



SEWUP 2019 Construction Risk Summit  
September 5 & 16, 2019

Legislative Town Hall Discussion:  
Education Facilities

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## Presentation Overview

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- ▶ Introduction: CASH and CCFC
- ▶ Political Landscape for Education
- ▶ AB 48 and School Bond Negotiations
- ▶ Proposition 51 Implementation
- ▶ 2019 Legislation and Budget
- ▶ Themes for 2020
- ▶ Q&A – What keeps you up at night?

## Political Landscape - Education

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- ▶ New Governor, new administration
  - ▶ Brown on Prop 51
  - ▶ Newsom on education
  - ▶ Relationship between Chancellor Oakley and Governor Newsom?
  - ▶ Dynamic between the Big Three?
- ▶ K-12
  - ▶ Implementing Local Control Funding Formula
  - ▶ Charters
- ▶ CCC
  - ▶ New student funding formula (2018-19)
  - ▶ New online college: \$100 million one-time
  - ▶ Implementing the Vision for Success and Guided Pathways [student success]

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## 2020 School Bond – *Stakeholder Negotiations*

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- ▶ AB 48 (O'Donnell) – K-14 March 2020 state school bond
  - ▶ \$13 billion - \$10b for K-12, \$3b for CCC
- ▶ Process/Status
  - ▶ Initiative vs. legislative process
  - ▶ Stakeholder engagement and program development
  - ▶ Passed Assembly, now in Senate Rules Committee
  - ▶ Deadline: September 13, 2019 for Legislature
- ▶ K-12 Programs in AB 48
  - ▶ Keeps core NC and modernization Programs
  - ▶ Preschool
  - ▶ Replacement of 75 year-old buildings
  - ▶ Minimum Essential Facilities
  - ▶ Natural disaster interim housing
  - ▶ Joint-use facilities
  - ▶ Lead testing and mitigation
  - ▶ Assistance for small school districts
  - ▶ Career Technical Education
  - ▶ Charter schools
- ▶ Skilled Labor

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## 2020 School Bond – *Stakeholder Negotiations*

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- ▶ CCC Programs in AB 48
  - ▶ Codifies BOG guidance role – Annual capital outlay spending plan
  - ▶ Intent – more than just health and safety
  - ▶ Funding priorities – collapse from six to three?
  - ▶ Reimbursement for local funds spent on preliminary plans and working drawings
- ▶ What about student housing?
  - ▶ Legislature wants to address food and housing insecurity

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## 2020 School Bond – *Governor's 11<sup>th</sup> Hour Proposal*

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- ▶ DOF proposed amendments on 8/29
  - ▶ Political intrigue abounds!
- ▶ Amendments – funding:
  - ▶ \$7b K-12
  - ▶ \$2b each for UC and CSU – ADDS HIGHER ED
  - ▶ \$1b CCC
- ▶ Amendments – K-12 program:
  - ▶ System of prioritization based on priority points
  - ▶ New allocation system based on AV and bonded indebtedness
  - ▶ Eliminate financial hardship in favor of loans
  - ▶ Disallow the Acknowledged List
- ▶ Rejects AB 48's language for CCC
- ▶ Coalition of education stakeholders opposed significant changes at this late hour
- ▶ Community colleges asked for equitable funding proportional to the number of students they serve

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### 2020 School Bond – *As Passed to Governor*

- ▶ Amended Sept. 10 & passed by Legislature Sept. 13
  - ▶ Governor must sign/veto by Oct. 13
- ▶ The Public Preschool, K-12, and College Health and Safety Bond Act of 2020
- ▶ \$15 billion bond for March 2020 primary election ballot
  - ▶ \$9 billion for K-12
  - ▶ \$2 billion for CCC
  - ▶ \$2 billion for UC
  - ▶ \$2 billion for CSU
- ▶ Increases bonding capacity (% of taxable property):
  - ▶ USDs & CCDs: 2.5% to 4%
  - ▶ ESDs & HSDs: 1.25% to 2%
- ▶ Prioritizes funding for health and safety projects

