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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 4202
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, APRIL 15, 2015
TIME: 4:10 P.M.

Reported By: Mary Clark Transcribing
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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

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Fred Klass, 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 LONI HANCOCK

SENATOR CAROL LIU

SENATOR JEAN FULLER

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER SUSAN BONILLA

ASSEMBLYMEMBER ROCKY CHAVEZ

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

BILL SAVIDGE, Assistant 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, everybody.
I'd like to call to order the State Allocation Board meeting
of April 15th. Please call the roll.

MS. JONES: Senator Hancock.

Senator Liu.

Senator Fuller.

Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Present.

MS. JONES: Assemblymember Bonilla.

ASSEMBLYMEMBER BONILLA: Here.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Here.

MS. JONES: Esteban Almanza.

MR. ALMANZA: Here.

MS. JONES: Nick Schweizer.

MR. SCHWEIZER: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Thank you. We are going to,
as per usual, jump around the agenda and we're going to go

1 to the action item, Item No. 12, so that Senator Beall can
2 participate in that item. So I will ask staff make the
3 presentation on Item No. 12.

4 MR. LaPASK: Thank you. Good evening. I'm Brian
5 LaPask with the Office of Public School Construction. This
6 is the **Los Gatos Union** action item.

7 In 2009, the district began to evaluate aging
8 buildings at Lexington Elementary School and discovered
9 various geological hazards along with some structural issues
10 in their buildings related to their seismic events. The
11 buildings would be rendered unsafe at that point.

12 They also found that there was some domestic water
13 supply issues being insufficient for fire suppression.

14 In looking at this project to see if it would fit
15 into the Seismic Mitigation Program, it met many of the
16 requirements of the program. However, one of the statutory
17 requirements of the Seismic Mitigation Program is that the
18 buildings are Category 2 buildings.

19 This campus had only one small portion of one
20 building that was Category 2. The rest of the buildings
21 were not Category 2.

22 For that reason, we were unable to get the project
23 through the seismic program. So we're asking the Board to
24 take a look at it from the lens of the Facility Hardship
25 Program which is a health and safety program.

1 And it meets most of the requirements of that
2 program. However, there's a few things that are lacking,
3 and so in order to kind of get there, we're asking the Board
4 to make a finding that the existing geological and
5 structural issues are existing -- are imminent -- are, you
6 know, present at the site and mitigation of those issues
7 would mean full replacement of the school site.

8 If they were to make those -- if the Board is to
9 make those findings, then we would be able to fund the
10 project under the Facility Hardship Program.

11 And just as a point of reference for the Board,
12 this is fairly similar to a project heard in February of
13 2011 for the Morongo School District in which the Morongo
14 District was approved for facility hardship with similar
15 seismic issues. And I can answer any questions you have.

16 CHAIRPERSON ORTEGA: Thank you. Are there any
17 questions at this time? Seeing none, Senator Beall.

18 SENATOR BEALL: Thank you. Thank you, members.
19 Good afternoon, Chair and members. I'm going to be brief.

20 This is a project that I'm here to speak and
21 sponsor for it. It's the Lexington Elementary School's
22 facility hardship application.

23 Lexington School is located in the Santa Cruz
24 hills in my Senate District 15. It sits directly adjacent
25 to the largest fault in California, the San Andreas

1 earthquake fault, the longest and most active and dangerous
2 fault in the State of California.

3 The district was required to design the school to
4 resist an 8.0 magnitude earthquake and mitigate the threats
5 of a landslide and fire safety issues.

6 The district is seeking reimbursement for
7 extraordinary costs related to, number one, earthquake
8 safety reconstruction of the school; two, extensive site
9 development mitigation work mandated by the California
10 Geological Survey.

11 I believe this project qualifies for the hardship
12 facility funds because of the extra steps the school had to
13 take to mitigate earthquake hazards, including
14 reconstruction with a -- they call it a mat foundation.
15 This is a two-foot-thick foundation under the buildings --
16 relocation and reconstruction of buildings out of the --
17 taking them away from the landslide zone, and construct
18 extensive retaining walls and performing extra dirt grading
19 to mitigate potential landslide in order to meet safety
20 requirements.

21 And finally, there was a fire safety issue that
22 required the school to install a complete new fire water
23 system to get the necessary water pressure in the event of a
24 school fire -- a major fire in the past.

25 The site is actually very close to the epicenter

1 of the 1989 Loma Prieta earthquake. So it's actually very,
2 very close to that epicenter.

3 Precedent for approving -- projects just like the
4 Lexington project, including the Morongo School District as
5 you heard where earthquake fault hazards were the basis for
6 approval of a facility hardship application.

7 We have excellent representatives from the school
8 district here. It's a small school district. It took a lot
9 of decision making to get to your committee and hard work by
10 them and I applaud them for it.

11 I thank you for your time and urge you support
12 this application. Thank you very much. I'll be happy to
13 answer any questions.

14 CHAIRPERSON ORTEGA: Thank you, Senator. Any
15 questions or comments from Board members? Is there any
16 further public comment on this item.

