



COUNTY OFFICE FACILITY PLANNERS MEETING UPDATE
JULY 2017

UPCOMING EVENTS

CASH July Workshops

Proposition 51
Implementation:
Understanding the
Upfront Grant
Agreement, Project
Processing Impacts, and
the New Audit Process
7/25/17, Sacramento
7/27/17, Ontario

CASH Fall Conference

10/18/17-10/20/17
The Duke Hotel,
Newport Beach
(formerly the Fairmont
Newport Beach)

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State Allocation Board Update

On Wednesday June 28, the State Allocation Board (SAB) met to hear issues related to actions taken at their meeting on June 5, 2017 (approval of "Option 1"). The following is a summary of each agenda item.

School Facility Program Application Processing

At the June 5, 2017 meeting, the SAB directed Office of Public School Construction (OPSC) staff to begin processing the Applications Received Beyond Bond Authority List, as well as newly submitted applications. In this item, OPSC staff presented information to the SAB on how they will process the projects previously on this list, as well as Approved Applications for new construction and modernization received on or after April 1, 2017, that are now of the OPSC workload list. Included in the approval of "Option 1" was the requirement that districts must recalculate their enrollment and SFP eligibility. CASH strongly objects to this action. CASH Vice-Chair Julie Arthur (Palm Springs USD) testified that CASH believes the provisions of "Option 1" are inconsistent with statute and asked the SAB to revisit the issue. No request to revisit "Option 1" or action was taken on this item because it is an Informational Item rather an Action Item.

Regulatory Amendments for the Financial Hardship Program

This would allow a Financial Hardship approval process by accepting the Form SAB 50-04 when districts are ready to submit, and conducting a Financial Hardship review at the time the application is processed, prior to placement on the Unfunded List. This item was APPROVED with no discussion.

Regulatory Amendments for Increased Program Accountability

This item sought SAB approval for the revised template grant agreement. The item was APPROVED with no discussion.

The next SAB meeting is scheduled for Wednesday, August 23, 2017.

2017-18 Budget: School Facility Trailer Bills

On June 27, 2017, the Governor signed the budget package, including budget bill AB 97 and a variety of trailer bills to implement policy changes in the budget. The budget includes \$125.1 billion in General Fund spending, and the Governor did not choose to use his line-item veto authority. A number of significant school facility issues are addressed in the trailer bills.

SB 96: DIR Prevailing Wage Monitoring Program – SIGNED

SB 96 includes changes to the Department of Industrial Relations (DIR) prevailing wage monitoring program. While the bill goes into effect immediately, DIR has indicated that it will implement the new provisions beginning July 1, 2017. These changes reflect a "carrot and stick" approach to increasing prevailing wage monitoring program compliance.



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SB 96 includes the following changes:

- Creates a “small projects” exemption. Raises the threshold for the prevailing wage monitoring program and contractor registration requirements from \$1,000 to \$25,000 for construction projects and \$15,000 for maintenance projects.
- Notice of a public works contract (i.e. filing of the PWC-100 form) is now due to DIR within 30 days, not 5 days, of contract award, but in no event later than the first day on which a contractor has workers employed on the project.
- Increases penalties for contractors and subcontractors who fail to register correctly.
- Creates new penalties for awarding bodies, including school districts, of \$100 per day, up to \$10,000 per project.
- DIR can issue a stop work order for non-compliance.
- An awarding body determined to have “willfully violated” the program’s requirements on two or more public works contracts within a 12 month period would be ineligible for state facility funding for one year.
- Increases the annual contractor registration fee from \$300 to \$400; DIR has indicated the fee increase will go into effect on July 1, 2017. Permits a contractor to register for up to three years at a time; this option begins June 1, 2019.

AB 111: DSA Filing Fee – SIGNED

AB 111 increases Division of the State Architect(DSA) project filing fees for construction or alteration of school buildings. The fee will increase from 0.7% to 1.25% for the first \$1 million in construction costs, and from 0.6% to 1.0% for costs in excess of \$1 million. While this bill went into effect upon the Governor’s signature, DSA has indicated that they will not immediately apply the fee increase and are considering a September 2017 implementation date. If the balance in the Public School Planning, Design, and Construction Review Revolving Fund exceeds six months of expenditures, the fee will automatically decrease.

AB 99: School Facility Program Audits - SIGNED

The adopted education finance trailer bill, AB 99, includes the School Facility Program (SFP) audit changes, adding state-funded school facility project scope to the local annual K-12 audit. CASH successfully lobbied for amendments to the bill to provide school districts with the flexibility to use capital funds or operational dollars to repay any expenditures deemed ineligible. The original proposal from the Administration would have required automatic payback of audit exceptions using a withholding from the next Proposition 98 apportionment. The new audit provisions do not apply to projects apportioned before July 1, 2017.

