CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

ZIGGURAT BUILDING
707 3RD STREET, 8TH FLOOR
BOARD ROOM 8-100
WEST SACRAMENTO, CALIFORNIA  95605

DATE:  WEDNESDAY, MAY 27, 2020
TIME:  4:04 P.M.

Reported By:  Peter Petty
eScribers
APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

GAYLE MILLER, Chief Deputy Director, Policy, Department of Finance

DANIEL KIM, Director, Department of General Services

JUAN MIRELES, Director, School Facilities and Transportation Services Division, California Department of Education, designated representative for Tony Thurmond, Superintendent of Public Instruction

SENATOR SCOTT WILK

SENATOR CONNIE LEYVA

SENATOR RICHARD ROTH

ASSEMBLYMEMBER PATRICK O'DONNELL

ASSEMBLYMEMBER JORDAN CUNNINGHAM

ASSEMBLYMEMBER AUTUMN BURKE

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
P R O C E E D I N G S

MS. MILLER: It looks like we are okay to get it started. Thank you, everyone, for joining us. We're going to call the meeting of the State Allocation Board to order. Pursuant to Governor Newsom's Executive Order N-25-20 issued on March 12th, 2020, a lifetime ago, this meeting is being conducted by way of a teleconference. The meeting is being physically webcast from Room 8-100 in the Ziggurat Building in West Sac. for anyone who would like to provide public comment in person.

In order for this meeting to run efficiently, please note the following guidelines. All participants will be muted during the meeting. If any Board member or the public would like to make a comment, please use the raise hand feature in the Zoom meeting interface and we will call your name at the appropriate time.

So for those of you that haven't used Zoom before, if you go to the bottom of your screen or wherever your toolbar is and you hit participant, in that you can see a raised hand. So you can see that I just raised my hand and then I can lower my hand the same way. So -- and that way we know if you want to talk.

If you are calling into the meeting and not using a computer or the Zoom application on a mobile device, you
will be unable to provide public comment, so if you're able to please call and use the Zoom interface so that we can call on you when appropriate.

So first, Ms. Jones, if you could please call the roll so we can establish a quorum.

MS. JONES: Good. I will. Thank you. Senator Wilk.

SENATOR WILK: Here.

MS. JONES: Senator Leyva.

Senator Roth.

Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Here.

MS. JONES: Assemblymember Cunningham.

Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Here.

MS. JONES: Thank you. Juan Mireles.

MR. MIRELES: Here.

MS. JONES: Daniel Kim. I know he's there.

MS. MILLER: Yeah, but he has to --

MS. JONES: Dan.

MS. MILLER: You're muted.

MR. KIM: Yeah, Kim's here.

MS. JONES: Thank you, Dan.

Gayle Miller.

MS. MILLER: Here.
MS. JONES: We have a quorum.

MS. MILLER: Thank you, Ms. Jones. We have a quorum. Now, we're going to move to the Minutes, please, that are on pages 1 to 10 of your packet. Are there any public comments on the Minutes? I'm making sure I don't see any raised hands. May we have a motion, please, for approval of the minutes.

MR. KIM: Motion to approve.

MS. MILLER: Moved by --

ASSEMBLYMEMBER BURKE: Second.

MS. MILLER: -- Mr. Kim. Seconded by Ms. Burke.

Ms. Jones, will you call the roll, please.


SENATOR WILK: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye. Thank you. The Minutes are adopted. Next --
MS. JONES: Excuse me. Chair, would --

MS. MILLER: Yes.

MS. JONES: -- you like me to leave it open in case we get additional members?

MS. MILLER: Oh, yes, please, Ms. Jones. Thank you. We'll leave that open until -- and see if we get a couple more members that we were expecting to join.

Ms. Silverman, can we move to the Executive Officer's Statement, please.

MS. SILVERMAN: Yes. So we're happy to share tonight that part of the agenda is an action -- is for the priority funding apportionments. So that means nearly $812 million are available for cash -- to cash your projects in, which is great news. So that's 266 projects as part of the action items in the agenda and with that, just to mind folks that there is timelines associated with accessing your cash. So you have until August 25th to come in with your funding release documentation.

So the next item we wanted to share is the time extension request. The Board adopted emergency regulations and we obviously extended out some timelines associated with the program related to the priority in funding and also other general extensions related to the program.

If districts are having some challenges meeting our deadlines or timelines associated, so far we've
extended the timelines for 67 districts. So I know on the report itself it says 61, but we had 67 districts come in for those extensions. So that's great.

We actually turned those around and about a quarter of those extensions related to processing the grant applications. I would say on the most part there are about two to three weeks' extension requests associated with processing timelines, and we've been working with districts very closely to ensure that their project is -- doesn't stall.

So -- and we'll catch up with some of those districts and bring them to the June Board or the August Board, but again, we're happy that this process is still working and we're working with districts on their timelines.