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### 2020 School Bond – *As Passed: K-12*

- ▶ K-12 funding programs:
  - ▶ New Construction = \$2.8 billion
  - ▶ Modernization = \$5.2 billion
  - ▶ Lead testing/remediation = \$150 million (modernization)
  - ▶ Career Technical Education = \$500 million
  - ▶ Charter Schools = \$500 million
- ▶ New priority-based system for processing applications
  - ▶ Four annually processing cycles
  - ▶ Priorities include health and safety, financial hardship, lead mitigation (for mod), overcrowding, bonding capacity/unduplicated count factor, PLA
  - ▶ Projects not processed in preceding two quarters
- ▶ New state match based on bonding capacity/unduplicated count
  - ▶ 50% to 55% for NC
  - ▶ 60% to 65% for modernization
- ▶ Small school district assistance
- ▶ Disaster assistance
- ▶ Preserves Financial Hardship

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## 2020 School Bond – *As Passed: K-12*

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- ▶ Developer Fee Changes
  - ▶ Waives fees for multifamily housing within ½ mile of a major transit stop
  - ▶ Provides 20% reduction to all other multifamily housing projects
  - ▶ Suspends Level 3 fees from Jan. 1, 2021 (or when existing bond funds are expended) to Jan. 1, 2028

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## Proposition 51 Implementation

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- ▶ Delayed Under Governor Brown
  - ▶ K-12 bond sales ~\$650 million in FY 2017-18 and FY 2018-19
  - ▶ CCC received funding for only *half* its requested projects
    - ▶ FY 2017-18: 15 projects funded worth \$432m
    - ▶ FY 2018-19: 6 new projects funded worth \$138.8m
    - ▶ DOF – funds for only health and safety projects
- ▶ Improved under Governor Newsom
  - ▶ \$1.5 billion in K-12 bond sales for FY 2019-20
    - ▶ 10 new positions at OPSC for increased workload
    - ▶ Prop 51 funds are now over-subscribed
  - ▶ 39 new CCC projects worth \$690m in FY 2019-20

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## Full-Day Kindergarten Facilities Grant Program

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- ▶ \$300 million in one-time General Fund for FY 2019-20
- ▶ Trailer bill fixes eligibility hit when adding new classrooms through the program
- ▶ 25% local match for construction and retrofit projects
- ▶ Savings can be used for professional development, instructional materials, or high priority capital outlay purposes
  - ▶ Financial Hardship districts may retain savings
- ▶ Eligibility for FY19-20 and 20-21 limited to schoolsites that do not currently offer FDK

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## AB 695 (Medina) – Design-Build

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- ▶ CCFC Support
- ▶ Extends CCD Design-Build sunset from Jan. 1, 2020 to Jan. 1, 2030
- ▶ Applies existing skilled and trained workforce provisions for K-12/local agencies to CCDs
  - ▶ All workers in apprenticeable occupations must be skilled journeypersons or apprentices
  - ▶ Full implementation at 60% by July 1, 2020 for CCDs; some trades frozen at 30%

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## AB 302 (Berman) – Homeless Student Parking

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- ▶ CCFC Oppose
- ▶ Requires CCDs to allow homeless students to park overnight in campus parking facilities
  - ▶ Plan of action to implement
- ▶ Exempts CCDs that provide emergency housing grants, hotel vouchers, rapid rehousing referral services
- ▶ CCFC concerns:
  - ▶ Access to restroom facilities/maintenance/custodial
  - ▶ Personnel
  - ▶ Safety/behavior
  - ▶ Liability
  - ▶ Housing is a local/community issue
  - ▶ Redirects resources from the core mission
- ▶ Status: Two-year bill

