



2024 CSFC ANNUAL SUMMIT: LEGISLATIVE & REGULATORY UPDATE

Rebekah Kalleen, County School Facilities Consortium
Ian Padilla, Coalition for Adequate School Housing
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AGENDA

Legislative Landscape
Prop 2 Update
Legislation
Regulatory Issues & Programs





LEGISLATIVE LANDSCAPE

- 2024 = Major election year
 - 1/2 Senators, all Assembly Members
- Governor vs. Legislature
- Tough budget year, but education “preserved” in complicated fiscal maneuver
 - One-time General Fund dollars for SFP and PTKFDKFGP eliminated in FY 24-25
- Post-COVID culture
 - Advocacy and access are both harder and easier
 - Capitol construction underway

PROPOSITION 2: 2024 STATE SCHOOL BOND



PROP 2 – ELECTION UPDATE

- Bipartisan support – endorsed by California Democratic Party & California Republican Party
- 53 days until Election Day
 - Voting begins Oct. 8
- Historic number of local bonds on the November 2024 ballot
 - 267 K-14 bond measures worth \$49.9 million
 - Link between local & state bonds
- Polling shows Prop. 2 can pass – *if* voters receive positive messages about the measure
 - The dominance of social media

WWW.YESPROP2CA.COM

A screenshot of the 'YES on Proposition 2' website. The header features the 'YES on 2 Quality Public Schools' logo on the left and a navigation menu with links: 'LEARN ABOUT PROP 2', 'COALITION', 'NEWS', 'TAKE ACTION', 'CONTACT', and 'DONATE'. Social media icons for Facebook, X, and Instagram are also present, along with a button that says 'ENDORSE A YES VOTE'. The main content area has a large heading 'Repair & Renovate Local Public Schools' over a background image of a smiling teacher and students in a classroom. Below the heading is a form with three input fields labeled 'Email', 'Phone', and 'ZIP Code', followed by a 'SUBMIT' button. At the bottom of the form, there is a checkbox with the text: 'By providing your email you agree to receive communications from Yes on Proposition 2. Message frequency varies.'



PROP 2 – HOW YOU CAN HELP

- Pass a Board resolution supporting Prop 2
 - ... or superintendent support letter
- Encourage school districts in your region to:
 - Pass a Board resolution
 - Conduct joint educational messaging for their local bond *and* the state school bond
- Attend a regional Prop 2 information event
- Send photos of needed repairs or exemplary facilities to: adalen@m-w-h.com
- Social media engagement
 - Tool kits & spreading the word

PROP 2 – OVERVIEW

- \$10 billion for K-14 school facility repair, upgrade, and construction projects

Funding Breakdown

- **\$8.5 billion for K-12 schools**
 - \$4 billion for Modernization
 - Includes \$115 million for testing and remediation of lead in water
 - Reserves up to 10% for small school districts
 - \$3.3 billion for New Construction
 - Reserves up to 10% for small school districts
 - \$600 million for career technical education facilities
 - \$600 million for charter school facilities
- **\$1.5 billion for community college capital outlay projects**



PROP 2 – REQUIREMENTS

Program Mechanics and New Requirements

Applicability of Prop. 2 Changes – New Construction and Modernization projects submitted before October 31, 2024 are processed and apportioned under the statute as it read on January 1, 2024 (i.e. not subject to the new requirements created by Prop. 2).

Eligibility Baseline – A district that participates in the New Construction or Modernization program after November 5, 2024 shall submit an updated report of existing school building capacity.

Master Plan – A district that participates in the SFP must submit a five-year school facilities master plan, including an inventory of existing facilities, sites, property and existing classroom capacity, as well as a capital planning budget, deferred maintenance plan, and projected enrollment growth. The Department of General Services and the California Department of Education will develop guidelines to implement. The Controller will add instructions to the annual K-12 audit guide to verify compliance.

Use of Grants – Specifies that SFP grants may be used for advancing state energy goals, outdoor learning environments, school kitchens, transitional kindergarten facilities, preschool facilities, space for counselors and nurses, seismic retrofits, and broadband access.

