unit staff advocate for state funding with the department of finance and the legislature for inclusion in the governor's budget and the state budget act, respectively. The FPPs included in the capital outlay plan are transitioned into Capital Outlay Budget Change Proposals (COBCPs) and submitted to the Department of Finance on July 1 of each year (usually a year after the FPPs are submitted to the facilities planning and utilization unit).

The Department of Finance evaluates each COBCP for potential inclusion in the next Governor's Budget. Once the project is included in the Governor's Budget, it is then evaluated by Legislative staff for potential inclusion in the final state Budget Act. The Administration and Legislative Budget Committees thoroughly analyze all capital construction projects to determine if projects meet current state priorities, i.e., seismic, life-safety, vital infrastructure, major code deficiencies, and increased instructional access.