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
CHAIRPERSON ORTEGA: Good afternoon, everyone. I'll call to order the State Allocation Board meeting for December 6. Ms. Jones, if you could call the roll.


Senator Nguyen.

Senator Pan.

Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Present.

MS. JONES: Assemblymember Chavez.

Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Here.

MS. JONES: Nick Schweizer.

MR. SCHWEIZER: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Jeffrey McGuire.

MR. McGUIRE: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Thank you. And before we move into the action items, I'll just note that the item under Tab 7 that was an action item has been withdrawn from
the agenda and will be heard at a later date.

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

MR. DIAZ: Motion to approve.

CHAIRPERSON ORTEGA: Moved by Mr. Diaz.

ASSEMBLYMEMBER O'DONNELL: Second.

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

(Ayes)

CHAIRPERSON ORTEGA: That's approved unanimously.

We'll move onto -- Lisa.

MS. SILVERMAN: (Executive Officer's Statement) Hi. We have a few updates since our last meeting back in September was very abbreviated, but we want to give the Board an update on the certification round that's open and it closes tomorrow. And so those districts that have unfunded approvals, prior approvals that were placed in August and September, and even in the Consent Agenda, they have the ability to submit a certification.

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

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

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

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

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

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

So it just disburses statewide maps of the funds that have been allocated for apportionments, unfunded
approvals, and projects on the workload. And we also have additional information as far as new construction activity for districts that are small, medium, and large, and so that's also broken down in your subsequent charts in that report and modernization.

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

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

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

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

And we're working closely with Department of Education on the next filing round on the next 125 million and some key deadlines that will be shared by the end of the
Also we'll have an opportunity -- we've been doing some great work in our office and so we'll have electronic submissions. So there will be -- the first round of projects that could submit projects -- funding projects electronically to our office and that will be for the Career Tech Education Program. So we're looking forward to having some more opportunities to submit your projects electronically with our office.

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

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

And so most of that information is online and we've actually had a few webcasts for those various outreach opportunities. And so we look forward to an outreach opportunity in the next quarter and we actually have another one next week.
And with that, we have a meeting in January and that's all we have to share tonight.

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

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

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

MR. DIAZ: So move.

CHAIRPERSON ORTEGA: Moved by Mr. Diaz.

SENATOR PAN: Second.

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

(Ayes)

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

MS. SILVERMAN: Yeah, the **Financial Reports**. We wanted to highlight -- it's on page 169 -- that we have been active with the disbursements of the program funds as a result of the bond sale. So the last three months, we've been active with putting the $400 plus million out to those projects. So page 169 just shows the disbursements of those
program funds. So we're nearly -- have completed our task in getting those funds out.

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

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

CHAIRPERSON ORTEGA: Okay.

MS. SILVERMAN: Any questions?

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

Mr. LaPask.

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

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

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

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

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

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

And then additionally, we have an approval for 
Orleans Elementary School. This is a project that was 
funded back in 2016. The district did not request all the 
eligible site development grants and so we're proposing to
amend that approval to include the site development grants
that were not applied for the first time around.

And I can answer any questions you have.

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

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

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

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

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

SENATOR PAN: Move approval.

CHAIRPERSON ORTEGA: Okay. Senator Pan moves
approval.

ASSEMBLYMEMBER O'DONNELL: Second.

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

(Ayes)

CHAIRPERSON ORTEGA: And we'll hold it open to see
if Mr. Nazarian would like to add on as well. Thank you.

Then we have one more appeal item.

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

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

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

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

Given the scope of work that was needed to correct the problems within the classroom wing, they designed to replace the classrooms. However, they believed that with
the funding available, the multipurpose building would only be able to be rehabilitated and not replaced.

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

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

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

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

And also because this project now qualifies for replacement funds, it is eligible for site development work that would be necessary to do the project. However, since
we only learned this very recently, the district has not had
time to complete an estimate for what that site development
work would be and our office has not had time to review
those costs.

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

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

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

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

If the Board does decide to approve this project,
we would recommend that a few additional requirements be
added and those are outlined on page 224 of the agenda, the
first being that before a fund release, the district must provide us with the DSA approved plans and specifications as well as the city plan approval letter for the new work in the multipurpose building.

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

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

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

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

CHAIRPERSON ORTEGA: Any questions from Board members? Is there anyone here from Maple that wanted to
speak? Please come on up.

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


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

CHAIRPERSON ORTEGA: Great. Moved by Senator Pan.

ASSEMBLYMEMBER NAZARIAN: Second.

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

(Ayes)

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

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Thank you.

CHAIRPERSON ORTEGA: -- votes aye, so that item is
also approved.

ASSEMBLYMEMBER NAZARIAN: Thank you.

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

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

CHAIRPERSON ORTEGA: Okay.

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

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

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

CHAIRPERSON ORTEGA: Great. I agree. I think the reports actually show really what -- it's very helpful demonstration of information, so I think that will be helpful going forward.
Okay. Anything else? Any additional public comment to come before the Board? Okay. If not, we'll be adjourned. Thank you.

(Whereupon, at 1:28 p.m. the proceedings were adjourned.)
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA )
COUNTY OF SACRAMENTO ) ss.

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;

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That I am a disinterested person to said action.

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

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