

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: RN 07 26253 to April 25, 2007
POSITION: Neutral, note concerns
SPONSOR: Board of Governors of the California Community Colleges

BILL NUMBER: SB 588
AUTHOR: G. Runner
RELATED BILLS: AB 127 of 2006

BILL SUMMARY: Community Colleges: Education Facilities

Existing law requires that all California Community College (CCC) facilities constructed, modified, expanded and reconstructed on a CCC campus be built according to either the Field Act or the California Building Standards Code (CBSC). This bill would establish the System Building Official (SBO) for the CCC system to oversee the design, construction, inspection or alteration of any school building, where the costs exceed \$25,000, for those districts that choose to build according to the CBSC.

This bill would also provide authority to the CCC Board of Governors (BOG) to develop and adopt regulations it deems necessary to enforce the CBSC and to charge a fee to recover the cost for these services. In addition, the bill would give the State Fire Marshal the authority to charge a fee to community college districts to cover code inspection costs. Finally, this bill would make various conforming changes to the Government, Education and Health and Safety Codes to include community colleges under the various code inspection and review requirements and authorities.

FISCAL SUMMARY

According to the CCC Chancellor's Office, the SBO function would cost \$525,000, be funded from the cost of projects, and require the addition of five positions (4.8 personnel years [PY]). The Chancellor's Office indicates that the fees generated from project review services provided under the SBO function would be sufficient to cover the salary, benefit, and operational costs for the required positions. In addition, the Chancellor's Office notes there would be one-time costs in the first year of implementation of an unknown amount for activities such as Title 24 procedure workgroups to develop the regulations.

It is estimated by the Chancellor's Office that the average project undertaken by the SBO would be charged a fee of between \$47,000 and \$52,000 for the plan review process. Approximately \$5,000 to \$10,000 of those fees would be used to fund the SBO, the remainder would be for other vendors for services rendered. The Chancellor's Office further estimates that approximately 100 projects a year, or about one-third of the total number of CCC projects, would shift to the SBO from the Division of State Architect (DSA). Given the estimated SBO fee for projects, the Chancellor's Office would receive reimbursements of between \$500,000 to \$1 million for plan review and oversight, which would be sufficient to support the new SBO activities and positions.

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Analyst/Principal Date Program Budget Manager Date
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Governor's Office: By: Date: Position Approved
Position Disapproved

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SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 25, 2007 version include the following significant amendments that do change our position:

- This bill would establish the SBO for the CCC system to oversee the design, construction, inspection or alteration of any school building, where the costs exceed \$25,000, for those districts that choose to build according to the CBSC. The SBO shall either be a registered structural engineer or a licensed architect appointed by the CCC system BOG. The SBO would administer, enforce, interpret, and approve the means to comply with the rules and regulations of the CBSC and other duties as specified. The SBO would supervise the inspection of school buildings and any work of construction or alteration affecting CCC buildings.
- This bill would provide authority to the CCC BOG to develop and adopt regulations that it deems necessary to enforce the CBSC and authorizes the BOG to charge a fee for these services.

COMMENTS

The Department of Finance is neutral on this bill but notes the following concerns:

- Given the SBO experience in other higher education segments, it is questionable that the five positions for the CCC system would be sufficient to properly maintain this program for the long term and additional positions would be required if expanded to include the entire CCC system.
- In addition, given the positions for the SBO function are the same positions being used by the DSA and by the Office of Statewide Health Planning and Development (OSHPD), and that both offices have significant vacancies in these positions, it is questionable that the Chancellor's Office will be successful in filling five positions let alone more if the program expands.
- Finally, both the DSA and OSHPD contract out a portion of the plan check and peer review work to qualified firms in order to manage its workload and vacancy rates. The CCC districts would need to do the same. It is unknown as to how much more capacity the market has for these requests. As a consequence, the SBO could be slowed down and any time savings could be lost.

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ANALYSIS**A. Programmatic Analysis**

Currently, all CCC facilities constructed or modified on a CCC campus must be built according to the Field Act or the CBSC. While both of these codes are similar in structural integrity, those that elect to use the Field Act must proceed through DSA for plan check and ongoing inspections throughout construction. Historically, the CCC has always been subject to the Field Act, but the enactment of Proposition 1D (Chapter 35, Statutes of 2006) provided the CCC the option to utilize the CBSC.

In recent years, DSA has had a high percentage (approximately 20 percent) of staff vacancies, which has contributed to long delays at various approval stages in the plan review process. To address these delays, DSA has had to contract out a significant portion of its work. The CCC districts have advocated using other standards, such as the CBSC, in order to reduce project costs by reducing plan review process delays. In addition, the Field Act was designed for buildings that serve children in grades K-12 yet the average age of a CCC student is higher than that of other higher education segments, which are not subject to the Field Act. According to the Seismic Safety Commission, there are elements in the Field Act that help a building perform better in a seismic event, which the CBSC does not contain. However, this bill would require the more rigorous standards for the Field Act, such as the continuous oversight and inspection provisions, be applied to projects using the CBSC process.

