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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, DECEMBER 6, 2017

TIME: 1:10 P.M.

Reported By: Mary C. Clark
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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

ERAINA ORTEGA, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Cohen, Director, Department of Finance

JEFFREY McGUIRE, Chief Deputy Director, Department of General Services, designated representative for Daniel Kim, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

NICK SCHWEIZER, Deputy Superintendent of Public Instruction, Services for Administration, Finance, Technology & Infrastructure Branch, California Department of Education (CDE), designated representative for Tom Torlakson, Superintendent of Public Instruction

SENATOR RICHARD PAN

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER PATRICK O'DONNELL

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
BARBARA KAMPMEINERT, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Good afternoon, everyone.

4

I'll call to order the State Allocation Board meeting for

5

December 6. Ms. Jones, if you could call the roll.

6

MS. JONES: Certainly. Senator Allen.

7

Senator Nguyen.

8

Senator Pan.

9

Assemblymember Nazarian.

10

ASSEMBLYMEMBER NAZARIAN: Present.

11

MS. JONES: Assemblymember Chavez.

12

Assemblymember O'Donnell.

13

ASSEMBLYMEMBER O'DONNELL: Here.

14

MS. JONES: Nick Schweizer.

15

MR. SCHWEIZER: Here.

16

MS. JONES: Cesar Diaz.

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MR. DIAZ: Here.

18

MS. JONES: Jeffrey McGuire.

19

MR. MCGUIRE: Here.

20

MS. JONES: Eraina Ortega.

21

CHAIRPERSON ORTEGA: Here.

22

MS. JONES: We have a quorum.

23

CHAIRPERSON ORTEGA: Thank you. And before we

24

move into the action items, I'll just note that the item

25

under Tab 7 that was an action item has been withdrawn from

1 the agenda and will be heard at a later date.

2 And we'll move to Tab 2, which is the **Minutes** from
3 August 23rd and also September meeting, although I don't
4 have the date for the September meeting. September 6th. So
5 we have two Minutes before us. Any comments?

6 MR. DIAZ: Motion to approve.

7 CHAIRPERSON ORTEGA: Moved by Mr. Diaz.

8 ASSEMBLYMEMBER O'DONNELL: Second.

9 CHAIRPERSON ORTEGA: Second by Mr. O'Donnell. Any
10 public comment? Seeing none, all in favor of adoption of
11 the Minutes, please say aye.

12 (Ayes)

13 CHAIRPERSON ORTEGA: That's approved unanimously.
14 We'll move onto -- Lisa.

15 MS. SILVERMAN: **(Executive Officer's Statement)**

16 Hi. We have a few updates since our last meeting back in
17 September was very abbreviated, but we want to give the
18 Board an update on the certification round that's open and
19 it closes tomorrow. And so those districts that have
20 unfunded approvals, prior approvals that were placed in
21 August and September, and even in the Consent Agenda, they
22 have the ability to submit a certification.

23 So we've been actively communicating with those
24 districts as well.

25 So the certifications -- if they submit the

1 certifications in time, they'll be eligible for the bond
2 sale in the spring and so those certifications would be
3 valid from January 1st to June 30th of 2018.

4 And we also want to give the Board an update on
5 the apportionments that took place on September 6th. I know
6 we had shared with the Board there was actually over
7 \$443 million in projects that were awarded cash as a result
8 of the bond sale in the fall.

9 And we had listed -- there was 29 that were still
10 outstanding, but we have an update on that. We actually
11 have only one project that's not going to submit a
12 certification and, hopefully, they'll have the ability to
13 submit during the next certification round that closes
14 tomorrow and, as of today, they anticipate submitting a
15 certification for the next filing round.

16 So they'll just have a new date and they don't
17 lose their project, which is great.

18 We also wanted to highlight that we have a new
19 report section in the financial statements that basically
20 got some great feedback from Senator Pan, and so it
21 highlights all the disbursements in Proposition 51. So
22 that's a new tab in Tab 5 in your financial reports and that
23 starts on page 182.

24 So it just disburses statewide maps of the funds
25 that have been allocated for apportionments, unfunded

1 approvals, and projects on the workload. And we also have
2 additional information as far as new construction activity
3 for districts that are small, medium, and large, and so
4 that's also broken down in your subsequent charts in that
5 report and modernization.

6 So it's good information and also it's very
7 transparent about what projects we have on the workload and
8 how those funds are being disbursed under Proposition 51.

9 Lastly, we actually -- couple more things. We
10 have regulation updates, the grant agreements, and also the
11 financial hardship streamlining process are in effect in the
12 regulations and so that went in effect in September.