17 Seeing none, is there a motion?

18 ASSEMBLYMEMBER NAZARIAN: So move.

19 ASSEMBLYMEMBER CHAVEZ: Second.

20 CHAIRPERSON ORTEGA: Moved by Mr. Nazarian.

21 Second by Mr. Chavez. Please call the roll.

22 MS. JONES: Senator Fuller.

23 SENATOR FULLER: Aye.

24 MS. JONES: Assemblymember Nazarian.

25 ASSEMBLYMEMBER NAZARIAN: Aye.

1 MS. JONES: Assemblymember Bonilla.

2 ASSEMBLYMEMBER BONILLA: Aye.

3 MS. JONES: Assemblymember Chavez.

4 ASSEMBLYMEMBER CHAVEZ: Aye.

5 MS. JONES: Esteban Almanza.

6 MR. ALMANZA: Aye.

7 MS. JONES: Nick Schweizer.

8 MR. SCHWEIZER: Aye.

9 MS. JONES: Cesar Diaz.

10 MR. DIAZ: Aye.

11 MS. JONES: Eraina Ortega.

12 CHAIRPERSON ORTEGA: Aye.

13 MS. JONES: Motion carries.

14 CHAIRPERSON ORTEGA: Thank you. That item is
15 approved. Thank you, Senator.

16 Okay. So we'll go back to the front of the agenda
17 and start with the **Minutes**. These are the Minutes from our
18 February 24th meeting. Any comments on the Minutes?

19 Seeing none, is there a motion?

20 ASSEMBLYMEMBER CHAVEZ: So move.

21 MR. DIAZ: Second.

22 CHAIRPERSON ORTEGA: Moved by Mr. Chavez. Second
23 by Mr. Diaz. All in favor.

24 (Ayes)

25 CHAIRPERSON ORTEGA: The Minutes are adopted

1 unanimously. Next, Lisa.

2 MS. SILVERMAN: Yeah. **Executive Officer's**
3 **Statement.** I'll make it brief. I just wanted advise the
4 Board in the Consent Agenda, the Treasurer's Office had a
5 bond sale related to this program and with that, 41 projects
6 will be part of the Consent Agenda and will receive the
7 \$113.6 million.

8 Just to be cognizant, of the projects receiving
9 the approvals tonight, they have a July 14th deadline. So
10 we'll be reaching out to those folk to ensure that they are
11 successful in accessing cash and meeting the program
12 requirements.

13 So again, there are some deadlines that we wanted
14 to share, but it was great news for those projects and they
15 will receive funding tonight.

16 Also just to highlight that the next priority in
17 funding filing round opens up come May 13th and that wraps
18 up June 11th. So any projects that have an unfunded
19 approval are subject and may submit certification.

20 There's a number of projects that are on the
21 unfunded list currently, and those projects that receive an
22 unfunded approval tonight will be eligible for the
23 certification round.

24 And just want to remind those folks that have an
25 unfunded approval that we have a two-strike provision and

1 it's very important that if you are subject to these rules,
2 that you submit a certification during that time period.

3 And just -- last item, the next State Allocation
4 Board meeting is May 27th.

5 CHAIRPERSON ORTEGA: Okay. Thank you. Any
6 questions or comments? Any public comment on that? Seeing
7 none, we'll move to the **Consent Calendar**.

8 MS. SILVERMAN: Consent ready for your approval.

9 CHAIRPERSON ORTEGA: Any questions or comments on
10 the Consent Agenda? Any public comment on any of the
11 Consent items?

12 Okay. Seeing none, is there a motion.

13 MR. DIAZ: So move.

14 ASSEMBLYMEMBER NAZARIAN: Second.

15 CHAIRPERSON ORTEGA: Moved by Mr. Diaz. Second by
16 Mr. Nazarian. Any further comment? All in favor.

17 (Ayes)

18 CHAIRPERSON ORTEGA: Any opposed or abstentions?
19 Consent Calendar's adopted unanimously. And Item No. 5,
20 **Status of Finances**.

21 MS. SILVERMAN: Yeah, the financials. Two items
22 on the financials.

23 Quickly, on the fund release reports, since we
24 just received new funding for the March bond sale, that is
25 not reflected in the reports today, but we did want to share

1 with the Board, \$2.2 million was released in the month of
2 March.

3 And then if there's no questions, we'll move onto
4 the substantial financial reports, just giving the Board a
5 snapshot of the activities in the -- that went along with
6 the Consent Agenda.

7 We, really quickly, just want to highlight that
8 \$2.6 million did go back in the program that resulted from
9 rescissions or close-out activity. So there is a reflection
10 of those adjustments and the various bond categories. So
11 just want to share that with the Board tonight.

12 Also \$5 million in unfunded approvals is included
13 in that agenda as well as the charter approvals that did go
14 through the Consent Agenda as well and the facility hardship
15 application.

16 Additionally, we also wanted just to highlight on
17 the right corner is special items column related to the
18 priorities in funding, so that is a positive posting to the
19 bond authority and the unfunded list.

20 So that reflects in total over \$112.2 million
21 reflected from the projects that are no longer on the
22 unfunded list. And that's the activities in financials.

23 CHAIRPERSON ORTEGA: Okay. Any questions? None.
24 Any public comment? Seeing none, we'll move to Item No. 7,
25 the **Twin Rivers Unified, Sacramento**. Barbara.

1 MS. KAMPMEINERT: Thank you. The Twin Rivers
2 Unified appeal is the first appeal we have today, and this a
3 facility hardship funding request from the district because
4 they discovered a pipeline hazard at the Harmon Johnson
5 Elementary School site.

6 The district, upon learning of the hazard,
7 relocated their students to a different school site called
8 Las Palmas Middle School that was less than a mile away from
9 the existing site.

10 They had wanted to move the students as a whole as
11 opposed to splitting the kids up between different campuses.
12 So over a winter break, the children were moved off of the
13 original site to the Las Palmas Middle School site.