Today, the DSA plan check and review period ranges from six to eight months and in some cases longer. This elongated review process increases project costs by delaying construction. In addition, often times the DSA process takes longer than was originally planned for the projects creating additional cost pressures for the project as inflation erodes the original budget. To solve this issue and provide the flexibility afforded in Proposition 1D, a group of 10 CCC districts with the help of the Chancellor's Office Facilities Consultation Group drafted this language by modifying the SBO process currently in use at the CSU and adding various functions to the process to make the requirements of the CBSC similar to that of the Field Act.

The SBO would coordinate the structural and seismic certification of CCC facilities to meet all applicable building and access code requirements. Once the construction documents are completed, the districts will choose from a list of qualified firms to perform two steps, a plan check and a peer review check. The peer review checks the work of the first firm and provides a subsequent validation of the plan's integrity. Simultaneously, these plans will be sent to DSA for Access Compliance Review and the State Fire Marshal for fire and life safety issues. According to CSU's SBO, this process takes approximately 2 months versus the DSA's current average timeline of six to eight months for plans to get approved. To further match the requirements of the Field Act, language was drafted to require an ongoing inspector of record that will oversee the construction process. This is a form of plan enforcement, an aspect that a typical CBSC process check lacks. After the plans have been reviewed by all parties, the SBO does a final signoff and certifies the plans for the district and construction is ready to begin.

As a comparison, the CSU SBO has four positions that handle all of the CBSC workload that could range from 20 to 40 projects annually. These positions are licensed architects and engineers as well as administrative personnel. The Chancellor's Office would require the addition of five positions, two of which are structural engineers or architects. As noted earlier, the DSA and OSHPD have high vacancies in these classifications and would be in direct competition with the Chancellor's Office to fill

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these positions. Additionally, the CSU SBO has three positions that involve architecture and engineering versus the two estimated by Chancellor's Office. Additionally, the CCC system is approximately five times the size of CSU and it is questionable whether or not five positions could manage the workload.

This bill would provide authority to the CCC board of governors (BOG) to develop and adopt regulations that it deems necessary to enforce the CBSC and charge a fee to recover its costs for these services. In addition, the BOG may submit proposed building standards for CCC districts that will be subject to approval or rejection by the California Building Standards Commission.

B. Fiscal Analysis

The CCC reports that the development of an SBO would require approximately five positions (4.8 PYs) at a cost of \$525,000 plus other administrative and one-time costs yet to be determined. These costs would be recovered through the charging of a fee of between \$5,000 and \$10,000 (to be determined by the BOG) for each project that utilizes the SBO services. The five positions would consist of one Principal Structural Engineer/Architect; one Supervising Structural Engineer; two Specialists and one Staff Services Analyst. According to the Chancellor's Office, more positions may be necessary in the future. In addition, the Chancellor's Office notes there would be one-time costs in the first year of implementation of an unknown amount for activities such as Title 24 procedure workgroups to develop the regulations. These fees would be paid primarily from local bonds with the balance from state bonds.

The DSA reviews, on average, 300 state and local CCC projects per year. The CCC system office estimates that initially, 100 of those projects may be chosen by the districts to participate in the CBSC process. The current DSA fees total \$57,000 per plan review for an average CCC construction project. The estimated CBSC process charge is \$52,000 per plan review. Most of these fees would be paid directly to the firms and state agencies by the district. The cost for the CCC SBO would be approximately \$5,000 to \$10,000 per project, depending on the amount of funding needed to reimburse the Chancellor's Office for the cost of establishing and running the SBO, for the final certifications. The \$500,000 to \$1 million in reimbursements received from these fees would be used to pay for the SBO positions, the administrative costs and various one-time costs.

According to the Chancellor's Office the estimated savings from the reduced time for the plan review process from DSA's six to eight months to the proposed CBSC process of two months would be approximately \$100 million annually to the entire CCC system. These savings would go toward supporting additional projects because these projects are primarily funded from state general obligation and local bonds. According to DGS, any shifting of workload from DSA to the CBSC process would free up resources at DSA to address increasing workload from K-12 Districts.

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP								
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010		
6870/Comm College	SO	No	C	\$250 - 500	C	\$500 - 1,000	C	\$500 - 1,000		0995
1253/Proc Fees	RV	No	L	\$250 - 500	L	\$500 - 1,000	L	\$500 - 1,000		0995
<u>Fund Code</u>	<u>Title</u>									
0995	Reimbursements									