And the next item we wanted to share were the priority funding round opened and if you have an unfunded approval that was approved from January 1st all the way through the end of August, August 25th, you actually will have an opportunity to submit a certification during the open certification round. So that is opened May 13th and that's extended to August 28th.

So we'll remind folks as we have other projects moving forward and we'll send out reminders to those districts to join us in the fall bond sale. So it's really
critical that we get these certifications in so they'll be eligible for the fall.

And our next meeting's June 24th and we look forward to doing that via Zoom.

MS. MILLER: Great. Thank you, Ms. Silverman. And just as a heads-up, the rooms in the capitol and other rooms, because of the social distancing limits, are restricted which is why we're going to continue meeting by Zoom. So we appreciate your patience.

Ms. Jones, Senator Leyva is here.

MS. JONES: Great.

MS. MILLER: And then, Senator, do you vote on the Minutes?

SENATOR LEYVA: Yes, please.

MS. JONES: How do you vote --

MS. MILLER: How do you vote on the Minutes?

SENATOR LEYVA: Aye.

MS. MILLER: How do you vote -- oh, aye. Thank you.

SENATOR LEYVA: Sorry.

MS. MILLER: Thank you. We'll continue to leave that open until we get Mr. Cunningham who's joining us today too. Are there any public comments on the Executive Officer's Statement? It's nice to have some good news.

Okay. I don't see any public comment. So we
will go onto our Consent Agenda, please, Ms. Silverman.

MS. SILVERMAN: The Consent Agenda is ready for your approval, and just to highlight, there's 91 -- excuse me -- $91 million in unfunded approvals for 28 projects. So that's great news and a couple closeouts. So with that, we'll have that ready for your approval.

MS. MILLER: Great. Good work on that. Are there any public comments on the Consent Agenda? Seeing none, is there a motion and a second on the Consent Agenda?

SENATOR LEYVA: So moved.

MR. MIRELES: Second.

MS. MILLER: Moved by Assemblymember Leyva. Seconded by Mr. Mireles. Ms. Jones, will you call the roll, please.

MS. JONES: Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Dan Kim.
MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: So we will leave that open as well to see if Mr. Cunningham joins. Any -- and we'll move on now to the Financial Reports, please.

MS. SILVERMAN: Yes. So on page 72, we just wanted to share with the Board we've been taking a lot of documentation electronically, which is great. We actually had $12 million move as a result of the fund release requests. Additionally -- and I did share with you -- as a part of the action item taken on page 74 and 75 was the 91 -- over $91 million in consent that's also tucked in that approval as well.

And to that extent, I'm open to any questions.

MS. MILLER: Great. Thank you. Are there any questions from the Board? Any public comment on those? Seeing none, thank you very much for that, Ms. Silverman.

Okay. So we will now move -- the next item that Ms. Kampmeinert will introduce for us from Lompoc Unified in Santa Barbara, and I do want to alert Lompoc that we missing a couple members. Do you want us to move -- I see a few folks on. I just want to make sure that you get the most members possible. We're missing one member, Mr. Cunningham. Do you want us to move you to the end of the agenda to see if he is able to join?
I don't mean to call on you, Mr. Karbula, but you're the only one I see from Lompoc on my screen. Would you like us to wait and see if Mr. Cunningham is able to join or do you want to go ahead and get started now?

DR. KARBULA: No. My superintendent and Doug Sorum, my maintenance and operation member, are present. I hate to speak for my superintendent, but I do believe we'd like to maximize our opportunity. We know it takes a certain number of votes. If you --

MS. MILLER: Yeah. I apologize. Oh, there you are, Mr. Sorum. I'm sorry I didn't see you. Did you want to wait until the end of our agenda to see if Mr. Cunningham comes?

MR. SORUM: That's quite all right. I will agree with Dr. Karbula. We want to maximize our chance here, and so I suggest that we move to the end of the Consent Agenda.

MS. MILLER: Okay. So we're going to go ahead and move you to the end of the agenda, so you'll wait just a little bit longer, and with that, we will move to the Porterville Unified/Tulare appeal and we will come back to Lompoc. Is that okay, Ms. Silverman?

MS. SILVERMAN: Yeah. Let's do that.

MS. MILLER: Okay.

MS. SILVERMAN: So on page 170, we wanted to highlight to the Board that we did receive an application
for funding related to Porterville Unified's request for new construction and that was for 11 classrooms, 2 kindergarten classes and 9 one through six classrooms. And they were eligible for funding at the time they submitted their application back in March of 2016, although that was a unique environment we were in because at the time we didn't have bond funding and then again projects were placed on the acknowledged list, and when districts were submitting their projects and we didn't have bond authority, there was also some (indiscernible) with their project that they had a Board approval -- a resolution sharing that there was no commitment of future funds.

So with that, we actually started processing their app back in May of 2019 and this is obviously after Prop. 51 was enacted. And the district did submit an updated eligibility related to their application and that reflected a 2018-'19 enrollment.