14 Las Palmas was, at that time, housing adult
15 education and community programs and originally was built
16 for these purposes. The adult education and community
17 programs were relocated elsewhere in the district so that
18 the students from Harmon Johnson could move into the school
19 site.

20 The district submitted the facility hardship
21 application and they did meet the requirements related to
22 the health and safety element of this project. They
23 received the appropriate confirmed.

24 And when we took a look at this application, we
25 went to calculate the facility hardship grant for this

1 project, and one of the main challenges that we have is that
2 the regulations say that once you calculate the grants, the
3 grant is then reduced for any space that is deemed available
4 to house the displaced pupils by the Board.

5 And what we did is we took a look at nearby
6 locations that -- and the usage and the enrollment of those
7 school sites and we didn't go to the entire district. The
8 district actually is set up in high school attendance areas.

9 So we started with the high school attendance area
10 and then narrowed the focus of classrooms that may be
11 available.

12 Not necessarily reasonable for the students to go
13 to the complete opposite side of a high school attendance
14 area, but we looked within about a two-mile radius of the
15 original school site and found that including the Las Palmas
16 Middle School campus that they did relocate the students to,
17 there were 63 -- the equivalent of 63 classrooms available
18 to house those displaced students.

19 In addition, the district had some portable
20 classrooms at the original Harmon Johnson site that they
21 were able to relocate elsewhere in the district that could
22 also house the students.

23 So the problem that we encountered when
24 calculating this is that no matter which way we look at it,
25 the grant came out to zero. So administratively, we

1 returned this application because we couldn't come up with a
2 way to calculate any dollars for it because there was space
3 available to house these students.

4 The district is requesting about three and a half
5 million dollars for use at the Las Palmas Middle School site
6 to make it suitable for those students and complete some
7 improvements for the site. It has been a while since the
8 site has been -- it actually hasn't been modernized yet.

9 For the funding aspect of it, we don't have any
10 mechanism in regulation to determine that grant amount
11 because the things that the district is doing at Las Palmas
12 Middle are not related to mitigation of the health and
13 safety threat that would have been at Harmon Johnson. That
14 was the function of moving the students off the site.

15 So while it appears that there were definitely
16 some good local decisions made in making use of the existing
17 school sites that they had available, unfortunately, that
18 doesn't result in any grant funding for the school district.

19 So we've administratively denied this request and
20 I'd be happy to answer any other questions if the Board has
21 any.

22 CHAIRPERSON ORTEGA: Are there questions of
23 Barbara? Otherwise, we can move to the folks from Twin
24 Rivers. Okay. Go ahead.

25 DR. MARTINEZ: Good afternoon, Board members. I

1 appreciate you hearing our appeal. I'm going to let my
2 Deputy Superintendent, Bill McGuire, talk about the
3 specifics of the appeal and then I'll come back later and
4 provide some critical information regarding our district and
5 socioeconomics and background around this appeal.

6 MR. MCGUIRE: Well, thank you and we really want
7 to thank the OPSC staff for the hard work. They've been on
8 this for a year. They've worked with us to find ways in
9 which it could be funded and we were not able to fit it into
10 the boxes that would allow us to be funded.

11 There is a story here, though, about the things
12 that the district did and why they did it that we can't
13 forget. And in the very beginning is that Harmon Johnson
14 School was located next to 22 miles of high-pressure gas
15 lines that was discovered immediately following the San
16 Bruno fire that we know PG&E just paid a billion dollars
17 for.

18 The decision to declare the school a hazard -- the
19 original site to be a hazard has been I guess justified or
20 approved by U.C. Davis as well as a third party that it was
21 a danger to kids and that the school did the right thing
22 back in 2010 -- it's just been so long ago -- by closing the
23 school.

24 And then at that point, never would a school be
25 able to be built there again because PG&E put the gas lines

1 in. So we're never going to be able to do that.

2 At that time, had the district done everything
3 according to the rules, what we would have said is we're
4 going to open a new site -- we're going to build a new site.
5 We're going to be eligible for \$7 million and, quite
6 frankly, should have built a brand new site.

7 But because of the time at which it was done --
8 remember this was in November they decided it. They closed
9 the school in December and opened the new school in January
10 of 2011.

11 So they were able to quickly move all the students
12 into one location, thereby saving the State and the district
13 money by using a school that had been closed.

14 Unfortunately, it was a middle school, not an elementary
15 school. So significant improvements needed to be made.

16 So in that decision, also the district filed
17 several applications but never gotten them through the
18 process. Had that happened way back when, it would have
19 been a different story.

20 The next thing that happened, unfortunately, is
21 the district then tore down the remaining buildings at the
22 site which then made it not fit into the boxes.

23 The district did each thing right but didn't get
24 its act together to be able to file applications as they
25 needed to be filed, which then left us with this hole

1 about -- we don't have a building anymore because we did the
2 right thing and tore it down two and a half years after we
3 vacated it in an area of blight and poverty in which it
4 needed to be torn down.

5 And then the other issue that is of main concern
6 is that there is other spaces available within the school
7 site -- within the area to move students.

8 We had 400 students of the most intense poverty
9 that we have in California, almost 98 percent free and
10 reduced.

11 And the decision to move them as a whole group was
12 an educational decision rather than splitting them up and
13 moving attendance boundaries into five different schools and
14 dividing up families in to making that work because you
15 can't just take 400 kids and move them to one school. You
16 got to split them up all over everywhere.