13 And the career tech regulations that the Board
14 approved in August, that is also in effect as of the end of
15 November.

16 The Career Tech Education filing round just
17 wrapped up and Department of Education was very helpful in
18 sharing that there was over 300 applications that came
19 through the door. So we're excited about that opportunity
20 for that 125 million and so those projects will be scored by
21 the Department of Education and they'll have the ability to
22 submit filing applications with our program.

23 And we're working closely with Department of
24 Education on the next filing round on the next 125 million
25 and some key deadlines that will be shared by the end of the

1 month.

2 Also we'll have an opportunity -- we've been doing
3 some great work in our office and so we'll have electronic
4 submissions. So there will be -- the first round of
5 projects that could submit projects -- funding projects
6 electronically to our office and that will be for the Career
7 Tech Education Program. So we're looking forward to having
8 some more opportunities to submit your projects
9 electronically with our office.

10 Also part of the Consent Agenda, we have four
11 projects -- seismic projects for \$10.3 million. So that's
12 great news and we're getting closer to exhausting those
13 program funds.

14 We've actually been really busy with the joint
15 agency workshops and we've been partnering up with
16 Department of Education, Division of State Architect, and
17 our office and we've been actively going throughout the
18 state. We've been presenting for small school district
19 outreach and that has been very widely attended and we also
20 had workshops with Career Tech Education as well.

21 And so most of that information is online and
22 we've actually had a few webcasts for those various outreach
23 opportunities. And so we look forward to an outreach
24 opportunity in the next quarter and we actually have another
25 one next week.

1 And with that, we have a meeting in January and
2 that's all we have to share tonight.

3 CHAIRPERSON ORTEGA: Okay. Thank you. Any
4 questions from Board members? All right. Any public
5 comment on any of these items? Okay. We'll have the record
6 reflect that Senator Pan joined us. And we will move to
7 **Consent Agenda** which is under Tab 4.

8 MS. SILVERMAN: Consent's ready for your approval.

9 CHAIRPERSON ORTEGA: Okay. Any questions or
10 comments from members on the consent items?

11 MR. DIAZ: So move.

12 CHAIRPERSON ORTEGA: Moved by Mr. Diaz.

13 SENATOR PAN: Second.

14 CHAIRPERSON ORTEGA: Second by Senator Pan. Any
15 public comment on the consent items? All right. Seeing
16 none, all in favor of the Consent Agenda, please say aye.

17 (Ayes)

18 CHAIRPERSON ORTEGA: Okay. And that passes
19 unanimously. And we'll move to Tab 5.

20 MS. SILVERMAN: Yeah, the **Financial Reports**. We
21 wanted to highlight -- it's on page 169 -- that we have been
22 active with the disbursements of the program funds as a
23 result of the bond sale. So the last three months, we've
24 been active with putting the \$400 plus million out to those
25 projects. So page 169 just shows the disbursements of those

1 program funds. So we're nearly -- have completed our task
2 in getting those funds out.

3 And also on page 171, we've been really active
4 with processing Prop. 51 applications and other
5 applications. So in summary, we have over \$164 million in
6 projects that are in the Consent Agenda tonight and we have
7 71 projects that were approved as well.

8 And we actually recovered over \$2.1 million in
9 closeout recoveries as well.

10 CHAIRPERSON ORTEGA: Okay.

11 MS. SILVERMAN: Any questions?

12 CHAIRPERSON ORTEGA: Okay. Any questions from the
13 Board? All right. These were not action items, but is
14 there any public comment? All right. Seeing none, we'll
15 move onto Tab 6, which is the **Klamath-Trinity** appeal item.
16 Mr. LaPask.

17 MR. LaPASK: Good afternoon, Brian LaPask with
18 OPSC. This is the latest round of projects from
19 Klamath-Trinity Joint Unified. We've funded about ten of
20 them in the last calendar year, and this is a continuation
21 of those projects.

22 It's the same situation as we have had before,
23 severe mold due to water intrusion on many of the buildings
24 on the campuses throughout the district.

25 These new projects -- there's four new ones and

1 one amended application, and I'll discuss those separately,
2 but it's a continuation again of the projects we've been
3 funding. It's just different buildings at the school sites
4 that have already had these actions in the past.

5 So the four new projects are at Weitchpec
6 Elementary School, Hoopa Valley Elementary, Hoopa Valley
7 High School, and Trinity Valley Elementary School. And
8 consistent with what the district's requested in the past,
9 they're asking for replacement funding to perform
10 rehabilitation work.