And so at the time we were reviewing their application, that enrollment did reflect a negative eligibility for their project. So as a result, we were -- we actually sent the district their application back because it didn't justify the application in itself.

The district -- back in June of 2017, the Board took a position that with the new applications that were taken onto the workload list that it did require an updated
eligibility as a result during that processing.

The district did appeal that in January of 2020. So to that extent, we were working with the district on their appeal. They actually did provide us updated eligibility which is great news. We're happy that that eligibility for the '19-'20 enrollment did reflect a positive eligibility and enough eligibility to actually support their application.

So I wanted to get your attention on page 174 and we just -- here's a demonstration or a chart on the swings in the eligibility for their K-6 grant, just a reflection of the dip, but then it also surged with the '19-'20 update. So that's great news for the district and we just want to show -- also share with the Board Attachment C, there's a history of the Board's actions taken as a result of these updated eligibility requests as we processed applications.

There was actually three requests that were approved by the Board using the current eligibility. The most recent one was McFarland in December of 2019.

There was actually one item that actually did result in not approving -- the Board didn't approve their enrollment and the district at the time didn't want to use their updated eligibility, but they wanted to use that current enrollment eligibility at the time they submitted
their app.

So at this time, we're seeking -- staff supports the current enrollment projection for the '19-'20 year and we're seeking -- we have the support and we're seeking Board approval.

MS. MILLER: Great. Thank you very much, Ms. Silverman. Are there any questions from the Board on this request?

SENATOR LEYVA: So moved.

ASSEMBLYMEMBER O'DONNELL: Second.

MS. MILLER: Moved by Senator Leyva. I'm sorry. Who seconded it?

ASSEMBLYMEMBER O'DONNELL: O'Donnell.

MS. MILLER: Seconded by Mr. O'Donnell. Any additional public comment. Porterville's on the phone if anyone has questions, but there's no need to (indiscernible). Nothing, right? Michael? No one's raising their hands, right?

UNIDENTIFIED SPEAKER: No, nothing (indiscernible).

MS. MILLER: Okay. Great. All right. Ms. Jones, will you call the roll, please.


SENATOR WILK: Aye.

MS. JONES: Senator Leyva.
SENATOR LEYVA: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye. Can you hear me?

Aye.

MS. JONES: Yes. Thank you. Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Dan Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye. And again, we have enough votes, but we will keep that open as well. Thank you, Ms. Jones. Okay. Moving on, we are now going to priority funding for school construction apportionments.

MS. SILVERMAN: So on page 181, just want to highlight to the Board that we're excited again about the priority apportionments as a result of the bond sale. So we're introducing 266 projects for your approval.

With that, we just wanted to highlight to the Board and also acknowledge that the districts that they do receive their apportionments, but there's also several conditions and we want to acknowledge those conditions as a result.

So the district, once they are approved for the
apportionment, they have 90 days to submit their fund release request for the date of the apportionment and failure to submit that within the 90 days could rescind that approval. And once they have two strikes, meaning that they didn't perfect on a prior apportionment, then their project will be automatically rescinded.

Also just a condition that the fund release requests are due August 25th. So again let's be -- we're going to be mindful of the timeline. So we'll be giving districts regular updates about coming in for their program cash.

And again, we just wanted to highlight that you have to submit your grant agreement as a condition of your apportionment as well. So with that, we just wanted seek the Board's approval for Attachment B for the $811.7 million in project approvals as part of the recommendation and a second recommendation (indiscernible) that all applications receiving apportionments are subject to the new construction grant adjustment pursuant to Education Code 17072.11(b) and are not considered full and final until the Board has made the adjustment.

And with that, we're seeking your approval.

SENATOR ROTH: So moved.

MS. MILLER: Thank you. Moved by Senator Roth.

MR. MIRELES: Second.
MS. MILLER: Seconded by Mr. Mireles. Any questions or public comment at all? Seeing none, Ms. Jones, can you call the roll, please.

MS. JONES: Yes, I will. Thank you.

Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye.

MS. JONES: Juan Mireles.

MS. MILLER: We couldn't hear you, Juan.

MR. MIRELES: Aye.

MS. MILLER: Thank you.

MS. JONES: Thank you. Dan Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye. So we will keep that open as well for our last member. Next we'll move to the proposed regulations for facility hardship. We appreciate your patience on this item and all of OPSC's work on this. It's been great. Ms. Kampmeinert.

MS. KAMPMEINERT: Yeah. Thank you. We have for
your consideration proposed regulations including a new form for the facility hardship program. And this is a health and safety program and we've had this program around throughout the life of the school facility program.

And we have, in the last few years, realized that there are some challenges with administering the program's areas where we wanted to clarify things in regulations and basically just kind of take a look at the program and basically restructure it to make it a little more user friendly and address some of the funding gaps that we have started to see.

So in January of this year, so beginning of this year, we held some stakeholder meetings to discuss the new format for the regulations and some of the changes and we want to thank all of the stakeholders that did participate. We got a lot of feedback and that was very helpful to us in shaping the regulations and we were able to incorporate the majority of the feedback that we did receive from stakeholders.