17 So if you look at the regulations, 100 percent
18 staff has the right recommendation. We don't fit in the
19 boxes.

20 But what's really important is nobody will fit in
21 these boxes. Nobody else is on the list to be funded
22 because of the issues with PG&E and underground storage
23 facilities, once again, that they just paid a billion dollar
24 fine for.

25 And so while it doesn't it, the reasons that it

1 was done in hindsight, 20-20, you can see the problem is
2 we're five years later.

3 We're new to the district. We're picking up the
4 pieces and when I look at it from a pure logistical
5 standpoint, they did everything right except file the
6 application on time.

7 And so we really need to step back and look at
8 this as if it were two or three years ago when you make your
9 determination.

10 Dr. Martinez has some insight about what it really
11 means to the families of Harmon Johnson and what would
12 happen from an educational standpoint had we followed the
13 standard protocol.

14 DR. MARTINEZ: Thank you, Mr. McGuire. And excuse
15 me. My name is Steve Martinez. I'm the Superintendent of
16 Twin Rivers Unified School District and, like Mr. McGuire
17 said, we're new to the district.

18 We both -- well, I've been here a little bit over
19 a year and a half. So I inherited some of these issues that
20 were ongoing prior to my arriving at the district, and Mr.
21 McGuire's been here for over a year now.

22 As you know, we -- our district is 98 percent free
23 and reduced lunch, very high poverty, multiple languages.
24 The school that we're talking about high EL kids. So when
25 you think about from a cultural perspective and you think

1 about what family means and you think about the messaging
2 that we would send out to the community by separating kids
3 and putting them throughout the district, it would have had
4 a tremendous impact on not only the families, but the
5 students themselves.

6 Then coupled with being midway through the year
7 and having a new teacher and having the teacher have to
8 learn the students and having the students have to learn the
9 kids, you can imagine the impact it would have on the
10 educational program of our kids.

11 So from the standpoint that our kids already come
12 to our school with multiple issues of trying to play
13 catch-up, language barriers, economic factors, moving them
14 throughout the school district would have been definitely
15 the wrong thing to do.

16 Putting them together at Harmon Johnson was
17 absolutely the right thing to do by kids and I do understand
18 that sometimes things don't fit in the box. I do understand
19 that having space somewhere else may have been an option,
20 but breaking up families and breaking up kids from their
21 teachers would have had a greater impact, especially at the
22 elementary level as we all know how critical grades K
23 through 3 are.

24 So I appreciate you hearing the appeal. These
25 dollars will be made to bring up to par a kitchen that we're

1 unable to use at this moment. So we've already put -- you
2 know, we've put in and invested 3.5 million into this school
3 already and with your help, we'll be able to do another
4 3.5 million.

5 But our kids deserve this. When you think about
6 the most neediest kids in California, these are the kids
7 that we're talking about and they deserve a high quality
8 education. So thank you for your time.

9 CHAIRPERSON ORTEGA: Thank you, Dr. Martinez,
10 Mr. McGuire. Are there any questions, comments from
11 members? Senator Hancock.

12 SENATOR HANCOCK: I don't really have questions,
13 but I do think the district did the right thing and that we
14 should grant -- I don't know if it's an appeal or making a
15 new box or whatever the appropriate motion would be.

16 CHAIRPERSON ORTEGA: Okay. Thank you.

17 MS. BANZON: I'd like to just state that the
18 applicable regulation here is 1859.82 which is facility
19 hardship which does require that any grants that the
20 district qualifies would be reduced by excess classrooms.
21 So in this case, it would be a met need issue. There's no
22 met need for the district.

23 CHAIRPERSON ORTEGA: Right. And, Barbara, can I
24 ask you to clarify the point about if -- whether or not the
25 school would have been eligible for a new construction

1 project.

2 MS. KAMPMEINERT: Right. So we would have still
3 faced the issue of having excess capacity, even if they had
4 decided to go down the path of replacing the school versus
5 going to Las Palmas Middle. It still would come down to
6 whatever grant they were eligible for would be offset by
7 those available classrooms.

8 And as for the timing of the application also, if
9 I could provide a little more clarity on that, the timing of
10 the facility hardship application is not really an issue
11 either because when we look at it, we go back to the
12 enrollment at the time that the students were displaced. So
13 we're looking at the enrollment from back then, although it
14 hasn't substantially increased over the past couple years
15 either.

16 So we look at the enrollment at the time and it
17 would have been factored into the calculation regardless of
18 whether they were replacing the school site or trying to use
19 the funding at another site.

20 CHAIRPERSON ORTEGA: So I think -- Senator
21 Hancock, I think your motion would need to be that the
22 action you're recommending is to approve determining the
23 facility hardship despite the fact that there was not an
24 unmet need, which would have been required by the staff in
25 order to grant it originally.

1 SENATOR HANCOCK: Okay.

2 CHAIRPERSON ORTEGA: So that would be -- I think
3 just so we clarify what the motion would be is that we would
4 be setting aside the requirement that there not be space
5 available somewhere else.

6 SENATOR HANCOCK: Thank you. So move.

7 CHAIRPERSON ORTEGA: Nick, did you have a comment.

8 MR. SCHWEIZER: Yeah, well, actually a question.
9 If the district could just talk a little bit more about the
10 improvements that are required at the middle school, be
11 helpful to me.