PROP 2 – FUNDING ENHANCEMENTS

- State share sliding scale – Increased state share for projects with high unduplicated pupil count percentage and/or low gross bonding capacity
- Supplemental Grants
 - *Minimum Essential Facilities (Mod only)* – to build or expand one gym, multipurpose room, library, or school kitchen
 - *Transitional Kindergarten (Mod only)* – to retrofit or build TK classrooms
 - *Career Technical Education (Mod only)* – up to 5% state grant increase for projects that promote CTE at existing middle and high schools
 - *Energy and Climate Change (Mod and NC)* – up to 5% state grant increase for projects that exceed Title 24 standards and include energy efficiency components
- 75 Year-Old Building Replacement – Under Mod program, at New Construction grant amount



PROP 2 – ADDITIONAL SUPPORT FOR DISADVANTAGED DISTRICTS

- Small School District Assistance
 - Reservation of bond authority using preliminary apportionment structure
 - Up to 10% of New Construction and 10% of Modernization funds reserved for small school districts (<2,501)
 - Construction management grant preliminary apportionment – 5% of state share to assist with planning, site acquisition, preconstruction, and closeout
- Expands Supporting America's School Infrastructure Grant Program (SASI) - \$5 million to CDE to serve additional priority districts: smalls, low gross bonding capacity per enrollment, high percentage of LCFF unduplicated pupils, and those who have not previously applied for SFP funding

PROP 2 – COE ROLE

- Assistance to Small School Districts – Project and construction management grant allows a recipient to obtain services from a COE (or other LEA, applicable state department, or “certified private construction consulting entity”)
- SASI Expansion – Includes state and county collaboration = “joint efforts of the State Department of Education, **county offices of education**, and other state agencies [...] to provide regional resource centers throughout the state to ensure priority school districts have access to local support.”
 - Regional network of facilities/maintenance staff at COEs
 - Conduct quarterly meetings across the state to address facility challenges
 - Partner with other state agencies and organizations





AB 2192 (CARRILLO) - CUPCCAA

- CSFC Position: Watch
- STATUS: Passed by Legislature; pending Governor's action
- Increases the CUPCCAA bid limits
 - Force Account: from \$60k to \$75k
 - Informal bid: from \$200k to \$220k
- Adds "installation" to definition of public project for purposes of CUPCCAA
- Expands commission's authority to review potential violations when an "interested party presents evidence"
 - Bid splitting
 - Exceeding CUPCCAA bid limits
- Adds "installation" to the definition of a public project under CUPCCAA

SB 1374 (BECKER) – NET ENERGY METERING

- CSFC Position: Support
- Status: Passed by Legislature; pending Governor's action
- Addresses inequities in the Net Billing Tariff Aggregation that make it tough for energy generation projects to pencil out
- Requires the PUC to update its tariffs for non-residential utility (K-14 & multifamily housing) customers with multiple meters to give credit for self-consumption similar to residential/single meter customers
- The issue: non-residential customers with multiple meters have to sell the power they generate back to the utility at low prices and immediately buy it back at higher retail prices



**THANK
YOU**

Rebekah Kalleen
CSFC Legislative Advocate
rkalleen@m-w-h.com

A close-up photograph of a thick stack of papers, showing the edges of many pages. The papers are slightly aged and have a warm, yellowish-brown tone. The stack is positioned horizontally, filling most of the frame.

Update On Key Regulatory Issues

**Ian Padilla, Legislative Advocate,
Coalition for Adequate School Housing**



What happened to CalSHAPE?

Assembly Bill 841

Introduced and approved during the Covid-19 pandemic to assist K-12 schools assess and repair school HVAC systems to ensure healthy indoor air quality and plumbing systems to ensure safe drinking water quality.



Sponsored by the Building Trades




Includes funding for HVAC (2/3) and plumbing projects (1/3)




Initial funding proposal was \$2 billion from the state general fund

Assembly Bill 841 (Chapter 372, Statutes of 2020) CalSHAPE



AB 841 Becomes CalShape

The California Energy Commission (CEC) implements AB 841 in three months and it becomes the CalShape program administered by the CEC.



Funding is approximately \$600 million from ratepayer funds administered by the Public Utilities Commission (PUC).

Use of Funding:

- ✓ Project funding must remain in utility service area
- ✓ Project must meet Disadvantage Community requirements.
- ✓ Use of TAB certified hvac technicians required
- ✓ Funding can be used for system assessments, filter upgrades (MERV-13) and minor repairs (damper); not major repairs or system replacements.

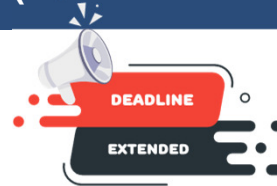
CURRENT STATUS OF CALSHAPE (AUGUST 2024)

BREAKING NEWS

In July, as a part of the State Budget approval process, the CEC announces that the CalShape project deadline has been moved up to July 1, 2024 and that the program is suspended (\$350 million remaining).



Previously, CEC allows "Round 5" funding to be used for major repairs and systems repairs for projects who have successfully completed a system assessment under the CalShape program.



