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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, MAY 27, 2015
TIME: 4:06 P.M.

Reported By: Mary Clark Transcribing
4919 H Parkway
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1 APPEARANCES

2 MEMBERS OF THE BOARD PRESENT:

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

5 ESTEBAN ALMANZA, Chief Deputy Director, Department of General
6 Services, designated representative for Fred Klass,
Director, Department of General Services

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

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

12 SENATOR LONI HANCOCK

13 SENATOR CAROL LIU

14 SENATOR SHARON RUNNER

15 ASSEMBLYMEMBER ADRIN NAZARIAN

16 ASSEMBLYMEMBER SUSAN BONILLA

17 REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

18 LISA SILVERMAN, Executive Officer
BILL SAVIDGE, Assistant Executive Officer

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

21 LISA SILVERMAN, Executive Officer
BARBARA KAMPMEINERT, Deputy Executive Officer

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

24 JONETTE BANZON, Staff Counsel

25

P R O C E E D I N G S

CHAIRPERSON ORTEGA: Good afternoon, everyone. I think we're all here, so we should get started. I'll call to order the May 27th meeting of the State Allocation Board. If you could call the roll.

MS. JONES: Certainly. Senator Hancock.

SENATOR HANCOCK: Here.

MS. JONES: Senator Liu.

SENATOR LIU: Here.

MS. JONES: Senator Runner.

SENATOR RUNNER: Here.

MS. JONES: Assemblymember Nazarian.

Assemblymember Bonilla.

ASSEMBLYMEMBER BONILLA: Here.

MS. JONES: Assemblymember Chavez.

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.

1 CHAIRPERSON ORTEGA: Thank you. And I would like
2 to welcome Senator Runner to the State Allocation Board.
3 Senator, you're returning to the State Allocation Board --

4 SENATOR RUNNER: Yes.

5 CHAIRPERSON ORTEGA: -- so we're happy to have you
6 here. Thank you.

7 And our -- let's see -- **Minutes**. That will be our
8 next --

9 MS. SILVERMAN: Minutes are ready for your
10 approval.

11 CHAIRPERSON ORTEGA: Yes. The Minutes from the
12 April 15th meeting. Anybody have any comments on the
13 Minutes?

14 MR. DIAZ: So moved.

15 CHAIRPERSON ORTEGA: They've been moved.

16 ASSEMBLYMEMBER BONILLA: Second.

17 CHAIRPERSON ORTEGA: -- by Mr. Diaz, seconded by
18 Ms. Bonilla. Any public comment?

19 Seeing none, all in favor of the Minutes.

20 (Ayes)

21 CHAIRPERSON ORTEGA: Any abstentions? Adopted
22 unanimously.

23 Item 3 is the **Executive Officer's Statement**.

24 MS. SILVERMAN: Just a few items that we wanted to
25 share with the Board tonight. We do have a current priority

1 funding filing round open currently for projects that have
2 received an unfunded approval and on the unfunded list, lack
3 of AB 55 loans.

4 And those projects that are presented in the
5 Consent Agenda tonight will also be eligible to submit
6 certification during the open period. The period opened up
7 May 13th and it closes June 11th. So again, it's very
8 important that the projects that have unfunded approval and
9 approved for action tonight submit a certification.

10 The next update is the Board took action on
11 April 15th to approve over \$113 million and with that, we
12 wanted to give the Board an update. As of Friday, we
13 actually do have \$34 million of projects that did submit
14 certification -- excuse me -- the fund release requests. So
15 it has significantly doubled the amount that what we
16 reported in the Executive Officer's Statement.

17 So again, we've been vigorously contacting those
18 folks that we have a July 14th pending deadline, so they
19 must submit the proper documentation in order to access the
20 cash.

21 And we always provide rules on the priority in
22 funding process, and again, that's noted there and notes
23 that the next State Allocation Board meeting is June 30th,
24 which is outside our normal timeline, so -- and we also
25 won't have a meeting in July. And that's it.