12 MR. MCGUIRE: So this last summer, we put in
13 \$3.5 million on a new heating and ventilation systems, if
14 you remember in the paper, Twin Rivers had some issues. In
15 relationship to not providing adequate heating and air for
16 students. This is one of those schools, and so we did
17 \$3.5 million worth of renovations in that area, plus, you
18 know, we painted the school.

19 We've done interior improvements to the
20 classrooms. Where we don't have the correct things for the
21 students that are there is within the classrooms. The
22 classrooms are made for students that are much larger. So
23 we need to renovate the interiors of the classrooms to make
24 them smaller for the students that are currently being
25 served there, as well as the kitchen and the multipurpose

1 room.

2 So the kitchen currently is not usable by county
3 health codes, and so we cannot operate that kitchen. It
4 needs to be completely taken out and a new kitchen put in up
5 to ADA standards.

6 We have to bring the food in. It's one of the
7 only district schools that we have where we bring the food
8 in from another campus for the students -- 500 -- almost 600
9 students that are being served there.

10 So the majority of the work will go into the
11 classrooms and into the kitchen and that would be about the
12 \$3.5 million that we would need to do that.

13 CHAIRPERSON ORTEGA: Any other questions or
14 comments? Okay. We have a second by Mr. Diaz.

15 I want to say for me I find the situation that you
16 find the school in -- very sympathetic. I think what weighs
17 on me, if I were to approve the appeal, is that with
18 diminishing facility hardship funds available, we may have
19 another project or another school coming that doesn't have
20 any capacity that has no ability to move to a school that
21 wasn't being used.

22 So for those reasons, I won't be able to support
23 the appeal today. So we do have a motion and a second. Go
24 ahead and call the roll if there's no further questions or
25 comments. Any other public comment on this before we call

1 the roll? Okay. Seeing none, go ahead.

2 MS. JONES: Senator Hancock.

3 SENATOR HANCOCK: Aye.

4 MS. JONES: Senator Liu.

5 SENATOR LIU: Aye.

6 MS. JONES: Senator Fuller.

7 SENATOR FULLER: Aye.

8 MS. JONES: Assemblymember Nazarian.

9 ASSEMBLYMEMBER NAZARIAN: Aye.

10 MS. JONES: Assemblymember Bonilla.

11 ASSEMBLYMEMBER BONILLA: Aye.

12 MS. JONES: Assemblymember Chavez.

13 ASSEMBLYMEMBER CHAVEZ: Aye.

14 MS. JONES: Esteban Almanza.

15 MR. ALMANZA: No.

16 MS. JONES: Nick Schweizer.

17 MR. SCHWEIZER: Aye.

18 MS. JONES: Cesar Diaz.

19 MR. DIAZ: Aye.

20 MS. JONES: Eraina Ortega.

21 CHAIRPERSON ORTEGA: No.

22 MS. JONES: So motion carries.

23 CHAIRPERSON ORTEGA: The motion carries.

24 MR. MCGUIRE: Thank you very much.

25 CHAIRPERSON ORTEGA: Thank you.

1 DR. MARTINEZ: Thank you very much.

2 CHAIRPERSON ORTEGA: Members, quickly, I've been
3 asked by Counsel to return to Item 12, which we previously
4 adopted, to clarify the motion that was made.

5 So Lisa or Sam, do you have the notes on who made
6 the motion on Item No. 12.

7 MS. JONES: Let me see. Actually, I do not know
8 who made the motion.

9 CHAIRPERSON ORTEGA: Okay.

10 MS. JONES: I just know that you had asked for a
11 roll call.

12 CHAIRPERSON ORTEGA: Yeah. So the issue on
13 Item 12 is that the motion perhaps was not clear enough that
14 it was a motion to determine the facility hardship and,
15 therefore, allow the grant to go forward.

16 MS. BANZON: Correct.

17 CHAIRPERSON ORTEGA: And so I just want to make
18 sure that the maker of the motion and the seconder and those
19 who voted understand that that's the motion that was made.
20 I think we talked about it in terms of approving the item,
21 but there wasn't an actual item. It was determining a
22 facility hardship.

23 So is everyone, for the record, in agreement that
24 that's what we agreed on in Item 12.

25 (Yeses)

1 CHAIRPERSON ORTEGA: So I think Counsel will be
2 more comfortable that the record can reflect that action.

3 MS. JONES: The Minutes will say that.

4 CHAIRPERSON ORTEGA: Okay. Thank you. That takes
5 us to Item 8, which is the **Los Angeles Unified** appeal.

6 MR. LaPASK: Thank you. Once again, Brian LaPask
7 with the Office of Public School Construction.

8 Los Angeles Unified School District had a
9 modernization project at the Marlton Special Education
10 School and it came in for a fund release -- sent a 50-05 in
11 for fund release, and it was brought to our attention that
12 the DSA plan approval associated with the district's project
13 had expired.

14 The district elected to redesign their project to
15 avoid asbestos in the building. They rerouted their fire
16 alarm system and in the process, they received a new DSA
17 number, a new plan set.

18 In the past, the Board has always treated a new
19 set of plans as typically a new project and those projects
20 were asked to get out of line and reapply. And it's for
21 that reason that we were unable to approve the district's
22 request for a fund release and they're appealing that
23 finding. I'll answer any questions you have.

24 CHAIRPERSON ORTEGA: Thank you, Brian. Mr. Bakke.

25 MR. BAKKE: Thank you. Eric Bakke with the Los

1 Angeles Unified School District. Happy to be here. Thank
2 you for the opportunity to share our side of the situation.

3 Just as the analysis says and just as Brian
4 indicated, this is, we think, a very simple modernization
5 project. It's a fire alarm upgrade for Marlton Special
6 Education School. It's a \$514,000 SFP apportionment. It's
7 very simple and very basic.