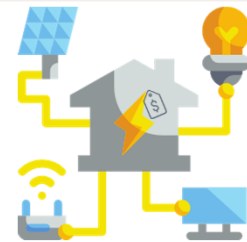
In the Spring of 2024, the CEC extended the statutory deadline established in AB 841 (June 1, 2024) to July 31, 2024 to allow more schools to apply for available funding.



Approximately 100-140 projects that have been submitted to the CalShape program are in limbo and likely not funded.

THE CONTEXT

The elimination of CalShape is part of the Governor's initiative to address the increase in electricity rates for consumers, and a larger policy discussion about liability and grid capacity.



Notwithstanding the policy merits of CalShape, there has always been a deep objection by some to "using energy efficiency ratepayer funds for K-12 school health and safety projects".



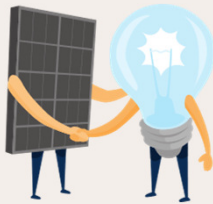
Restoration Coalitions:
Undaunted, NRDC, Building Trades, Private





AB 3121 (Petrie-Norris): Public utilities: incentive programs.

Last minute gutted and amended Assembly Bill 3121 would require ratepayers to be paid funds — reportedly amounting to the single \$30 to \$70 credit for each household — from a few consumer energy programs in areas served by Southern California Edison, Pacific Gas & Electric and San Diego Gas & Electric.



Included is **a program that provides upgrades to school heating and air conditioning systems**, and two programs that help low-income Californians save on their energy bills with incentives for installing solar panels and rebates for energy storage.

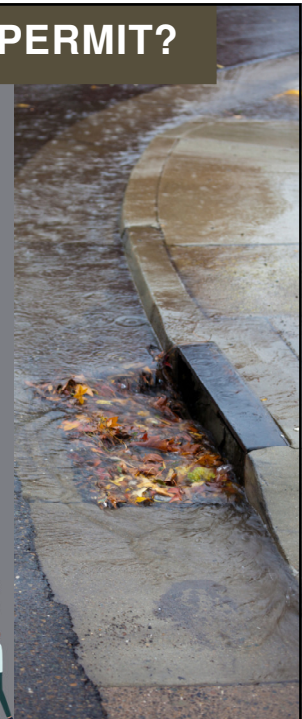
WHAT IS THE STATUS OF MS4 STORM WATER PERMIT?

Previous version of the Informal Draft of the MS4 included K-14 schools in a very complex regulatory scheme, which in many cases would have forced schools to assume municipal authority and functions, and have a significant cost and planning impact for local K-14 schools.



In July, 2024, The State Water Resources Control Board (Board) released an “Informal Draft Small MS4 Permit for Public Comment”, which proposes new requirements for traditional and non-traditional MS4 permittees – K-14 schools not included.

CASH appreciates the Board’s recognition of the impact the previous version of the permit would have for K-14 schools, by not including in K-14 schools in the current permit 5-year reauthorization.





CASH & CCFC *Advocacy*



CALIFORNIA'S
COALITION
for ADEQUATE
SCHOOL HOUSING™



COMMUNITY
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FACILITY
COALITION



The Coalition for Adequate School Housing (CASH) and the Community College Facility Coalition (CCFC) submitted letters and worked with Board staff to ensure the fiscal and planning costs associated with implementing the MS4 at the school site level are recognized.

The CASH Environmental Committee played a key role by gathering knowledgeable stakeholders and providing a forum for robust discussion about how the MS4 permit as drafted would impact schools.

What's Next for Storm Water Management and K-14 Schools?

It is anticipated that **K-14 schools will be included** in the next 5-year MS4 reauthorization.



In addition, because there are **nine** regional water quality control boards across California who often have different priorities and regional regulatory approaches, it is possible, even likely, that regional boards will have their own policies related to schools and municipalities.



DO'S

Storm water management best practices should continue to be a part of your school facilities and maintenance planning and inspections.



Update on 2024 Legislation



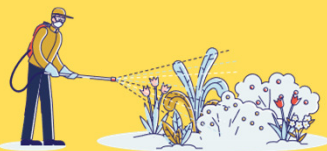
SB 1091 (Menjivar) – School facilities: school projects: accessible path of travel requirements.



SB 1374 (Becker) – Net Energy Metering



AB 1851 (Holden) – Water Quality



AB 1864 (Connelly) – Pesticides



AB 2149 (Connelly) – Gate Locks



AB 2565 (McCarthy) – Interior Locks



Update on 2024 Legislation



CONTACT

Ian Padilla | *Legislative Advocate*

 ipadilla@m-w-h.com