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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

DEPARTMENT OF HEALTHCARE SERVICES

EAST END COMPLEX

1500 CAPITOL MALL

SACRAMENTO, CA 95814

DATE: WEDNESDAY, JANUARY 24, 2024

1 APPEARANCES: MEMBERS OF THE BOARD PRESENT:

2

3 GAYLE MILLER, Chief Deputy Director, Policy,
4 Department of Finance, designated representative for Joe
5 Stephenshaw, Director, Department of Finance

6 ANA LASSO, Director, Department of General Services

7 JUAN MIRELES, Director, School Facilities and
8 Transportation Services Division, California Department of
9 Education, designated representative

10 SENATOR SCOTT WILK

11 SENATOR JOSH NEWMAN

12 ASSEMBLY MEMBER AL MURATSUCHI

13 ASSEMBLY MEMBER LAURIE DAVIES

14 ASSEMBLY MEMBER DAVID ALVAREZ

15

16 REPRESENTATIVE OF THE STATE ALLOCATION BOARD/OFFICE OF
17 PUBLIC SCHOOL CONSTRUCTION PRESENT:

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19 MICHAEL WATANABE, Deputy Executive Officer

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Transcribed by:

Antha A. Ward

QuickCaption, Inc.

County of Riverside

State of California

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TRANSCRIBED RECORDED PUBLIC MEETING

January 24, 2024

>> **CHAIR MILLER:** Good afternoon, everyone.

It is 4:04 and the State Allocation Board will come to order.

This meeting is our first hybrid meeting.

We're in person at the auditorium of the East End Complex located at 1500 Capitol Mall at the Department of Healthcare Services if you would like to provide public comment in-person.

We also have a Zoom link for members of the public that would like to participate remotely.

For this meeting to run efficiently, if you are participating remotely, please note the following guidelines.

You will be muted during the meeting.

If any member of the public would like to make a comment, please use the raised hand feature in the Zoom meeting interface, and we will call on your name at the appropriate time and OPSC staff will unmute you.

We do have two speaker cards up here in person.

And we'll call both of you from these cards during the item for which you wish to speak.

1 And if you are calling in and do not have the Zoom
2 app and are not here in person, unfortunately, you will not
3 be able to participate in public comment.

4 We apologize for that.

5 There will be no closed session at today's meeting.

6 And it gives me great joy that Ms. Rebecca Kirk is
7 here.

8 She is a phenomenal -- she's joining us as the -- she
9 was appointed by the governor as the Executive Officer of
10 OPSC to replace Ms. Silverman and the State Allocation
11 Board.

12 She begins January 31st, and we really can't wait.

13 I had the privilege of working with Rebecca for a few
14 years at the Department of Finance, where she was an
15 Assistant Program Budget Manager.

16 But more importantly, Rebecca brings just an
17 incredible forthright attitude, is a problem solver, is
18 incredibly smart, a remarkable leader, and truly a joy to
19 have such a phenom joining us at the State Allocation
20 Board.

21 So thank you for being willing to serve the people of
22 the State of California.

23 I know that the gaming commission will -- it's a big
24 loss for them but we are really, really grateful.

1 So welcome, and we look forward to seeing you in
2 January.

3 [APPLAUSE]

4 **>> CHAIR MILLER:** Do you want to say anything?

5 No?

6 **>> REBECCA KIRK:** Hello, Madam Chair, members.

7 Thank you so much for having me today.

8 Thank you for your kind words, Gayle.

9 I'm not officially onboard yet, as you said, on
10 January 31st next week, I'm very excited to be coming
11 onboard as the executive officer.

12 Really truly honored and excited to be able to serve
13 in this capacity.

14 And in a sense, return home since I started my state
15 career here at OPSC here in 2007.

16 Thank you so much.

17 And I look forward to working with each and every one
18 of you.

19 Thank you.

20 **>> CHAIR MILLER:** Thank you.

21 [APPLAUSE]

22 **>> CHAIR MILLER:** So I think, unless anyone else wants
23 to make a comment, we would love to take the roll.

24 And we're just thrilled to have everyone here in

1 person.

2 >> **LISA JONES:** Great.

3 Senator Wilk.

4 >> **SENATOR WILK:** Present.

5 >> **LISA JONES:** Senator Laird.

6 >> **LISA JONES:** Senator Newman.

7 >> **SENATOR NEWMAN:** Here.