1 CHAIRPERSON ORTEGA: Okay. Any questions from
2 Board members? Okay. We will move onto **Status of Fund**
3 **Releases.**

4 MS. SILVERMAN: As far as Status of Fund Releases,
5 there was minimum activity going on as far as releases are
6 concerned, and we have that noted on page 58.

7 This only captures the fund releases as of
8 April 30th, and so in that snapshot of time, we only had
9 \$22 million released. So that's as of that time period.

10 And if we move onto Status of Funds, I want to
11 note the summary of the unfunded approvals. There are
12 several projects in the Consent Agenda that's going to be
13 presented in a short while and over \$10.5 million of
14 projects submitted for approval. That includes one seismic
15 project and several projects that are charters that are
16 being converted.

17 So \$10.5 million of those actions will be taken,
18 including some construction cost index adjustments as well.
19 And that's all in Proposition 1D.

20 Outside of that, we actually had some close-out
21 activity and rescissions and adjustments of \$4 million going
22 back to the program. And that's about it for the financial
23 status report tonight.

24 CHAIRPERSON ORTEGA: Okay. Any questions? Any
25 public comment. We'll take up the **Consent Calendar.**

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

2 CHAIRPERSON ORTEGA: Okay. Any questions or
3 comments on the Consent Calendar?

4 SENATOR HANCOCK: Move the Consent Calendar.

5 MR. DIAZ: Second.

6 CHAIRPERSON ORTEGA: Moved by Senator Hancock.
7 Second by Mr. Diaz.

8 Any public comment on the Consent Calendar? Okay.
9 Seeing none, all in favor.

10 (Ayes)

11 CHAIRPERSON ORTEGA: Any opposed or abstentions?
12 Seeing none, adopted unanimously. And let's see. Next will
13 be Item 7. Barbara.

14 MS. KAMPMEINERT: So Item 7 is an appeal from
15 **Lompoc Unified** in Santa Barbara County. And the district is
16 requesting that the Board consider their request for
17 conceptual approval of a facility hardship rehabilitation
18 project in a State share amount of approximately \$188,000
19 for repairs to their central kitchen facility.

20 During part of a district-funded plan remodel of
21 the facility, the district discovered dry rot and mold that
22 damaged the building and led to engineers making findings
23 that the building was a health and safety threat due to
24 structural issues.

25 The Division of the State Architect has concurred

1 to the structural findings.

2 The central kitchen provides meals to students at
3 the 15 campuses within the district. It is located in
4 administrative facilities which are adjacent to two school
5 sites.

6 The district has kitchen facilities at most of the
7 school sites in the district; although according to the
8 district, those facilities are not equipped or of sufficient
9 size to provide the cooked-from-scratch meals that the
10 central kitchen prepares.

11 Over 64 percent of the district's students qualify
12 for free or reduced-price meals. Staff has no issue with
13 the engineering reports or concurrence letters from the
14 Division of the State Architect related to condition of the
15 central kitchen facility.

16 However, we denied this request administratively
17 because the application did not meet program requirements as
18 the central kitchen facility is not part of a school, but is
19 a part of administrative facilities.

20 The School Facility Program does not construct or
21 modernize facilities that are not schools and has not
22 provided facility hardship assistance to administrative
23 facilities in the past. And this is due in part to
24 regulations and also to Education Code.

25 The regulations state that a district is eligible

1 for facility hardship funding if the condition of the
2 facilities is a threat to the health and safety of the
3 students.

4 As the central kitchen facility is not on a school
5 site, it does not appear that the pupils are at risk from
6 the facilities themselves.

7 Further, Education Code defines what eligible use
8 of modernization funds are for and statute calls out that
9 the expenditures are at a school.

10 During the appeal process, the district also
11 raised the point that the School Facility Program
12 regulations specify that districts can be eligible for
13 facility hardship funding if a lack of the facilities
14 provides a health and safety risk to students, and the
15 district has indicated that food provided by the central
16 kitchen has a direct impact on the health of its students.

