

## Attachment A

### California Community Colleges Capital Outlay Grant Application Process

Community College Districts have the responsibility to maintain, renew, and enlarge the facilities at their institutions on behalf of the students they serve. In order to accomplish these objectives, the districts are authorized to issue commercial paper and to seek local and state financing for their facilities.

In addition to these 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. 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 found in the California Code of Regulations, title 5, and,
- Leverage state funds with local funds to provide facilities at the least cost to the state.

The Facilities Planning and Utilization Unit (FPU) of the Chancellor's Office administers the Capital Outlay Grant Application Process for the community college system on behalf of the Board. Under the policy guidance and direction of the Board, the FPU 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 which culminate in the annual Capital Outlay Plan:

- 1) District Five-Year Capital Outlay Plans,
- 2) Initial Project Proposals, and
- 3) Final Project Proposals.

**BOARD OF GOVERNORS PRIORITY FUNDING CATEGORIES**

There are six Priority Funding Categories for which projects are classified (Categories A through F). Table 1 below illustrates the maximum share of state funding allocated to each category in a specific plan year as follows:

**Table 1  
Board Priority Funding Categories**

<b>Category</b>	<b>Funding Formula</b>
<b>A Health &amp; Safety</b>	No more than 50% of total available funds.
<b>B Growth – Instructional Space</b>	50 percent of remaining funds after funding Category A projects.
<b>C Modernize – Instructional Space</b>	25 percent of remaining funds after funding Category A projects.
<b>D Complete Campus</b>	15 percent of remaining funds after funding Category A projects.
<b>E Growth – Instructional Support</b>	5 percent of remaining funds after funding Category A projects.
<b>F Modernize – Instructional Support</b>	5 percent of remaining funds after funding Category A projects.

**Category A – Health & Safety Projects:** The most critical projects, life-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.

**Categories B & E – Growth Projects:** Projects that expand space on sites (Categories B and E) 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.

**Categories C & F – Modernization Projects:** Projects that modernize existing space (Categories C and F) 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.

**Category D – Complete Campus Projects:** Projects in Category D provide for reconstruction of existing space, construction of new space and purchase of equipment to promote a complete campus concept. Projects in Category D do not fit the criteria for the other Board categories but are an integral part of a campus and essential to fulfilling the educational mission at each campus. Examples include physical education facilities, performing arts centers, and child development centers. Category D projects earn eligibility points based upon the age of the campus, additional programs/services that can be offered because of the project, the project design solution, and the extent to which local funds directly mitigate state costs of the project.

**Funding Allocation Among Categories**

Category A projects involve health and safety issues and are the highest priority in the Capital Outlay Plan. Category A projects are ranked according to the number of people threatened or

effected by the condition of a facility or site, and no more than 50 percent of the annual allocation of state funds are 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 using the Priority Funding Category. The proposals compete for the highest ranking within each Category based on points calculated using the age of facility, enrollment capacity load ratios, cost, project scope, and local contribution.

Projects in Categories B through F are ranked by eligibility points (highest to lowest). The annual Capital Outlay Plan includes a maximum of one project from any Category B through F per authorized site. With the exception of projects that address health and safety, seismic or infrastructure failure problems, only one “new start” project per year is funded per authorized site. This ensures that more campuses will likely have new proposals included in the annual Capital Outlay Plan.

If more than one project is eligible for potential funding from Categories B through F 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 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 Plan may include a realignment of funds between categories.

## **DISTRICT FIVE-YEAR CAPITAL OUTLAY PLANS**

Education Code sections 81820-23 require the governing board of each community college district to annually prepare and submit to the FPU 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 FPU 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 FPU on July 1 of each year.

### **District Master Plans**

The districts’ Five-Year Capital Outlay Plans are based on the local Educational 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 educational programs and facilities needs in terms of past experience, current community requirements, and future goals.

An Educational 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 Plans districts submit annually to the FPU.

### Educational Master Plans:

An Educational Master Plan defines a district's goals for the future of the educational program. An educational plan describes current programs and details how those programs should develop in the future. The plan may introduce new programs and describe how those 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 educational 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 Educational Master Plan of a district for each campus. The decisions a district makes in developing a Facilities Master Plan are very important 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 67 percent of buildings in the community college system are over 25-years old and 46 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 Educational Master Plan to respond to rapid changes in 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 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 & 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, California Postsecondary Education Commission, 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 (CEQA) –** CEQA requires districts to define and possibly mitigate the impact of construction or new development on neighboring properties. Districts must evaluate the impact of traffic, pedestrian traffic, storm water run-off, historic structures and features, 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 to take 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. In recent years, the availability of state funds to finance new community college projects has been constrained due to the lack of an education bond in 2008 and 2010. Local bond funds are constrained due to voter reluctance to approve bonds due to the current negative economic environment as well as decreases in assessed property values which prevent the issuance of approved local bonds. 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. 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 FPU provide support for FUSION. FUSION provides FPU 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 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 FPU by July 1 using the three-page IPP form.

The description of the intent and purpose of each project enables FPU staff to determine the appropriate Board Priority Funding Category to assign for the project. The IPP step in the screening process also allows the FPU 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 FPU 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 state fundable equipment allowance.

The FPU 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**

The scope of work in an FPP is eligible for Board approval 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 FPU staff determine whether or not a proposal satisfies the required governmental rules and regulations and works with districts to refine project proposals.

Collectively, the FPU staff determine which projects will be proposed to the Board for scope approval for a specific fiscal year. The development of a scope approval list draws upon a project's Board Priority Funding Category, ranking among other projects also within the same category, and total need for state funds versus the availability of state funds to determine which projects may be included on the list. The scope approval list is then submitted to the Board for approval before the annual Capital Outlay Plan is created.

## **ANNUAL CAPITAL OUTLAY PLAN**

The FPU develops an annual Capital Outlay Plan derived from the scope approval list for approval by the Board. The scope approval list may be refined based on project changes, funding availability, and other factors as the annual Capital Outlay Plan is developed. Following Board approval, the annual Capital Outlay Plan is submitted to the Department of Finance for consideration of funding in the next budget cycle.

**Project Phasing.** The annual Capital Outlay 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 ten 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 ten projects at eight districts, SB 614 (chapter 471/statutes 2007) 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. The proposed spending plan for 2012-13 contains one Design-Build project seeking state funds for the Design (D) phase.

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 Plan also considers the state funds needed by projects in future budget years so that a project included in the annual Capital Outlay 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 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 annual Capital Outlay 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 Plan. Districts are urged to contact their facilities planner in the FPU for an explanation of the project’s priority status. After discussions with the facilities planner, if need be districts may appeal in writing to the Chancellor.

## **DEPARTMENT OF FINANCE/LEGISLATIVE PROCESS**

Once the annual Capital Outlay Plan is approved by the Board, FPU 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 FPU).

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 scrutinize 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.