8 >> **LISA JONES:** Assembly Member Muratsuchi.

9 >> **ASSEMBLY MEMBER MURATSUCHI:** Here.

10 >> **LISA JONES:** Assembly Member Davies.

11 >> **ASSEMBLY MEMBER DAVIES:** Here.

12 >> **LISA JONES:** Assembly Member Alvarez.

13 [Off Mic]

14 >> **CHAIR MILLER:** Oh, bummer.

15 Would he like to -- is staff here?

16 >> No.

17 >> **CHAIR MILLER:** Okay.

18 >> **LISA JONES:** Juan Mireles.

19 >> **JUAN MIRELES:** Here.

20 >> **LISA JONES:** Jeremy Smith.

21 Ana Lasso.

22 >> **ANA LASSO:** Present.

23 >> **LISA JONES:** Gayle Miller.

24 >> **CHAIR MILLER:** Here.

1 We have a quorum.

2 And we will -- in the event that we have any rolls,
3 we'll keep them open for both Senator Laird and Assembly
4 Member Alvarez.

5 >> **LISA JONES:** Great.

6 Thank you.

7 >> **CHAIR MILLER:** So our first order of business are
8 the minutes from the December 4th, 2023 meeting.

9 Any public comment?

10 Any questions?

11 >> **SENATOR WILK:** Wilk moves.

12 >> **CHAIR MILLER:** Thank you.

13 Moved by Senator Wilk.

14 Seconded by Ms. Davies.

15 May we -- any objection to unanimous roll on the
16 minutes since we're all in-person?

17 No?

18 That will be the order.

19 But we will keep it open for the Assembly Member and
20 the Senator.

21 Next, Mr. Watanabe, who has served with incredible
22 distinction and is probably the best team player I've ever
23 met.

24 And can take a ball and run with it all the way down

1 the field.

2 And it's not as stressful as watching the 49ers.

3 Will you please provide your Executive Officer
4 Statement.

5 We are really, really grateful for everything you've
6 done to keep us going.

7 So thank you, Mr. Watanabe.

8 >> **MICHAEL WATANABE:** Thank you.

9 Just a few comments today.

10 As many of you've seen, on January 10th, Governor
11 Newsom released his proposed budget for the '24-'25 fiscal
12 year.

13 Three impacts to our program.

14 Previous budgets had proposed \$875 million for the
15 School Facility Program for the '24-'25 year.

16 That has been reduced down to \$375 million going
17 forward.

18 Secondly, under the California Preschool Transitional
19 Kindergarten and Full-day Kindergarten Facility's Grant
20 program, in prior budgets the governor had suggested the
21 intent for a \$550 million for our program in '23-'24, that
22 was delayed last year to '24-'25.

23 That is again being pushed to '25-'26.

24 So we'll keep an eye on those and see how that impacts

1 our programs if they move forward to the legislature.

2 And then lastly, the governor has stated his intent
3 that for the spring he intends to work in the negotiations
4 with the legislature as they work forward to a potential
5 November 2024 bond.

6 So we'll be monitoring those as all three items move
7 through the legislature.

8 The only other item I had to present is just a
9 summary.

10 But I'll present them also later in the agenda.

11 We have our annual index to the School Facility
12 Program adjustments.

13 We're looking at a decrease of 1.33% in our School
14 Facility Program grant this year.

15 That will also impact any grant for the full-day
16 Kindergarten Program as well.

17 We also have our annual, biennial adjustment that we
18 do at even-numbered years for Level 1 Developer Fees.

19 And that's an increase of 7.84%.

20 So we have that.

21 And our next meeting is tentatively scheduled for
22 Wednesday, February 28th.

23 >> **CHAIR MILLER:** Great.

24 Thank you very much.

1 Any questions for Mr. Watanabe?
2 Seeing none, are there any public comments?
3 There is none on Zoom either, right?
4 Unfortunately, we're in a little bit of a dead area.
5 No?
6 Great.

7 So we will now move on to the consent agenda please,
8 Mr. Watanabe.

9 >> **MICHAEL WATANABE:** Yeah.

10 Consent agenda is on page 34 through 76 and it's ready
11 for your approval.

12 >> **CHAIR MILLER:** Any questions?