17 The district has also cited the requirement in
18 Education Code Section 49550 that requires districts to
19 provide, one, nutritionally adequate meals to needy students
20 every school day. And they provided a letter from the Santa
21 Barbara County Public Health Department that details
22 existing food-related diseases and states that food must be
23 prepared in a clean and sanitary manner to assure the
24 safety.

25 Unfortunately, the letter did not provide a direct

1 link between the inability to prepare food in the central
2 kitchen facility and the health and safety of the pupils.

3 During the time the district closed the kitchen
4 for repairs, the district was still able to meet its
5 requirements to deliver food by using alternate methods.

6 Having a central kitchen is how the district has
7 chosen to provide meals to the students. The alternate food
8 delivery process used during the repairs was not identical
9 to the previous process, but did demonstrate that this
10 district was able to provide meals.

11 It is staff's belief that how the district
12 provides meals and the requirements to provide meals is
13 outside the scope of the Facility Hardship Program and the
14 School Facility Program.

15 The Facility Hardship Program under the School
16 Facility Program focuses on how the existing school
17 facilities themselves impact the students and the district
18 has not been able to provide documentation establishing a
19 direct link between the inability to provide the lunches
20 through a central kitchen and a health and safety threat to
21 the students.

22 And for this reason, staff denied the initial
23 request and does not support the appeal.

24 CHAIRPERSON ORTEGA: Okay. Thank you. Is there a
25 member of the public -- a representative of the district

1 that would like to make any comments. Yes, please.

2 MR. SMITH: Good afternoon, honorable Board
3 members. My name is Sheldon Smith. I am the Assistant
4 Superintendent of the Lompoc Unified School District. I'm
5 here to speak about our facility hardship application with
6 the central kitchen.

7 We certainly believe that this is somewhat of a
8 round peg fitting into a square hole. In our minds, this
9 situation is unique because it is a central kitchen, but it
10 is not unique in that we serve 10,000 students in the school
11 district with healthy and nutritious meals.

12 Of the 10,000 students, 62 percent of our students
13 are Hispanic. Of that 62 percent, 35 percent are English
14 language learners. There are 1,000 students that are
15 special ed. 600 of those 1,000 students are Hispanic and
16 68 percent of our students in Lompoc Unified are on free and
17 reduced lunch.

18 Our LCFF unduplicated account is at 68 percent
19 which demonstrates that we have a high program need in
20 Lompoc Unified. There's -- we also have a high facility
21 need in our facilities master plan as well as in our
22 developer fee study, we have over \$90 million in facility
23 needs in Lompoc Unified.

24 So the case that I'm trying to make is that we are
25 a high need and high facility need school district.

1 In light of the increased LCFF funding -- which
2 thank you very much -- \$314,000 still very much matters to
3 us. In our LCAP that went -- our draft LCAP that went to
4 the board in Lompoc last night, we have \$221,000 set aside
5 coming out of the base grant for EL -- for increased EL
6 sections.

7 We have a million dollars set aside for common
8 core English language arts textbooks for next year as well
9 as another million dollars the following year for math.

10 We have the State preschool that is coming to
11 Lompoc Unified. Although there are State preschool dollars
12 that come with those students, there's still \$36,000 worth
13 of facilities that we have to prepare which comes out of the
14 base grant.

15 We're also taking over ROP from Santa Barbara
16 County within Lompoc Unified. There too there is increased
17 CTE dollars that come with that program, which we very much
18 appreciate, but there are still facility needs related to
19 taking on those programs for which there's a \$50,000
20 expense.

21 We're also looking to restore maintenance that
22 took a direct hit during the recession, and you would think,
23 well, why maintenance matters. It is because as part of our
24 LCAP process that is what our stakeholders put number one on
25 their list.

1 So we have a quarter million dollars set aside for
2 that as well as school resource officers and increasing
3 those numbers.

4 So the point that I'm trying to make is that
5 although we are receiving increased LCFF dollars, those
6 dollars are committed because we are a high student need and
7 a high facility need school district.