And then we had drafted an item for the Board's consideration around February. So this item is largely the same as what was published to the February meeting, but we did receive some additional feedback from stakeholders in the last few months that has been incorporated as well.

On page 1 -- excuse me -- 517 of the agenda, we
have a chart that highlights some of the more notable changes to the program. One thing you'll notice is just the entire restricting of the program regulations and that was to make it easier for folks to understand what you need to do to apply for this particular type of funding and to fully explain what the funding model looks like. So that's why the changes look so big because we've taken the original program concepts and made them in a format that is a little bit easier to understand.

But some of the other things that we have done -- one of them more noteworthy, for these projects -- for the health and safety projects, we were noticing that a lot of districts were struggling to get their rehabilitation projects in the cost allowances that the program had historically provided which were done at an -- what's called an F2 level of difficulty.

So we had been working with the Sierra West group to -- they provide our cost estimating tools and looking at the level of difficulties and what we are proposing is that rather than fund at a F2 level, we take these projects to an F3 level of difficulty which results in additional funding for each of the cost estimates. That seems to be more in line with what districts are experiencing in these critical projects that have to be done and don't always follow the nice time schedule when you can plan for health
and safety issues. You just kind of have to get them done.

So we've increased the funding to that level and then also we have added some consistency to ensure that all projects are able to receive the supplemental grants that are otherwise provided in the program. There were some areas in the regulations where it was unclear if certain types of projects qualified for particular grants. So we have aligned all of that.

Also for the first time, we have included some language on portable buildings because upon occasion we do get applications where portable buildings have health and safety issues and the way the regulations existed previously or as they exist now, it's very difficult to qualify for portables because the funding level is really aimed at permanent construction.

But we wanted to ensure that there was a mechanism to allow districts to address anything coming up in those types of buildings as well. So there's a new threshold where it determines whether we fix the portable classroom or whether funding is provided for replacement of the portable classroom because sometimes that just makes more sense. So that's in the regulations as well.

I also wanted to highlight that the regulations now include the ability for school districts to choose how they use their funding.
So as the Board has seen over the past couple of years, we've had a number of appeals where districts have qualified to replace their facilities under the program, but circumstances at the local level make it so that's maybe not the direction the district wants to go down.

Maybe the replacement funding that the State is offering is not going to be sufficient for what they'd like to do and maybe it's just a building that they would prefer to keep due to its construction type, so they'd really like to rehabilitate it.

In these regulations, there is now the option without an appeal for a district to choose to use replacement funding for rehabilitation work. So that is -- that should help streamline the process for those types of applications.

We also wanted to point out that for classrooms that are demolished or replaced, we have allowed for districts to qualify for replacement of these facilities and for purposes of not having enough pupils necessarily to get the replacement funding because you don't need all the classrooms, we're not going to hold those classrooms against you from an eligibility perspective. So they come off your baseline if they can no longer be used for K-12 purposes.

We also have included some language about timing
of when applications can be submitted to ensure that we are keeping with the intent of addressing imminent health and safety needs as opposed to projects that may have been completed ten or more years ago. We did get some great stakeholder feedback on that about allowing sort of a grace period if something unusual pops up for the district where the application cannot be submitted in the new timelines.

We thought that was a good idea. So if the district demonstrates unusual circumstances, then OPSC will have the ability to still accept the application and process it.

And we also have included a standard format for the cost estimate. This should help districts understand how to apply to the program and know what dollar amounts to use. The cost estimate format will be required and it is using values from the Sierra West Cost Estimating book.

In the event that something is not listed in that book, there is the option for the district to still include that particular line item material, action, whatever it is and then provide supporting documentation for that cost.

We also wanted to note that -- I'm going to move down to page 520 and we have had an increase in projects that have had mold mitigation. We have included some regulations there to outline a little bit about what needs to be done if you're submitting an application for mold
mitigation.

Because that's a relatively new area for the program, we have found that it's very helpful to talk to school districts about potential (indiscernible) of funding applications. So we've included a requirement that you reach out to OPSC so that we can do a site visit, whether that’s in person or virtual through one of these types of platforms like Zoom.

That way we are able to go out and talk to the district and help in the planning stages because we've had a couple cases where the mold's been mitigated before we had a chance to talk about funding impacts and it may have led to different decisions from the district's standpoint.

So that is included as well.

I do want to clarify it's not the intent that OPSC staff will be entering any buildings that are declared unsafe. We really just want to have a meeting with the district and get an idea of the magnitude of the issue.

And then going down page 523, I would point out that there's a chart of all of the different things that we received from stakeholders that were incorporated into the regulations.

Like I mentioned earlier, we did get a lot of really helpful feedback. So that is all incorporated.

