

ICOC Review of July 7, 2010 Letter Regarding CTE Round Three

District staff has proposed 12 projects that meet the requirements for California's Career Technical Education (CTE) program administered by the Office of Public School Construction (OPSC) within the Department of General Services (DGS). These projects have been approved by OPSC as eligible for matching grants from the CTE program for up to 50% of the project cost.

If some of these projects receive CTE matching grants they could potentially secure between \$7 million and \$17 million in additional funding to be matched with District funds. The District has directed architects to begin design using Prop. S funds. It is clear that engaging in design work for these projects is speculative in that there is no guarantee that the CTE matching grants will be provided and without these funds the projects will likely not be done. The District currently expects that half or less of the projects will actually receive CTE matching grants.

A legal analysis provided by the District concluded the projects could be funded using Prop. S funds. A financial analysis provided by District staff stated that while other funding sources could provide funding from a legal standpoint, only Prop. S had funding available.

While no quantitative analysis was provided, most of the projects appear to include some Prop. S work that has been repackaged in order to qualify for the CTE matching grants. A few of the projects represent work not contemplated at the time Prop. S was planned.

- Nine of the 12 proposed projects are remodels of existing facilities; they appear to include some repackaged Prop. S work.
- One proposed project would replace an inadequate existing temporary building with a new building; this project appears to include some repackaged Prop. S work.
- One proposed project has not been developed sufficiently to determine if a reconfiguration of an existing building will be done or if a new building will be required; this project may or may not include some repackaged Prop. S work.
- One proposed project would provide a new building to provide for new/expanded educational programs; this project was clearly not contemplated at the time Prop. S was planned.

No detailed analysis was completed regarding what impact the projects might have if they were added to the Prop. S implementation plan because it is unknown how many, if any, of the projects will receive CTE matching grants. District Staff stated that while there would be a net loss of funds should all the proposed projects move forward, the loss was insignificant and could be absorbed by the Prop. S program through minor adjustments in future projects without eliminating any project currently on the Prop. S implementation plan.

ICOC Observations/Conclusions:

The decision to proceed with design work has been made. The Board of Education must make future decisions on whether to proceed with completing projects that are successful in obtaining CTE matching grants.

When final disposition of the CTE matching grants are known, an analysis of the impact that added projects will have on other Prop. S projects should be completed to ensure that the Board of Education can make an informed decision.

Prop. S bond funds used for design work that does not result in execution of a capital project should be replenished.