8 We just thought we'd like to go through a little
9 bit of the background to let you know why we went the route
10 we went.

11 The genesis of the change was the district's
12 analysis during the financial crisis, looking at our
13 project, making sure that the costs were in line with our
14 ability for cash flow, making sure that we had the
15 appropriate funds to pay for the project as we moved
16 forward.

17 In this particular case, we evaluated the project
18 and determined, as Brian indicated, that the current design
19 was going to require asbestos mitigation.

20 We could have tried to do a work-around during the
21 middle of the project, but considering that we thought we
22 had the time -- one, we didn't know we'd be here today -- we
23 thought it was more appropriate to actually go through DSA
24 to have the plans reevaluated by DSA.

25 DSA looked at the plans. We changed the

1 direction, I like to say. The scope of the work is the
2 exact same as the analysis points out.

3 Effectively, the plans show that we were going to
4 go left, and instead we changed it to go right. Very
5 simple, very basic.

6 So to avoid those additional costs, we did make
7 the change.

8 We believe that the project itself is not the type
9 of project that the regulations and OPSC's policies are
10 designed to protect against. This was a very
11 straightforward, same scope project.

12 The regulations and policies were designed to
13 address the situations where you had line jumping, where
14 projects were changing scopes after the fact to try to get
15 in really quick. This is not that case.

16 This is a very straightforward, very simple, fire
17 alarm project and we would ask for your support of our
18 appeal. Thank you.

19 CHAIRPERSON ORTEGA: Any questions, comments from
20 the Board members? Any public comment on this item. Okay.
21 Thank you. Is there a motion?

22 ASSEMBLYMEMBER BONILLA: I'd move it --

23 CHAIRPERSON ORTEGA: Moved by Assemblymember
24 Bonilla. Is there a second?

25 SENATOR HANCOCK: Second.

1 CHAIRPERSON ORTEGA: Second by Senator Hancock.

2 Please call the roll.

3 MS. JONES: Senator Hancock.

4 SENATOR HANCOCK: Aye.

5 MS. JONES: Senator Liu.

6 SENATOR LIU: Aye.

7 MS. JONES: Senator Fuller.

8 SENATOR FULLER: No.

9 MS. JONES: Assemblymember Nazarian.

10 Assemblymember Bonilla.

11 ASSEMBLYMEMBER BONILLA: Aye.

12 MS. JONES: Assemblymember Chavez.

13 ASSEMBLYMEMBER CHAVEZ: Aye.

14 MS. JONES: Esteban Almanza.

15 MR. ALMANZA: I'll abstain.

16 MS. JONES: Thank you. Nick Schweizer.

17 MR. SCHWEIZER: Aye.

18 MS. JONES: Cesar Diaz.

19 Eraina Ortega.

20 CHAIRPERSON ORTEGA: Aye.

21 MS. JONES: The motion carries.

22 CHAIRPERSON ORTEGA: Thank you.

23 MR. BAKKE: Thank you very much.

24 CHAIRPERSON ORTEGA: I'm going -- the motion does
25 carry, but I am going to hold the roll open because Mr. Diaz

1 wants to add on when he comes back from his meeting, so --
2 and maybe Mr. Nazarian does too.

3 MR. BAKKE: Appreciate that. Thank you.

4 SENATOR FULLER: In that respect --

5 CHAIRPERSON ORTEGA: Yes.

6 SENATOR FULLER: -- did you hold the open for the
7 Los Gatos vote?

8 CHAIRPERSON ORTEGA: I did not.

9 SENATOR FULLER: Okay.

10 CHAIRPERSON ORTEGA: And I don't -- I did not.
11 Sorry. Let's see. We will move to Item -- what are we
12 on -- 9?

13 MR. LaPASK: Thank you. Brian LaPask, OPSC. This
14 is **Hesperia Unified**. It's a Pathways to College Charter
15 School project.

16 And this is a change of scope request that as
17 staff to the Board, we're required to bring forward to the
18 Board to bring to their attention.

19 Essentially, the only change in the set of plans
20 was the district is changing permanent construction to
21 modular for cost savings. There was some other things that
22 they were changing, but we confirmed that it was nothing
23 that would affect their funding. So it's really just the
24 permanent to portable -- or not portable -- excuse me -- to
25 modular.

1 We released some guidelines in 2005. It's not
2 regulation, but it's guidelines for change of scope requests
3 and these types of changes were something that was
4 identified as not constituting a funding advantage.

5 And so we're just bringing this to the Board's
6 attention and seeking direction. Thank you.

7 CHAIRPERSON ORTEGA: Any questions or comments on
8 this one? Senator Fuller.

9 SENATOR FULLER: If you're just seeking comments,
10 I guess my feeling on this is that by going to modular, it
11 sounds like they got more space for children than they would
12 have gotten -- that's basically it -- when they went to
13 modular?

14 MR. LaPASK: We didn't see any more square
15 footage. It's just the type of construction. They achieved
16 cost savings this way and there were some other things they
17 did with their off-site development that also resulted in
18 some cost savings.