There are a few items listed on page 525 and 526
that we did receive comments from stakeholders. The majority of these were worked through with the folks that were requesting the changes, but they are the areas that we did not incorporate for various reasons and I can go into detail on that if anybody has specific questions, but -- and then also we have included a few technical edits just to align the regulations in other sections.

We are actually very excited about these regulations. We think this is going to be a great change for the program. We tend to see an uptick in these type of applications when we are running out of bond authority. So this is going to be very helpful in providing clarity.

We are recommending that the Board adopt the regulations and allow us to file them on an emergency basis so that we can get these in place as soon as possible and that will allow districts that are contemplating a facility hardship application now to make a decision about whether they want to go forward now or if they want to wait until these regulations take effect so that they can take advantage of the higher cost allowances for the rehabilitation projects or for some of the other additional grants that have been added.

And -- yeah. And really the intent is just to make it easier to understand and ensure that we're aligning with the intent of the statute and provide costs in
alignment with what districts are facing. And I would be happy to answer any questions.

MS. MILLER: Thank you, Ms. Kampmeinert.

SENATOR LEYVA: -- motion to approve.

MS. MILLER: Thank you, Senator Leyva. Any questions. Mr. O'Donnell, was that you seconding or a question?

ASSEMBLYMEMBER O'DONNELL: I'll second.

O'Donnell second.

MS. MILLER: Great. Thank you, Mr. O'Donnell. Any questions or any public comment? Just a huge shout-out to the staff. This was an incredible amount of work and really incorporated a lot of input from a lot of different people. So thank you very much, Ms. Kampmeinert and Ms. Silverman and your entire team.

Having a regulation like this go without controversy is a huge deal. So thank you for that.

So we have a motion by Senator Leyva, a second by Mr. O'Donnell. Ms. Jones, will you call the roll, please.

MS. JONES: I sure will.

Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember O'Donnell.
ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Dan Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye. Mr. Cunningham, that was perfect timing. We were waiting for you to hear the Lompoc appeal, but first, can we just go through and make sure that you're added onto all the different items we've already voted on. We kept the roll open for you.

Okay. Why don't we do the Minutes first, please, Ms. Jones.

MS. JONES: Okay. Assemblymember Cunningham, how do you vote on the Minutes?

ASSEMBLYMEMBER CUNNINGHAM: Aye.

MS. JONES: Okay. How about the Consent Calendar.

MS. MILLER: Let me just -- the Minutes are adopted. Okay. Now Consent, please.

MS. JONES: Consent Calendar?

ASSEMBLYMEMBER CUNNINGHAM: Aye.

MS. MILLER: Calendar is adopted.
MS. JONES: Porterville Unified, the appeal item?
ASSEMBLYMEMBER CUNNINGHAM: Aye.
MS. JONES: Thank you.
MS. MILLER: Porterville appeal is adopted.
MS. JONES: Priorities in school construction funding, the apportionments, how do you vote on that?
ASSEMBLYMEMBER CUNNINGHAM: I got muted for a second. I am not voting on that as to avoid the appearance of a conflict.
MS. JONES: Okay.
MS. MILLER: So the apportionments are adopted.
MS. JONES: Are you abstaining then?
ASSEMBLYMEMBER CUNNINGHAM: Yes.
MS. MILLER: Yes, Mr. Cunningham is --
MS. JONES: Yes. Okay. I just want to make sure.
MS. MILLER: Thank you.
MS. JONES: And then our last item we just heard was for the facility hardship and seismic mitigation program regulations. How do you vote?
ASSEMBLYMEMBER CUNNINGHAM: Aye.
MS. JONES: Thank you.
MS. MILLER: Those regulations are adopted.
Thank you. So with that, we have one item left before we adjourn and that is the Lompoc Unified appeal, so, Mr.
Sorum, I think I'm going to hand it over to the staff and then if you guys just all want to get prepared to make some comments to the Board, we want to make sure you get a full time to appear and appeal before the Board.

    So, Ms. Kampmeinert, can you start us off, please.

    MS. KAMPMEINERT: Yes. Absolutely. The Lompoc appeal starts on page 94 of the agenda today and this is the request from the district for financial hardship status under other evidence for a full-day kindergarten facilities grant program application that was submitted for the Arthur Hapgood Elementary School site.

    And just a little background. In the full-day kindergarten facilities grant program, the statute outlines that there is priority provided to applications from districts that have -- that meet the qualifications for financial hardship status as well as those districts that have a high percentage of students that qualified for free and reduced priced meals.

    And in the event that the program is oversubscribed where we have more applications than funding, these points are used to help determine which applications are funded and in which order.

    The district requested consideration for financial hardship status for this application and I will
note that the points associated with the financial hardship status do make the determination as to whether or not the application will be funded.

However, the district did not meet the administrative criteria for approval as outlined on page 96. So what we can show you here on page 96 in the blue chart, there are things outlined in statute and regulation that would allow us at the staff level to grant the financial hardship status, including whether the district has a bonding capacity of less than 5 million. If that's the case, there's an automatic review for financial hardship status.