13 Any public comment?

14 Thank you, Assembly Member Muratsuchi.

15 Moved by Muratsuchi.

16 Seconded by Senator Newman.

17 Seeing no public comment, any objection to unanimous
18 roll?

19 Seeing none, that will be the order and we'll leave
20 the roll open again.

21 Next, we will move to the financial reports, please,
22 Mr. Watanabe.

23 >> **MICHAEL WATANABE:** Thank you.

24 I direct your attention to page 77 of the agenda.

1 It's just to highlight our fund releases for the last
2 two months since we last met.

3 We continue to release a lot of cash directly out to
4 school districts.

5 In November we released \$131 million and in December,
6 another \$21 million to school districts.

7 That's cash straight out the door to school districts.

8 The other thing I just wanted to mention, on page 79
9 is our status of funds.

10 You do see as you noted in your consent approval there
11 is very little activity this month.

12 That's because any funding items that are impacted by
13 the school facility grant adjustments will be presented at
14 the February board.

15 So you will see little activity on that one.

16 With that, I'll take any questions.

17 **>> CHAIR MILLER:** Great.

18 Thank you.

19 Any questions on the financial reports?

20 Seeing none, we will move onto our next item, which is
21 the Jacoby Creek Elementary School District appeal.

22 Mr. Watanabe.

23 **>> MICHAEL WATANABE:** Thank you.

24 This request is to present the District's request for

1 approval for financial hardship status in the School
2 Facility Program under other evidence deemed unreasonable
3 by the Board.

4 Jacoboy Creek Elementary School District is a
5 one-school school district up in remote Humboldt County.

6 They serve 459 students, grades K-8 on their campus.

7 We had two requests from this District in the past for
8 new construction modernization for separate design
9 apporportionments.

10 Those were returned because they didn't meet the
11 qualifying criteria on their own but as the District was
12 able to move forward with their most critical need to
13 design the project.

14 They did later submit full funding applications to our
15 office, for which they are also again requesting financial
16 hardship status.

17 Statute of regulations are very clear on the
18 guidelines for automatically qualifying for financial
19 hardship.

20 And unfortunately the District does not meet those
21 qualifying criteria.

22 The first one is that the District's total body
23 capacity is less than five million.

24 In this district's case it's 5.5 million.

1 The District in their appeal request has pointed out
2 that number has been set in statute since 1998 and has
3 never been inflated for inflation.

4 They are accurate in that respect.

5 And we would note that current bond proposals out
6 there are proposing to raise that limit as acknowledged of
7 that one.

8 But it is spot on statute and regulations so staff
9 cannot administratively approve that request.

10 The second option for the District is to have a
11 current bond indebtedness of over 60%.

12 This district is currently at 56.47%.

13 We estimate they need to borrow roughly 195,000 to
14 clear that 60% threshold to automatically qualify the
15 program.

16 We did point out to the District it doesn't appear to
17 be an option.

18 Humboldt County Office of Education has attached a
19 letter to their appeal request in the agenda.

20 They do not recommend the District take on anymore
21 debt because of the small size of the District and the
22 fluctuations in their budget as a result of that.

23 And then the last criteria is the school district, if
24 they pass the bond in the last two years they also

1 automatically qualify for the program.

2 This District's last bond proposal was in November 8th
3 of 2016.

4 They were successful in that proposal.

5 They were approved \$2.7 million towards the District's
6 projects.

7 But as you would note, that's over half their bonding
8 capacity.

9 Even if they are to pass a bond in recent years, the
10 current match for this program for these two projects is
11 almost \$6 million.

12 So they would likely be unable to pass a bond to cover
13 the entire match for the project.

14 They only have \$30,000 in cash to contribute to this
15 project along with \$600,000 that they've already spent to
16 date towards their project.

17 So approval of this appeal would amount to about five
18 million to the District to help pay for the matching share.

19 The District has indicated that without the Board's
20 approval they will not be able to move forward with their
21 project.

22 So on Attachment C, the item, the Board has approved
23 15 prior -- I'm sorry.

24 The Board has heard 15 prior appeals for financial

1 hardship, other evidence.

2 Seven were approved, three were partially approved,
3 five were not approved.

4 The reasons for those requests vary in the Board's
5 approval.

6 So it's for the Board to decide which way they want to
7 lean on this one.

8 And if the District has put in substantial or other
9 evidence demonstrable to the Board in your minds.

10 So with that, we did present two options for the
11 Board.

12 The first option is to approve the District's appeal.

13 And in option one, we have attached funding shells for
14 those two that would provide the full state share and
15 financial hardship match for those projects.