11 Staff supports this. And then additionally, we're
12 supportive of their request for an immediate apportionment
13 due to the urgency of the projects. However, we're asking
14 that these four projects' approvals be left open so that we
15 can assess the appropriate site development work that we
16 won't know until the district actually starts doing the --
17 performing the work. We're not going to know the exact
18 scope of the work related to drainage systems on and off
19 site.

20 So we are asking that. They have up to one year
21 to submit documentation to us to show that scope of work.

22 And then additionally, we have an approval for
23 Orleans Elementary School. This is a project that was
24 funded back in 2016. The district did not request all the
25 eligible site development grants and so we're proposing to

1 amend that approval to include the site development grants
2 that were not applied for the first time around.

3 And I can answer any questions you have.

4 CHAIRPERSON ORTEGA: Thank you. Are there any
5 questions from the Board members? Seeing none, public
6 comment? Anybody -- would you like to come up, from the
7 district or -- it's up to you.

8 MR. RAY: Just a -- I'm sorry?

9 CHAIRPERSON ORTEGA: You can have a seat if you'd
10 like one.

11 MR. RAY: Okay. My name is Jon Ray. I'm the
12 superintendent. I've had a chance to meet with most of you.
13 Thank you for your support and I'm here to answer any
14 questions that you might have on the specifics.

15 CHAIRPERSON ORTEGA: Okay. Thank you. We
16 appreciate you being here.

17 SENATOR PAN: Move approval.

18 CHAIRPERSON ORTEGA: Okay. Senator Pan moves
19 approval.

20 ASSEMBLYMEMBER O'DONNELL: Second.

21 CHAIRPERSON ORTEGA: Second by Assemblymember
22 O'Donnell. I'll call for any additional public comment.
23 Seeing none, all in favor, please say aye.

24 (Ayes)

25 CHAIRPERSON ORTEGA: And we'll hold it open to see

1 if Mr. Nazarian would like to add on as well. Thank you.
2 Then we have one more appeal item.

3 MS. KAMPMEINERT: So our next appeal is for **Maple**
4 **Elementary School District** in Kern County, which is a small,
5 one-school, school district with just under 300 student
6 enrollment.

7 In December of 2015, the Board approved a
8 conceptual approval for the district for a facility hardship
9 project. They had some water intrusion that was causing
10 some -- issues with water intrusion but also damaging the
11 electrical system and the fire alarm system as well.

12 This was throughout the entire campus. And in
13 2015, when the district came forward with a conceptual
14 approval, they were approved under facility hardship
15 rehabilitation funding based on the information that was
16 known at the time for what would be the minimum work
17 necessary to mitigate the health and safety issue.

18 As part of the conceptual approval, they received
19 design funding to go ahead and draw the plans to fix the
20 situation. They did go forward and do that and received
21 approval from the Division of the State Architect and the
22 Department of Education for those plans.

23 Given the scope of work that was needed to correct
24 the problems within the classroom wing, they designed to
25 replace the classrooms. However, they believed that with

1 the funding available, the multipurpose building would only
2 be able to be rehabilitated and not replaced.

3 So the DSA plans reflect a rehabilitation plan for
4 that particular building.

5 When the district submitted the application
6 recently in the last few months to convert this to a full
7 funding application, as we were looking at the application,
8 based on the new cost estimates, we determined that this
9 project actually qualifies for replacement funds as opposed
10 to the rehabilitation funding that was approved at the time
11 of conceptual approval.

12 We need Board action in order to move forward on
13 this project because the plans are designed for some
14 replacement work, but there is also the rehabilitation
15 component in the multipurpose building.

16 So the district has submitted an appeal request
17 for three things. They are asking that the Board approve
18 placement of the project on the unfunded list as part of
19 today's agenda and, at the same time, allow the district a
20 change of scope so that they can go back and redesign the
21 project for the multipurpose building to move from
22 rehabilitation work to replacement of that building.

23 And also because this project now qualifies for
24 replacement funds, it is eligible for site development work
25 that would be necessary to do the project. However, since

1 we only learned this very recently, the district has not had
2 time to complete an estimate for what that site development
3 work would be and our office has not had time to review
4 those costs.

5 So we are asking that if the Board approves this
6 project the district be allowed that additional time to come
7 forward and provide that request for us to then present the
8 item for amendment at a future Board meeting.

9 The change of scope policy has been in place since
10 2005 and basically at the staff level, we're looking to see
11 that the project is basically maintaining the same essence
12 as it was originally approved for and we do believe that is
13 the case with this project.