19 SENATOR FULLER: Okay. Did their cost savings
20 give them additional facilities for children?

21 MR. LaPASK: No. No. It was the same exact scope
22 of work except for the type of construction.

23 SENATOR FULLER: So I guess I'm confused why you
24 would go to modular if there wasn't an advantage.

25 MR. LaPASK: I believe it was their -- they didn't

1 have -- they felt that the budget was not enough to complete
2 what was in the plan set.

3 CHAIRPERSON ORTEGA: Bill --

4 SENATOR FULLER: Oh, so they fell short of money
5 on the original plan, but they were able using modular to
6 build the original plan but with a modular building?

7 MR. LaPASK: Yes.

8 SENATOR FULLER: Well, in that case, it seems to
9 me that they did consider shortchanging students some of the
10 original plan space. They were able to do that. Then I
11 will vote for it because I don't see that as a plan change.
12 It's exactly the same square footage. It's just that they
13 couldn't build it out without changing to the modular, so
14 they had no choice if they wanted to be able to keep up with
15 the price fluctuations that happened somewhere along the
16 line.

17 MR. LaPASK: Yes, that's the way we understand it.

18 SENATOR FULLER: Okay. So they can't help the
19 economy. I'll vote yes for this. I will move the --

20 CHAIRPERSON ORTEGA: Thank you.

21 ASSEMBLYMEMBER CHAVEZ: Second.

22 CHAIRPERSON ORTEGA: We have a motion and a
23 second. Any public comment on this item? This is the
24 Hesperia Unified Pathways. I think we can all in favor.
25 All in favor.

1 (Ayes)

2 CHAIRPERSON ORTEGA: Any abstentions or opposed.
3 None. So we'll hold the roll open again, but it has enough
4 to pass.

5 Okay. Item 10. This is the **election of the Vice**
6 **Chair of the State Allocation Board**. I will open the roll
7 for nomination. Senator Hancock.

8 SENATOR HANCOCK: Thank you very much. I would
9 like to nominate as Vice Chair Senator Liu.

10 CHAIRPERSON ORTEGA: Thank you.

11 SENATOR FULLER: I'd like to second that.

12 CHAIRPERSON ORTEGA: Thank you. Thank you,
13 Senators. Are there any other nominations for Vice Chair.
14 Seeing none, we will close the nominations.

15 All in favor.

16 (Ayes)

17 CHAIRPERSON ORTEGA: Great. Congratulations.

18 SENATOR LIU: Thank you.

19 CHAIRPERSON ORTEGA: Let's see. Item 11 was
20 withdrawn. That takes us to 13.

21 MS. KAMPMEINERT: This item is something that you
22 would typically see in your Consent Agenda. This is the
23 **annual adjustment to the School Facility Program grants**
24 based on the change in construction cost.

25 Two years back, the Board had made a decision that

1 when we make this change each year that we would use the
2 Marshall & Swift Eight California Cities Construction Cost
3 Index.

4 Unfortunately, this year, that publication was not
5 available for us to purchase, so we did not have access to
6 that information.

7 So OPSC staff went to do some research and find
8 out if there were other publications that could be used that
9 meet the statutory and regulatory definitions of the type of
10 construction cost index that we would use to make this
11 adjustment.

12 And in doing so, we did find three indices that we
13 believe meet the definitions and that is the Sierra West
14 Group Index which was formally LSI, Lee Saylor Index,
15 Engineering News-Record, and RS Means.

16 And of these three indices, we believe that
17 RS Means is most reflective of the construction conditions
18 inside of California.

19 It's the index that uses the most information from
20 California when creating the index. It uses 12 California
21 cities as opposed to 2 cities in each of the other indices,
22 and there are also more construction materials and sources
23 of construction materials that are considered when creating
24 the index.

25 So when putting this together, we also realized

1 that there was a bit of a swing in the change in 2014 to
2 2015 across the three indices.

3 So in looking at that, we determined the
4 methodology to make this change needed to be changed a bit
5 from years past.

6 It wasn't comparing apples to apples if we just
7 took the rate of change between 2014 and '15 and applied it
8 to the grant amount.

9 We went back to the base year of 1999 and
10 recalculated the construction grants as though we had used
11 each of these indices from the beginning and you'll see
12 those numbers at the bottom of page 249 and at the top of
13 page 250 for the new construction and modernization grants,
14 respectively.

15 So we are recommending that the Board adopt
16 RS Means because it is most reflective of California
17 construction costs for 2015 on a one-year basis and that we
18 have the opportunity to come back if the Board would like us
19 to come back with a more permanent recommendation for 2016
20 and beyond.

21 But we do feel that this is a good index with good
22 data. It's well respected. And it does result in roughly a
23 4.27 percent increase in the grant amounts for 2015. This
24 is applied to any unfunded approvals that are made in 2015,
25 but not to those that are already sitting on the unfunded

1 approvals list. And I'd be happy to answer any questions on
2 this item.

3 CHAIRPERSON ORTEGA: Any questions or comments?

4 ASSEMBLYMEMBER CHAVEZ: I'd like to move adopting
5 an increase in 2015 SFP grants based on the RS Means, direct
6 staff to return a conforming Consent item at the next Board
7 meeting, direct staff to bring back items to the Board and
8 discussion for adopting a new index on a permanent basis.
9 Did I get it right.

10 MR. ALMANZA: Okay. In regard to the
11 recommendations, on Recommendation 2, if we directed OPSC to
12 post all the adjusted grants on the website as soon as
13 possible, it wouldn't be necessary to bring it back to the
14 Board, would it?