16 Alternatively, the District, we presented option two,
17 they are qualifying projects even if they don't have
18 financial hardship status.

19 So we presented funding options as option two.

20 But like I said, the District has indicated they would
21 not be able to move forward with the project unless the
22 Board chooses option one.

23 And the District is here to speak on their behalf.

24 **>> CHAIR MILLER:** Great.

1 Thank you, Mr. Watanabe.

2 Jacoby Creek District superintendent, Ms. Melanie -

3 Nannizzi?

4 >> **MELANIE NANNIZZI:** Nannizzi.

5 >> **CHAIR MILLER:** Nannizzi.

6 And their consultant, Christopher Delong is here as

7 well, if you want to say anything.

8 Nannizzi

9 >> **MELANIE NANNIZZI:** Nannizzi, yeah.

10 >> **CHAIR MILLER:** Thank you, Superintendent.

11 Thank you for coming.

12 >> **MELANIE NANNIZZI:** Thank you.

13 I think that the appeal is really well laid out.

14 And I appreciate OPSC for presenting it so nicely.

15 I also want to say my sincere thanks to the State

16 Allocation Board for taking time to hear our appeal today.

17 If you have any questions for me regarding the appeal

18 or if you would like to know anything more about our

19 district, I would be happy to answer any questions.

20 >> **CHAIR MILLER:** Thank you very much.

21 Any questions from the Board?

22 Any, Mr. Delong?

23 Would you like to - no?

24 Any other public comment?

1 >> [off mic]

2 >> **CHAIR MILLER:** Yes, please.

3 Please, do you mind turning on your microphone,
4 Assembly Member.

5 I want to note, Assembly Member Alvarez, thank you for
6 being here, is here.

7 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

8 Thank you.

9 So Mr. Watanabe, am I correct in understanding that in
10 making the or providing options one and two, well, first of
11 all, you are not -- you are not making a recommendation.

12 >> **MICHAEL WATANABE:** That is correct.

13 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

14 Am I correct in understanding that the Allocation
15 Board staff has -- does an analysis in terms of the degrees
16 of financial hardship that you recommend?

17 >> **MICHAEL WATANABE:** I would say that's a fair and
18 accurate statement.

19 When you look at Attachment C for the ones the
20 District has -- or the Board has approved in the past under
21 other evidence, this would generally be consistent with
22 those prior approvals.

23 >> **ASSEMBLY MEMBER ALVAREZ:** But you have the -- you
24 have an analysis where you recommend like what percentage

1 of the financial hardship allocation to present in the
2 options?

3 >> **MICHAEL WATANABE:** Yeah, in this case for financial
4 hardship it's a status, so basically it's all or nothing.

5 >> **ASSEMBLY MEMBER ALVAREZ:** It's all or nothing.

6 >> **MICHAEL WATANABE:** Mm-hmm.

7 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

8 >> **CHAIR MILLER:** And it is defined by statute in our
9 regulations.

10 So when they go slightly over like in this case, it
11 has to come to the Board because there is no authority for
12 the Office of Public School Construction to grant the
13 hardship.

14 But when we -- there is a lot of different hardship
15 appeals that come before the Board.

16 Many of them, well a few of them we have not supported
17 as a board because of the extenuating circumstances.

18 This one, however, meets -- is consistent with the
19 other appeals we've heard.

20 Where really, and I'm saying this in a very
21 nontechnical way.

22 They are so close and have done absolutely everything
23 they could have done, including a bond, including having
24 their own cash, including getting the county involved.

1 So that's where I think the differences come in.

2 But the reason it's before the Board is because it
3 didn't meet the letter of the requirements for a hardship
4 per se in order to get this 100% funding.

5 **>> ASSEMBLY MEMBER ALVAREZ:** Yeah.

6 No, I understand the reason why it's presented to the
7 Board.

8 But so, in terms of the financial hardship dollar
9 amount, it's 5.69 million or nothing?

10 **>> MICHAEL WATANABE:** From a financial hardship share,
11 yes.

12 They still qualify for the state share regardless of
13 whether the Board chooses option one or two.

14 **>> ASSEMBLY MEMBER ALVAREZ:** But we don't have the
15 option of say giving half of that as financial hardship?