In this case, the district's total bonding capacity is at 130 million. Another path would be if the district's bonded indebtedness is at least 60 percent. In this case, the district is at 17 percent which is below the threshold.

And then the third criteria is if the district has passed a Proposition 39 bond within the two previous years and the keyword there is passed and the district has been unable to pass a local bond in the past two years. So they did not meet any of the administrative criteria.

Therefore, we, at the staff level, denied the financial hardship status.

As part of the appeal request, the district has
provided information related to the recent attempts to pass bonds at the local level and we have included that as a chart on page 95 and they actually -- it's unfortunate, but they got very close back in 2018. We were just a couple percentage points away from passing the bond.

However, the attempts to pass a bond isn't the qualifier in the statute and regulations. It's actually having done so.

We do note that the district has tried. However, we don't feel that this is sufficient evidence in this case to qualify under the other evidence criteria.

There are some concerns that this would serve as a disincentive for local communities to pass bonds if financial hardship is seen as the backstop if a bond does fail, and we believe that this is contrary to what the statute for financial hardship intends.

And this also, in our opinion, becomes an equity issue with the other applicants for the full-day kindergarten facilities grant program. Because the statute does outline that financial hardship status was one of the things that are prioritized in the program, we have a number of applicants that are not receiving funding because they don't meet that criteria and they don't have a high enough percentage of students receiving the free and reduced meals.
So we're seeing that the district in sort of the same category as the rest of those districts and we don't know that it would be fair to provide the financial hardship other evidence.

We do note that the district has provided some information as well about the status and the condition of the facilities throughout the district and those are included with the district's appeal documents in the agenda with the photographs and we acknowledge that there is a large amount of facilities work that needs to be done throughout the district.

However, we would point out that while there's work that needs to be done, the financial hardship status that's being requested today would not address the needs of those other facilities because it would relate only to the full-day kindergarten application that we have in hand.

And the scope of that application is -- there is an existing full-day kindergarten program at that site and the scope would be to construct classrooms that were built specifically for kindergartners so the full-day kindergarten program could operate in traditional kindergarten classrooms.

But it would not address the needs that the district has identified in the appeal request.

When we are considering the financial hardship
other evidence types of appeals, staff is careful to look at each set of circumstances on its own and we have provided an attachment to the item as shown and the different circumstances throughout the life of the program and where the Board has landed in various circumstances.

We came to a different recommendation a few months ago for a district that was facing some health and safety challenges and had no options to go forward other than the financial hardship route. We just don't feel that in this circumstance that the -- that it would be appropriate to grant the appeal.

We don't feel that the information is compelling enough to get to a staff support position. So while we wish that we had enough funding for everybody under this program, unfortunately, we don't and we are recommending that the Board not approve this appeal request.

The funding would still be used for other applicants in the program. So in the event that this appeal is not granted, we have Alisal School District that would use the funding to convert a part-day program to a full-day kindergarten program. So the funding can still be used even if the appeal is not granted.

And with that, I would hand it over to the district for additional comments, unless anybody has any questions on the staff presentation.
MS. MILLER: If we could move to the district, please. Mr. Sorum, I hope I'm calling on the right folks. It's hard to see everyone on my screen, but feel free to call on whoever from your district you'd like to present.

MR. SORUM: Thank you, Ms. Miller. We're going to have Superintendent McDonald start us off, okay?

MS. MILLER: Great. Thank you. Mr. McDonald, if you want to go ahead and unmute your microphone and please make a presentation.

MR. McDONALD: Yeah. Thanks, everybody, for letting us be here today. Our quick opening statement: Lompoc Unified School District believes that our financial hardship program -- or that the financial hardship program was intended to aid districts who cannot contribute the full match for projects like LUSD who has applied for the kindergarten grant funding and hardship for the matching funds.

LUSD collects the maximum allowable developer fees. However, those funds wouldn't put a dent in the district's most recent $220 million needs assessment.

Like was stated, over the last five years, we have failed to pass a bond. We were close, but we didn't make it and a previous time, we -- at the 11th hour, one of the Board members backed out and as you know, we need four out five for a 55 percent and we actually got like a 59,
but needed a 67 percent threshold.

So in about 100- to 150-mile radius, we're the only school district that currently doesn't have a bond -- the only K-12 district that doesn't and the last bond that was passed in Lompoc was 2002.

We believe that we meet the criteria for the hardship program under Statutes 1775.10(b).1.(B) and 1775.15(d).5 as well as Regulation 1859.81(c)(5). Today, we're simply asking this body to consider awarding a hardship based on other evidence of reasonable effort.

Thank you.


Thank you for allowing us to address you this afternoon. I'm just going to give you a brief summary of the history of Lompoc and Lompoc Unified School District.

Of course, the city itself was incorporated in 1888. However, the growth of this area didn't really begin until about 1958 when our neighboring Army base, which was Camp Cooke, transformed into Vandenberg Air Force Base and thousands of young airmen like my father deployed to the area.