15 MS. KAMPMEINERT: We could post it to the website
16 in a few days if that's the preference of the Board. You
17 know, we could strike out that second --

18 MR. ALMANZA: So we could strike out --

19 MS. KAMPMEINERT: -- if the Board's comfortable.

20 MR. ALMANZA: Would the Board entertain
21 Recommendations 1 and 3 without 2?

22 CHAIRPERSON ORTEGA: So it's an amended motion by
23 Mr. Chavez?

24 ASSEMBLYMEMBER CHAVEZ: Amended motion. Take
25 Recommendations 1 and 3.

1 CHAIRPERSON ORTEGA: Okay. Is there a second?

2 ASSEMBLYMEMBER NAZARIAN: Second.

3 CHAIRPERSON ORTEGA: Second by Mr. Nazarian. Any
4 other comments from the Board members? Is there any public
5 comment on this item? Okay.

6 So just to clarify, I think the amended action is
7 just to kind of speed up the process of applying the new
8 standard to the grants. So we would not be required to wait
9 until May. So we're just trying to speed up the
10 implementation. Okay.

11 All in favor.

12 (Ayes)

13 CHAIRPERSON ORTEGA: Any opposed or abstentions?
14 Okay. Seeing none, we'll leave that open for Cesar.

15 MS. JONES: Yes.

16 CHAIRPERSON ORTEGA: And let's see. 14.

17 MR. LaPASK: Thank you. Brian LaPask with OPSC.
18 This is a report on the Seismic Mitigation Program.

19 At the February meeting, the Board asked us to
20 evaluate the statutory framework in the seismic program to
21 see what it would take to enable the Board to make a
22 reservation of funds at the conceptual approval stage.

23 We did examination of some other programs that we
24 offer or have offered in the past that have an early
25 reservation of funds before the apportionment.

1 So this item details the pertinent statutes for
2 the Joint Use Program, the Critically Overcrowded Schools
3 Program, and the Charter Program, and sort of examines what
4 those statutes say and enables them to have a reservation of
5 funds ahead of the apportionment.

6 And then it also points out that the seismic
7 statutes currently don't have any of those provisions
8 contained in it.

9 So it's our analysis that if a piece of
10 legislation were to come through that put those things into
11 the seismic statute, then that's what it would take in order
12 to enable the Board to make those reservations of funds for
13 the seismic program. And I can answer any questions you
14 have.

15 CHAIRPERSON ORTEGA: Thank you, Brian. This is
16 not an action item. Senator Hancock, you have a question?

17 SENATOR HANCOCK: No. I know that it's not an
18 action item. I was going to move that we accept the report.

19 But I did -- we did ask for the report because we
20 were interested in reserving the funds if possible. I
21 wondered if it would be appropriate to ask the SAB staff to
22 draft what legislation would look like and then perhaps we
23 could put it forward. You know, we have committee bills in
24 our committees.

25 That might not be possible, but we might be able

1 to put forward a piece of legislation that would allow us to
2 do that. Again, it's technical writing I think of including
3 in the seismic program what we've already included in a
4 number of the other programs.

5 And, you know, my interest in this is that I do
6 believe the seismic program has been difficult to use. It's
7 now the largest amount of money that we have left in the
8 bond, and I realize there's a push to use it for other
9 things, but if there are seismic programs that are there,
10 we're not going to have another school bond soon.

11 And there are schools that are going to fall down
12 and injure people and I don't think it's going to serve the
13 State well if we didn't do everything that we could do to
14 allow schools to get things -- yeah, to use their
15 qualification.

16 CHAIRPERSON ORTEGA: Thank you, Senator Hancock.
17 I think what we've tried to do from the administration's
18 point of view is we don't think it would be appropriate to
19 ask the OPSC staff to actually draft the legislation. So
20 what we've tried to do is very clearly identify the code
21 sections that need to be addressed and then beyond that, we
22 would really ask that anyone interested in sponsoring
23 legislation would seek leg. counsel to do the actual
24 drafting.

25 I think that what the staff have done is present a

1 very clear road map for leg. counsel to follow if there were
2 going to be legislation introduced on this, but we don't
3 think it would be a good idea to ask OPSC to draft a bill.

4 SENATOR HANCOCK: That may very well be true. So
5 thank you and I think I just move to accept the report.

6 CHAIRPERSON ORTEGA: Thank you. I think it will
7 be accepted unanimously.

8 SENATOR HANCOCK: Thank you for the clear
9 direction about what we might need to do.

10 CHAIRPERSON ORTEGA: Okay. Any other questions on
11 that item? Any public comment on that item? Okay.

12 I think the rest are additional notes from Lisa.

13 MS. SILVERMAN: Workload reports for the next
14 three.

15 CHAIRPERSON ORTEGA: Okay. And the other items
16 are just information items as well. So any other comments
17 from Board members? Okay. Seeing none, is there any
18 further public comment?

19 Okay. The action items are concluded. I will
20 continue to hold the roll open for a few minutes and see if
21 our absent members come back. And with that, thank you all.

22 Mr. Nazarian, I think we have you on one, yes.
23 Item 8. Yes, the LA Unified.

24 MS. JONES: Assemblymember Nazarian, how do you
25 vote on Los Angeles Unified?

1 ASSEMBLYMEMBER NAZARIAN: Yes.

2 MS. JONES: Thank you.

3 (Roll held open)

4 CHAIRPERSON ORTEGA: The roll is closed. If there
5 isn't any public comment, we will be adjourned.

6 (Whereupon, at 5:08 p.m., the proceedings were
7 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 April 16, 2015.

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