16 **>> MICHAEL WATANABE:** The Board hasn't done that in the
17 past because they are disapproving it as a status
18 standpoint.

19 But there have been approvals in the past where the
20 Board has said, well, we will approve the financial
21 hardship for just design.

22 **>> ASSEMBLY MEMBER ALVAREZ:** Okay.

23 **>> MICHAEL WATANABE:** Go out, get your design approval,
24 start your plan, get those approved, then come back and go

1 to your voters.

2 In this case, this district has already passed these
3 the design stage of the project.

4 So approving just for design doesn't make sense in
5 this particular case.

6 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

7 Thank you.

8 >> **CHAIR MILLER:** If we want, if you were interested,
9 Assembly Member, in doing half, for example, that is option
10 two.

11 Where the state does half, and the district does half
12 but there is no hardship assessment for that.

13 That's what they qualify for naturally, that wouldn't
14 have come to the Board.

15 So the appeal, they have qualified for the two and a
16 half -- do you want to go ahead?

17 Please.

18 >> **MELANIE NANNIZZI:** What I interpret that you are
19 asking, you are saying kind of meet halfway and not giving
20 us the over five million but maybe say okay, we could make
21 a \$2.5 million contribution.

22 Unfortunately, we would be in the exact same spot
23 because we've contributed \$600,000 to the project already.

24 And we have \$42,000 left in the bond fund. So I'm

1 happy to pitch that in.

2 But the 2.5 million, we would still be in the same
3 spot we are.

4 >> **ASSEMBLY MEMBER ALVAREZ:** Sure.

5 I understand.

6 We had a chance to talk earlier.

7 So I understand your position.

8 I'm just understand the process that it sounds in
9 terms of the dollar amount of the financial hardship, it's
10 all or nothing.

11 >> **CHAIR MILLER:** Indeed.

12 If we deem a financial hardship, we very rarely then
13 go further in parse hardship.

14 But ostensibly it is possible.

15 But it has to be based on a phase of construction.

16 So because the plans are done and now we're in the
17 construction phase, there's not a lot of other ways to
18 actually parse the dollars.

19 Am I saying that correctly?

20 >> **MICHAEL WATANABE:** I think our regs are kind of
21 silent on any type of partial approval.

22 In general the way the financial hardship program
23 normally works is a two-step process.

24 The first step is, do you qualify or not?

1 And we call it a light switch test.

2 And it's these three criteria.

3 Under that criteria they do not meet that.

4 The only way to flip that switch on for them for the
5 Board to say, yes, you meet other evidence.

6 The second review we do a full financial hardship
7 review where we actually pull all their accounting records
8 and see what cash you have available.

9 And we've actually already done that part too.

10 As she's mentioned, all we identified is about \$30,000
11 in cash beyond their bond funds that can be spent on this
12 particular project.

13 >> **ASSEMBLY MEMBER ALVAREZ:** So my question is to that
14 second part that you just talked about.

15 So you did review their books and you determined that
16 in order for them to be able to accomplish the construction
17 and the modernization plans that they have that they
18 be allocated the full financial hardship amount?

19 >> **MICHAEL WATANABE:** Everything but the -- I'm sorry,
20 everything but the \$30,000 in cash they have plus the
21 \$600,000 they've already spent, so the remaining five
22 million is the delta there.

23 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay, so the way I
24 interpret that is that after you reviewed the books you

1 made the determination that they do, in fact, need the full
2 \$5.69 million in the financial hardship in order to be able
3 to successfully complete their --

4 >> **MICHAEL WATANABE:** We don't cross that far yet.

5 That's the phase one that we haven't able to cross
6 that line.

7 Phase two review where we do look at their financials
8 is just in case the Board approves it we already know how
9 much cash they have.

10 But we're not weighing in saying they do qualify for
11 financial hardship.

12 That's the phase one.

13 Their appeal is here now for you guys to determine.

14 They meet the other evidence criteria, go ahead and
15 call them financial hardships.

16 >> **CHAIR MILLER:** Mr. Watanabe, I think what Assembly
17 Member Muratsuchi is saying did you -- have you verified
18 the cost of construction?

19 >> **MICHAEL WATANABE:** We verified that they are
20 eligible for up to 12 million in state and financial
21 hardship combined.

22 The funding.

23 >> **CHAIR MILLER:** Right.