8 The central kitchen, as staff recommended -- as
9 staff mentioned, the central kitchen is a conscious decision
10 on the district's part because the school -- the existing
11 school site kitchens are too small. They are only good for
12 being able to warm food and not be able to prepare food at
13 the standards that Santa Barbara Health would certify.

14 The -- although we use the centralize kitchen
15 concept and then sending meals out to students where they're
16 warmed -- although we're utilizing a central kitchen, the
17 effect upon students is still the same.

18 We could replicate central kitchens at each one of
19 our school sites, but that wouldn't be fiscally prudent as
20 well as operationally prudent for a 10,000 student school
21 district.

22 Facility hardship is based on a least cost model,
23 and in our minds -- with a mission critical facility like a
24 central kitchen in our mind is eligible because the effect
25 on students and student health with the healthy food that we

1 prepare is still the same to be able to replicate central
2 kitchen on school sites.

3 We understand that some members may be of the
4 thinking that we are setting precedent here. In our minds,
5 this is not precedent setting because our facility -- it
6 really comes down to how you define a school site.

7 We're on contiguous property with La Honda
8 Elementary School, and as staff mentioned, we also have two
9 preschools as well as an elementary school that is on the
10 same parcel of land in Lompoc. And if I may -- just
11 passing out a picture because, in our mind, a picture's
12 worth a thousand words.

13 This is just a Google image. At the top of the
14 image where I have a building circled, that is the central
15 kitchen. Right below that is a preschool run by the San
16 Luis Obispo County Office of Ed.

17 Right across from that is another State preschool
18 run by the Santa Barbara County Office. Right below that is
19 our home school program and our independent study program.

20 Where you see a row of portables, inside there is
21 a computer lab that serves La Honda Elementary School which
22 you can see at the bottom of the map.

23 In our minds, this is one parcel. This is -- and
24 insofar as whether the central kitchen is on a school site,
25 it really comes down to whether -- it comes down to what

1 your definition of a school site is.

2 In our minds -- this isn't precedent setting
3 because in our minds, this is legal. This fits within the
4 guidelines.

5 If the guidelines were clear and indicated that
6 central kitchens need to be attached to a school building,
7 we would not have gone down this path. But because of
8 looking at the guidelines, it did include support
9 facilities. That's why we went down this road.

10 It's -- in our minds, it's not precedent setting
11 because we are following the rules and we are following the
12 guidelines.

13 We do realize that no law or statute or regulation
14 is perfect, and that's the reason why we're appealing to
15 you.

16 This is -- every issue is case by case. No one is
17 beholden to a decision that is made today, and in our minds,
18 this is clearly a square peg fitting into a round hole, but
19 I think if we all agree if we make the hole big enough, the
20 square peg fits. Thank you.

21 CHAIRPERSON ORTEGA: Thank you, Mr. Smith. Any
22 questions? Ms. Bonilla.

23 ASSEMBLYMEMBER BONILLA: I don't have any -- do
24 you have a question? Oh, public comment.

25 CHAIRPERSON ORTEGA: Oh, sorry. Sure. Additional

1 public comment.

2 MR. REEFE: My apologies, Madam Chair and members.
3 Chris Reefe on behalf of State Senator Hannah-Beth Jackson.
4 As many of you know, Lompoc Unified is in the Senator's
5 district and wanted me to speak on behalf and in support of
6 the appeal.

7 Many of you probably have heard by now, this is a
8 very small, rural school district with just over 10,000
9 students. Of that number, roughly 68 percent of students
10 are qualified for free and reduced-price meals.

11 Of that, a majority of the school, about 61
12 percent, are Latino students and of the free and
13 reduced price meals population. 100 percent of Latino
14 students make up, generally speaking, those who qualify for
15 free and reduced-price meals.

16 So you can see that we serve a very -- the
17 district serves a very underprivileged and also low income
18 community in regards to its numbers, and for that reason,
19 the Senator is very supportive of the appeal. Thank you.