14 The district designed their buildings with the
15 concept of a rehabilitation project in mind. They didn't
16 know that they were going to qualify for the replacement
17 funding at this point, so they went forward in good faith.

18 Changing the multipurpose building to replacement
19 funding does not cause any sort of line jumping or funding
20 advantage, so we have no issues here. It's basically the
21 same basic scope of work, only they're able to replace the
22 whole building.

23 If the Board does decide to approve this project,
24 we would recommend that a few additional requirements be
25 added and those are outlined on page 224 of the agenda, the

1 first being that before a fund release, the district must
2 provide us with the DSA approved plans and specifications as
3 well as the city plan approval letter for the new work in
4 the multipurpose building.

5 Also we are requesting that the district provide
6 progress updates on an every-six-month basis so that we can
7 track progress, and that the approval would not extend any
8 other program timelines or deadlines within the SFP
9 regulations such as participation in the priority funding
10 process, substantial progress, expenditure reporting,
11 et cetera.

12 Staff does recommend approval of the project with
13 the change of scope. It will allow the district to
14 participate in the current priority funding filing period
15 which ends tomorrow. They are a hundred percent financial
16 hardship; so they will not be able to move forward in
17 addressing the health and safety threats at the campus until
18 the state funding is received.

19 We have to wait to have them resubmit the project.
20 It will delay them by an additional priority funding time
21 period because they won't be able to move forward with any
22 sort of local funding.

23 With that, I'd be happy to answer any questions.

24 CHAIRPERSON ORTEGA: Any questions from Board
25 members? Is there anyone here from Maple that wanted to

1 speak? Please come on up.

2 MS. BOESH: Hi. I'm Julie Boesh, the superintendent of
3 Maple Elementary School District. We really just wanted to
4 be here to answer any questions that you might have and
5 publicly thank the Office of Public School Construction for
6 all of the work that they have done in supporting Maple in
7 this endeavor to move forward to provide safe learning space
8 for our children.

9 CHAIRPERSON ORTEGA: Great. Thank you. Any
10 questions? No. Okay.

11 SENATOR PAN: Move approval with the additional
12 requirements recommended by staff.

13 CHAIRPERSON ORTEGA: Great. Moved by Senator Pan.

14 ASSEMBLYMEMBER NAZARIAN: Second.

15 CHAIRPERSON ORTEGA: Second by Assemblymember
16 Nazarian. Any other public comment on this item? Okay.
17 All in favor of the motion, please say aye.

18 (Ayes)

19 CHAIRPERSON ORTEGA: Passes unanimously. Thank
20 you. That item's approved and we'll return for just a
21 minute to the previous appeal which was the Klamath-Trinity,
22 and Mr. Nazarian --

23 ASSEMBLYMEMBER NAZARIAN: Aye.

24 MS. JONES: Thank you.

25 CHAIRPERSON ORTEGA: -- votes aye, so that item is

1 also approved.

2 ASSEMBLYMEMBER NAZARIAN: Thank you.

3 CHAIRPERSON ORTEGA: And item 7 was removed for a
4 later meeting and we'll move back to Lisa.

5 MS. SILVERMAN: We just have the meeting calendar,
6 we add to the workload as well, and additional workload
7 reports.

8 CHAIRPERSON ORTEGA: Okay.

9 MS. SILVERMAN: So I'm not sure if there are any
10 questions.

11 CHAIRPERSON ORTEGA: Any questions on the workload
12 report or the meeting calendar, any of that sort of thing?
13 Yes, go ahead.

14 SENATOR PAN: I apologize. Not on the calendar,
15 but I know I missed -- I just want to comment. I know you
16 presented the financial. I just want to thank staff because
17 I know I'd asked for a breakdown of how we're doing on an
18 ongoing basis so we could monitor the distribution of
19 funding, make sure that we're not leaving gaps with the
20 small school districts. So I just want to thank staff for
21 putting that analysis in the financial reports.

22 CHAIRPERSON ORTEGA: Great. I agree. I think the
23 reports actually show really what -- it's very helpful
24 demonstration of information, so I think that will be
25 helpful going forward.

1 Okay. Anything else? Any additional public
2 comment to come before the Board? Okay. If not, we'll be
3 adjourned. Thank you.

4 (Whereupon, at 1:28 p.m. the proceedings were
5 adjourned.)

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REPORTER'S CERTIFICATE

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on December 7, 2017.

Mary C. Clark
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Certified Electronic Court
Reporter and Transcriber