So as a result, the base's neighboring
communities, Vandenberg Village, Mission Hills, and Lompoc, they all grew and LUSD expanded and constructed 16 schools throughout the area.

So for about the next 30 years, Vandenberg, Lompoc, and LUSD's student population continued to expand. Throughout the Cold War, that expansion was further aided with NASA's space shuttle program which was planning a west coast launch of the shuttle from Vandenberg. That brought thousands of aerospace contractors and their families to the area to support the construction of slip six (ph) and the eventual scheduled launch of the Shuttle Discovery.

Now, of course, we all know about the tragedy in 1986 when the Shuttle Discovery launched out of Cape Canaveral, endured a fatal malfunction. That explosion coupled along with the end of the Cold War led to NASA cancelling plans for their west coast launch here at Vandenberg and the Department of Defense conducting massive downsizing of many bases like Vandenberg, which caused the neighboring community of Lompoc to dive into a recession from which it never really has recovered.

So our facilities serve approximately 10,000 Pre-K through 12 students as well as adult education students living in Lompoc, Vandenberg Village, Mesa Oaks, Mission Hills, Vandenberg Air Force Base, and all the rural areas adjacent to those communities.
Our first school which was Lompoc Elementary which is now known as El Camino Adult Ed, it was constructed in 1936. Our original Lompoc High School, which is now Lompoc Valley Middle School, was constructed in 1950, and our newest school, our baby, Miguelito Elementary was constructed and opened in 1969 and so she is now 51 years old.

In total, LUSD now has nine elementary schools, two middle schools, two high schools, a continuation high school, an adult ed facility, a K-6 charter, and our central administrative complex and central kitchen which support all those schools.

So some of the early students in Lompoc like myself were very fortunate. We were raised in a period when all the classrooms, the cafeterias, gymnasiums, offices, restrooms, playgrounds, playing fields, everything was in new, pristine condition. We have fond memories of our teachers, the smell of new, fresh painted walls, shiny, immaculate flooring, ivory white sinks, shiny plumbing fixtures, brand new fixtures, and pristine playing fields and gymnasiums that we used during school, in the afternoon, and in the evening and on the weekends for interscholastic sports, youth football, youth baseball, and basketball teams.

So of those early Lompoc students who still
reside in the Lompoc area, most of us are pretty horrified by the terrible conditions that Lompoc students have to endure in our schools today.

So our facilities are constructed on just a little over 290 acres of land and the buildings themselves encompass more than 1.2 million square feet of floor space.

So with that, I'm going to pass the mic over to Dr. Karbula who's going to walk us through the PowerPoint which contains a whole lot of pictures of the facilities which we won't get into all of those pictures, but we do want to give you kind of a summary of that PowerPoint.

MS. MILLER: Great. Thank you. And if you could maybe -- just because, you know, time is tight, we definitely want to move through the PowerPoint as quickly as possible, please. Thank you for those presentations. Do you want to go ahead and show your screen then, Mr. Karbula?

DR. KARBULA: Yes. So -- yeah. Thank you guys very much. My name is John Karbula. I am the assistant superintendent for business services. I'm going to be really brief.

Our fiscal situation is such that when you look at the amount of revenue generated by our COLA and then the way that that COLA gets eaten into by special ed, PERS and STRS retirement, and declining enrollment, we actually lose
in the next few years anywhere between 2- and $5 million.

So our expenses exceed our COLA by those amounts.

Given that situation and the fact that we have been
unsuccessful with a bond, we have virtually no money to
contribute to a program such as this.

We all know that this is about the kids. We,
every single day, make lemonade out of lemons in terms of
our budget. We do it for the kids.

We are asking respectfully from the Board that
you understand the -- and you've seen our financials. I'm
not going to go into the detail -- that we have done
everything possible to give money to our maintenance and
operations department.

It is a drop in the bucket compared to what is
needed and we simply have no fiscal capacity to support the
50 percent grant that this would require.

That is why we are appealing to you under the
other circumstances clauses and we believe that we have a
strong appeal.

I won't, as Mr. Sorum said, go through the
pictures, but we gave the strong visual evidence of what
our facilities look like.

So I would close by saying we do the best job
possible with extremely limited financial capacity and we
hope that you will see our appeal as a strong appeal and
work together with us for the children of Lompoc Unified School District. Thank you very much.

    MS. MILLER: Great. Thank you very much. Are there any questions from the Board?

    ASSEMBLYMEMBER CUNNINGHAM: I have a few comments if the --

    MS. MILLER: Yes, please, Mr. Cunningham.

    ASSEMBLYMEMBER CUNNINGHAM: All right. I want to thank everybody from Lompoc Unified that is appearing on this Zoom call. Thank you for your hard work on this appeal. I know a lot of staff hours went into it.