24 But the question is --

1 I think this is a question to the District, Assembly
2 Member Muratsuchi.

3 We can only determine cost of construction based on
4 what the district is telling us.

5 We do some very general verification.

6 But the plans that we that come from the district is
7 what we're using to verify that cost of construction.

8 >> **ASSEMBLY MEMBER MURATSUCHI:** So in other words we
9 make the determination that they are eligible or not for
10 financial hardship.

11 And once we make that determination, we rely on the
12 school district's representation as to how much money they
13 made?

14 >> **CHAIR MILLER:** Based on construction costs.

15 >> **MICHAEL WATANABE:** it's based on program
16 eligibility.

17 >> **CHAIR MILLER:** Right.

18 >> **MICHAEL WATANABE:** so they have a new construction
19 project and a modernization project.

20 The new construction is based on a need to house
21 people.

22 We do verify that eligibility.

23 And then the modernization is based on the age of
24 the building, so we have verified that as well.

1 And that's what option two is saying.

2 No matter what the Board chooses on the financial
3 hardship aspect of it, they do have an eligible
4 construction project.

5 But if you go with option two, it is saying they have
6 to contribute their full matching share for the project.

7 **>> CHAIR MILLER:** Okay.

8 Great.

9 Thank you, Mr. Mireles.

10 And then Senator Wilk.

11 [multiple speakers]

12 **>> SENATOR WILK:** No, you, you had your mic first.

13 **>> JUAN MIRELES:** I think -- I just wanted to clarify.

14 And Mr. Watanabe mentioned that even if the district
15 gets their financial hardship status approved, then staff
16 does and they already did in this case, take a look at what
17 they have as available cash contribution.

18 So the state doesn't automatically pay the local
19 match.

20 They take a look to see what they have to contribute,
21 and then that takes it's offset from the state's, the local
22 match that the state pays, which has been done in this
23 case.

24 Is that correct, Mr. Watanabe?

1 >> **MICHAEL WATANABE:** Option one, we've already
2 offset --

3 >> **JUAN MIRELES:** Yes.

4 >> **CHAIR MILLER:** Great.

5 >> **JUAN MIRELES:** So it's already been taken into
6 account as part of option one.

7 >> **CHAIR MILLER:** Thank you.

8 >> **SENATOR WILK:** Thank you for clarifying that.
9 Really enjoyed our conversation yesterday.
10 Sorry you have to go through this.
11 I think this is just a perfect storm.
12 This district did everything that the state has
13 required them to do and arbitrarily are off by a bit, by no
14 fault of their own.
15 These educators want to educate not build buildings,
16 but it's part of the job I guess.
17 So when appropriate, I would like to make the motion
18 for option one.

19 >> **CHAIR MILLER:** Great.
20 Thank you.
21 There is a motion for option one.
22 Any other public comment?

23 >> **OPSC STAFF:** I don't here.

24 >> **CHAIR MILLER:** Yes, please, Assembly Member Davies.

1 >> **ASSEMBLY MEMBER DAVIES:** Thank you.

2 I just have a comment.

3 As the senator was talking about, it is a perfect
4 storm.

5 And if you look at the timing, it's almost impossible
6 to get school bonds passed now.

7 And when you look at affordability and what the
8 residents are dealing with, they are not going to put the
9 money there.

10 And so I know you can sit there and try.

11 But even in my area, the last six years nothing has
12 passed.

13 You can hope that they will, but if you don't have
14 that money, you can't match it.

15 It's obvious also looking through this that there are
16 some safety issues in these buildings.

17 And so to me this is urgent.

18 We've got kids in there, and these things need to
19 be dealt with ASAP.

20 And so I would definitely support this.

21 And I'd be happy to be a second if we already have a
22 first for option one.

23 >> **CHAIR MILLER:** Great.

24 Thank you.

1 We have a motion and second.

2 Assembly Member Alvarez, follow up?

3 >> **ASSEMBLY MEMBER ALVAREZ:** Yeah.

4 I just as being new and having not seen an appeal
5 before me, although I've read some of the previous appeals,
6 I guess I just want to set expectations for potentially in
7 the future, us finding ourselves in the same or similar
8 situation.

9 How is staff going to determine which projects that
10 don't meet the threshold but are - I'll just use air
11 quotes, close enough.

12 What is close enough going to be?

13 Because is this now going to allow more folks to
14 appeal saying we're really close, we just don't have any
15 more money.