20 CHAIRPERSON ORTEGA: Thank you. Ms. Bonilla.

21 ASSEMBLYMEMBER BONILLA: I don't really have a
22 question.

23 CHAIRPERSON ORTEGA: Oh, okay.

24 ASSEMBLYMEMBER BONILLA: Just when you're done
25 with all the public comment.

1 CHAIRPERSON ORTEGA: Sure. Are there any other --
2 go ahead.

3 ASSEMBLYMEMBER BONILLA: Well, I just -- I want to
4 thank the staff for their work on this issue, and I think,
5 you know, following the letter of the regulations is great.

6 I do support the appeal. I think that you're
7 right. This is anomaly. That's what the appeal process is
8 designed to address.

9 And so I think that given the information you have
10 provided, in my opinion, you've made a very -- a strong case
11 for the appeal.

12 I think that this idea of the -- the fact that
13 you're saving money by having this central kitchen and
14 providing higher quality meals for the health of the
15 students is compelling and so I just wanted to go on record
16 as saying I think this appeal is one that I do support.

17 MR. SMITH: Thank you.

18 ASSEMBLYMEMBER BONILLA: I'll make a motion then
19 to grant the appeal, if that's the appropriate --

20 CHAIRPERSON ORTEGA: Moved by Ms. Bonilla. Are
21 there any other comments?

22 SENATOR LIU: Is there a need for a second?

23 CHAIRPERSON ORTEGA: There is. Yes, there will
24 be.

25 SENATOR LIU: Yes. Okay.

1 CHAIRPERSON ORTEGA: Are there any other comments
2 or --

3 SENATOR HANCOCK: I think that healthy food is so
4 important for our students and it's wonderful that you're
5 trying to do this. And thank the staff for a recommendation
6 that essentially says, as Assemblywoman Bonilla indicated,
7 the appeals process is for things like this.

8 CHAIRPERSON ORTEGA: Okay. Just for the record, I
9 will not be supporting the appeal. I think there are a
10 couple of issues from my perspective.

11 One, it sounds like the district is doing exactly
12 what it should be doing, but from our view, local resources
13 should be made available to do exactly what you're doing and
14 so we don't think using this program for that purpose makes
15 sense.

16 And I think the other issue -- and I'll be a
17 broken record from the last meeting -- is that with
18 diminishing resources, it concerns me greatly that we would
19 be funding a project like this when there may be a project
20 that comes before us in the future that is for something
21 that is much more imminently serious and dangerous to
22 students or on a site where the students are actually
23 receiving instruction.

24 So for those reasons, I will not be supporting the
25 appeal.

1 I wasn't sure if we had a second, or --

2 SENATOR LIU: I'll second it.

3 CHAIRPERSON ORTEGA: Okay. So is there any other
4 public comment on this item? Okay. Seeing none, please
5 call the roll.

6 MS. JONES: Senator Hancock.

7 SENATOR HANCOCK: Aye.

8 MS. JONES: Senator Liu.

9 SENATOR LIU: Aye.

10 MS. JONES: Senator Runner.

11 SENATOR RUNNER: Aye.

12 MS. JONES: Assemblymember Nazarian.

13 ASSEMBLYMEMBER NAZARIAN: Aye.

14 MS. JONES: Assemblymember Bonilla.

15 ASSEMBLYMEMBER BONILLA: Aye.

16 MS. JONES: Esteban Almanza.

17 MR. ALMANZA: No.

18 MS. JONES: Nick Schweizer.

19 MR. SCHWEIZER: Aye.

20 MS. JONES: Cesar Diaz.

21 MR. DIAZ: Not voting.

22 MS. JONES: And the motion does carry.

23 CHAIRPERSON ORTEGA: So the appeal's approved.

24 Lisa, did you have anything else under the workload?

25 MS. SILVERMAN: We just have the standard workload

1 report.

2 CHAIRPERSON ORTEGA: Okay. Any other comments
3 from Board members? Any other public comments to come
4 before the Board?

5 Okay. Seeing none, we'll be adjourned. Thank
6 you.

7 (Whereupon, at 4:30 p.m., the proceedings were
8 adjourned.)

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REPORTER'S CERTIFICATE

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 May 28, 2015.

Mary C. Clark
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