    If you'll indulge me for a brief minute. You know, I grew up playing football and baseball in Atascadero. We'd take the bus down to play at the Lompoc facilities. I had an uncle that was stationed at Vandenberg Air Force Base. I have a lot of fond memories --

    MS. MILLER: Mr. O'Donnell, do you want to mute your microphone?

    MR. CUNNINGHAM: Come on, Patrick. I'm trying to tell a heartwarming story here.

    MS. MILLER: I am very heart warmed. Atascadero football, taking a bus.

    ASSEMBLYMEMBER CUNNINGHAM: Well, Lompoc -- it's a special place and it's a unique place and I would just
like to put out there for the Board's consideration that, you know, they are charging the maximum developer fees.

The November 2018 bond effort earned 52.89 percent, so it was certainly a few percentage points lower than the 55 percent threshold.

In terms of raw votes, though, that's only a couple hundred votes. It was 8,417 yes versus 7,498 no, but consider this because Lompoc School District's in a different situation than any other school district in my assembly district.

Many of the parents that are in the service in the Air Force that live at the Vandenberg Air Force Base, on base, send their kids to school in Lompoc, but they are not registered voters in Lompoc. They are registered in Texas or North Carolina or Georgia or another place that -- you know, where they're permanent residents and they vote -- many of them -- trust me, I know -- many of them vote back home and they vote absentee because they're coming out to Vandenberg to serve and live on the base for sometimes two years, sometimes three, sometimes four.

But they send their kids to be educated in Lompoc schools. So I would submit to you so you have a situation where a lot of parents aren't able to vote for these bonds, even when their kids are in the school district being educated by the educators there and, yes, those facilities
are really old.

I've seen them. I have toured them. They haven't changed a lick since, you know, I was going down there for ballgames 25 years ago.

So, you know, I just want to add that information for the Board's consideration. So in my view, if all of the parents were able to vote for these bonds, they would have had no problem getting the 55 percent threshold and that coupled with the maximum developer fees that they're already assessing, I think would put their appeal in very good standing.

So I would like to at the appropriate time make a motion that we grant their appeal on the basis of other evidence as approved by the Board and note also they are cash strapped and they are willing to contribute some of their own funds to see this project through completion.

So thank you for your indulgence and your time.

MS. MILLER: Yes. Thank you, Mr. Cunningham, and I'm glad you were here and I'm glad the people of Lompoc had the good sense to elect you. I do think that it is -- you know, this project is important. I -- you know, I know we're a broken record on this, but when you're looking at finite resources as we all are right now, the district is able to house full-day kindergarten unlike a lot of other folks.
Students are in safe classrooms unlike a lot of other districts and approving financial hardship for this project appears to be inequitable to the other districts that have applied for the full-day kindergarten program and funding that does not meet the requirements for financial hardship assistance.

So, you know, I think it's important that we understand that they can currently operate this full-day program and as we know, there are plenty of places in the state where that is just not possible.

So we can't support it and I appreciate Lompoc showing up and I appreciate, Mr. Cunningham, that you were able to be on the line.

With that, is there any further public comment. Mr. Cunningham has moved the approval of the item to approve the appeal under other evidence.

Senator Wilk, did you have a question?

SENATOR WILK: I do not.

ASSEMBLYMEMBER O'DONNELL: O'Donnell has a question.

MS. MILLER: Oh, sorry, Mr. O'Donnell. Yes, please.

ASSEMBLYMEMBER O'DONNELL: Can you clarify the motion? Is the motion to support the staff recommendation to deny the appeal or --
MS. MILLER: No. We don't (indiscernible) to support the staff recommendation. The motion is to approve the appeal under other evidence so they would in fact --

ASSEMBLYMEMBER O'DONNELL: Okay. Understood.

MS. MILLER: Thank you. Any other public comment or is there a second on that motion?

SENATOR WILK: Senator Wilk will second the motion.

MS. MILLER: Great. Thank you, Senator. So that has been moved and seconded. Ms. Jones, can you call the roll, please.

MS. JONES: Certainly.

Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: No.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: No.

MS. JONES: Assemblymember Cunningham.

ASSEMBLYMEMBER CUNNINGHAM: Aye.

MS. JONES: Assemblymember Burke.

ASSEMBLYMEMBER BURKE: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: No.

MS. JONES: Dan Kim.
Gayle Miller.

MS. MILLER: Gayle Miller, no. Mr. Kim, we didn't hear you.

MR. KIM: No.

MS. JONES: Thank you. The motion does not carry.

MS. MILLER: So that motion fails. We appreciate you being here today. Thank you very much.

Okay. So with that, we are done with our business for the day. Anything else before the committee, Ms. Silverman?

MS. SILVERMAN: (Indiscernible) the agenda and we look forward to our next meeting.

MS. MILLER: Great. Thank you very much. Just to note that the next meeting is on June 24th. For the assembly, I know that (indiscernible). And any other public comment before we adjourn the meeting?

Seeing none, this meeting is adjourned. Thank you, everyone.

(Whereupon, at 4:47 p.m., the proceedings were adjourned.)
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:

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