AB 99 and SB 110: Proposition 39 Energy Efficiency Program – PENDING as of June 30, 2017

There are two trailer bills that make changes to the Proposition 39 energy efficiency program. AB 99 extends the encumbrance date for projects by 12 months to June 30, 2019. This bill has already been signed by the Governor. The Legislature also passed SB 110, which is awaiting the Governor’s action at the time of this writing.



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SB 110 sets the Energy Expenditure Plan submittal deadline for March 1, 2018, and sweeps remaining funds associated with LEAs who do not meet this deadline, for use as follows:

- The first \$75 million for a school bus retrofit and replacement program to be administered by the California Energy Commission.
- The next \$100 million for CEC low- and no-interest loans.
- The remainder would be used for competitive grants for K-12 schools in designated ADA tiers.

SB 110 also removes the sunset on the Proposition 39 energy efficiency program; 2017-18 was the last fiscal year that dollars were to be provided to the program. Future funding allocations will be subject to appropriation in the annual budget process and will be allocated through a competitive grant framework.

SB 110 includes the provisions from another bill that is moving through the legislative process, SB 518 (De León). If SB 110 is signed, SB 518 will not need to move forward.

Legislative Update

We are now at the halfway point in the legislative process. Specifically, bills that were approved by Appropriations Committees and on the Floor in their house of origin now begin their journey through the legislative process in the second house. The broad themes of school facility legislation continue to be transparency/accountability and water quality issues. The following is a summary of some of the key bills that CASH has engaged on.

SB 348 (Leyva) – Local Elections

This bill requires voters to be notified of the timeframe for filing a validation lawsuit contesting the voter’s passage of a special tax. CASH opposes this bill because we believe it will encourage voters to vote no on the measure in the belief that the only reason they are being told of the ability to challenge the outcome is because the measure should not be approved, and will encourage frivolous lawsuits which would divert general fund reserves away from students.

AB 448 (Daley) – Parcel Taxes

This bill requires a local agency to provide notice of a new parcel tax to any owner of record of a parcel affected by the tax, if that owner of record does not reside within the jurisdictional boundaries of the taxing entity, and that notice must be made within 30 days of the certification of an election approving a new parcel tax. CASH opposes AB 448 because we believe the requirement for notice to be given within 30 days of the election certification is simply an insufficient amount of time to require a notice.

AB 746 (Gonzalez Fletcher)/SB 210 (Leyva) – Water and Lead

AB 746 a) requires testing schools built before January 1, 1993, and every three years for schools built after 1993, b) requires if testing indicates an exceedance of the USEPA lead standard, that the school notify parents and guardians within seven days, c) requires a school to



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make any part of a potable water system at a school site inoperable if that water system has elected lead levels, and if the lead level is greater than 5 parts per billion (USEPA standard is 15 parts per billion) every portable water system at the schoolsite be tested that year, d) authorizes a school to contract with a third party to conduct testing and seek assistance from a local health agency, community water system or State Water Board to ensure compliance with the bill, and e) requires a school to use the State Water Board’s protocol for testing water. CASH has opposed the more onerous first versions of this and similar bills, but continues to work to ensure that schools have the resources they need to provide a health and safe school environment without adding cost and complication.

CASH is also monitoring SB 210, which takes a less prescriptive approach to lead mitigation in schools and gives priority in awarding grants from the Drinking Water for Schools Grant Program to schools that have tested their drinking water fixtures, and the results show that the drinking water either does not meet USEPA drinking water standards for lead or is above the maximum contaminant level for any other contaminant.

Upcoming Networking Mixers

Join your fellow school facility professionals at a CASH networking mixer! These mixers are open to all school facilities professionals, no RSVP needed.

Thursday, July 13, 2017 | 5:00 p.m. – 7:00 p.m.
Campo Di Bocce – Fremont
4020 Technology Pl, Fremont, CA 94538
Appetizers, cocktails, and Bocce ball.
Sponsored by Assa Abloy Door Security Solutions

Thursday, July 27, 2017 | 5:00 p.m. – 7:00 p.m.
CASH Golf Networking Mixer – Candlewood Country Club
1400 Telegraph Road, Whittier, CA 90604
Appetizers, open bar, and 6-hole putting tournament – bring your lucky putter!
Sponsored by AFE Sports and Koury Engineering

Questions about the CASH mixers? Please contact Mike Vail at (949) 498-8993 or mgvailsancllemente@sbcglobal.net.

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! Click the Facebook link on the CASH homepage to connect with us. You can also follow us on Twitter at @CASHFacilities.