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## Civic Center Act

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- ▶ Authorization to charge community groups for “direct costs” expires Jan. 1 2020 for K-12 and CCDs
  - ▶ Maintenance, repair, restoration, and refurbishment
- ▶ AB 1303 (O’Donnell) – Extends for K-12 until Jan. 1, 2025
  - ▶ CASH Support
- ▶ AB 695 (Medina) – Extends for CCDs until Jan. 1, 2025

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## SB 268 (Wiener) – Elections Transparency

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- ▶ CASH and CCFC Support
- ▶ Addresses the issues created by AB 195 (2017) for local tax measures
  - ▶ State rate, duration, amount raised annually on the ballot label
  - ▶ Difficult to accurately state for bonds
  - ▶ Creates significant voter confusion and decreases support in polling by 5 to 15 percent
- ▶ SB 268 creates a new option for local bonds and tiered taxes:
  - ▶ Exempt from AB 195 and instead add “See Voter Guide for tax rate information” on the ballot label
  - ▶ New financial disclosures in the Voter Guide
- ▶ Status: On Assembly floor

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## AB 1761 (Jones-Sawyer) – *Williams* Inspections

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- ▶ Updates the metric for determining which schools should receive *Williams* inspections
  - ▶ Currently deciles 1-3
- ▶ *Williams* parties want to keep the same number of schools ~30%
- ▶ No changes to the list of schools to be inspected for 2019
- ▶ Status: Two-year bill

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## 2019 Construction Bills

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- ▶ **AB 456 (Chiu) – Claims resolution Process**
  - ▶ Extends Jan. 1, 2020 sunset until Jan. 1, 2027 for new claims process established by AB 626 (Chiu) [2016]
  - ▶ Respond to a claim within 45 days to identify disputed/undisputed amounts
    - ▶ Owner has 60 days to pay undisputed amounts
    - ▶ Non-response means claim is rejected in its entirety
  - ▶ Status: On Senate floor
- ▶ **AB 356 (Santiago) – LACCD Best Value**
  - ▶ Pilot program – allows LACCCD to use best value methodology until Jan. 1, 2025
  - ▶ Best value = best combination of price and qualifications
  - ▶ For capital outlay projects over \$1 million
  - ▶ Status: Signed by Governor

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## 2019 Construction Bills

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- ▶ **SB 297 (Pan) – DSA Approval**
  - ▶ Allows school districts and community colleges to sign contracts prior to DSA plan approval
  - ▶ Current law requires DSA approval prior to letting contracts, unless otherwise specified
  - ▶ CASH Support
  - ▶ Status: Two-year Bill
- ▶ **AB 626 (Quirk-Silva) – Conflict of Interest**
  - ▶ Addresses conflict of interest for design professionals – a firm can provide pre-design services to a public entity and still be eligible to compete for design services.
  - ▶ Status: Two-year bill

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## Ongoing Themes – 2020 Predictions

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- ▶ Proposition 51 implementation
- ▶ School safety and disaster response
- ▶ Stormwater – MS4 permit
- ▶ Early childhood education/universal preschool
- ▶ Student/workforce housing
- ▶ Skilled and trained labor
- ▶ ZNE/Energy Efficiency
- ▶ Charter reforms
- ▶ Contracting: risk/indemnity/liability

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## Wish List Time!

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- ▶ What risks would you like to resolve/ameliorate?
- ▶ What are the top sticking points for your facilities projects?
- ▶ What keeps you up at night?

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## Questions?

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## Contact Information

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Rebekah Cearley is a legislative advocate for education entities, with a focus on school facilities issues. She has over a decade of experience in the State advocacy sector, helping clients from small associations to large companies navigate the State budget, legislative, and regulatory processes.

MWH has been instrumental in shaping statewide policy and implementing regulations for K-12 schools for almost five decades. Strategic relationships have been forged with the State Administration through agencies such as the Department of Education, the Office of Public School Construction, the State Allocation Board, and the Department of Finance; and, on the federal level, with key Congressional Members and the Executive Branch.

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