16 And are we going to find ourselves with more of these
17 appeals?

18 I just want to know so that we can set expectations.

19 >> **CHAIR MILLER:** Do you want to answer that,
20 Mr. Watanabe?

21 I will say as a person who rarely supports appeals
22 that this designation is we go through essentially a
23 checklist.

24 So it's support from the county and education, it's

1 the -- it is a passed bond.

2 You have to have passed a bond to Ms. Davies' point.

3 Having tried and failed in my opinion actually doesn't
4 count.

5 Having some skin in the game so to speak in terms of
6 being able to offset what is now the State share.

7 I think it's a great question.

8 But there are certain criteria in all of the ones that
9 you've seen, few of which the Department of Finance has
10 actually supported.

11 But in these rare cases where the District comes in
12 and has gone through absolutely every one of those steps,
13 that's right what I personally and the staff brings to the
14 Board as having been through everything.

15 But you will note that staff would never, because it's
16 not consistent with statute and regulations, staff isn't
17 supporting it.

18 That's why it has to come to the Board.

19 There really is no close enough.

20 It's always entirely up to this body to determine
21 whether or not they qualify for hardship.

22 **>> ASSEMBLY MEMBER ALVAREZ:** So I guess if there is
23 another denial and an appeal that we should expect
24 potentially under similar circumstances of you went for a

1 bond, you don't have enough from any other district that we
2 might see more appeals like this one.

3 >> **CHAIR MILLER:** We see many appeals, especially as we
4 get to the end of our bonds.

5 We -- it is by far the hardest thing this body ever
6 has to do.

7 And I'm thrilled that we are -- I appreciate your
8 patience as well.

9 But I'm thrilled that we're being really thoughtful as
10 we have less and less money.

11 And the consequences are significant for districts
12 around the state.

13 So absolutely anyone can appeal for any reason.

14 So the staff doesn't determine whether a district
15 appeals.

16 That is entirely led by the district.

17 Once there is an appeal, the staff does this very
18 lengthy analysis that Mr. Watanabe walked through.

19 But absolutely you should expect appeals.

20 Anytime a district disagrees.

21 >> **ASSEMBLY MEMBER ALVAREZ:** All right.

22 You'll be busy.

23 >> **CHAIR MILLER:** Congratulations, Ms. Kirk.

24 Thank you for that question.

1 I sincerely appreciate it and know that we're all very
2 mindful of limited resources.

3 Moved by Senator Wilk.

4 Seconded by Assembly Member Davies.

5 Ms. Jones, will you take the roll please?

6 >> **LISA JONES:** Senator Wilk.

7 >> **SENATOR WILK:** Aye.

8 >> **LISA JONES:** Senator Newman.

9 >> **SENATOR JOSH NEWMAN:** Aye.

10 >> **LISA JONES:** Assembly Member Muratsuchi.

11 >> **ASSEMBLY MEMBER MURATSUCHI:** Aye.

12 >> **LISA JONES:** Assembly Member Davies.

13 >> **ASSEMBLY MEMBER DAVIES:** Aye.

14 >> **LISA JONES:** Assembly Member Alvarez.

15 >> **ASSEMBLY MEMBER ALVAREZ:** Aye.

16 >> **LISA JONES:** Juan Mireles.

17 >> **JUAN MIRELES:** Aye.

18 >> **LISA JONES:** Ana Lasso.

19 >> **ANA LASSO:** Aye.

20 >> **LISA JONES:** Gayle Miller.

21 >> **CHAIR MILLER:** Aye.

22 You do have enough votes in the event that you need to
23 get back.

24 You are going to make me cry.

1 So --

2 **>> MELANIE NANNIZZI:** Oh, my gosh.

3 I thought this was like -- no way.

4 I'm so excited.

5 I can't believe -- I'm so excited.

6 Thank you very much.

7 This will make a tremendous impact on our community.

8 Thank you so much.

9 I appreciate the support.

10 **>> CHAIR MILLER:** Congratulations.

11 **>> MELANIE NANNIZZI:** Wow.

12 Okay.

13 **>> CHAIR MILLER:** There is a technical, we're going to

14 keep the roll open.

15 You sincerely don't have to stay.

16 You absolutely have enough votes; that will not

17 change.

18 It has to stay open because we have one member that

19 might come back to add on.

20 So does that make sense to you?

21 **>> MELANIE NANNIZZI:** It makes perfect sense.

22 And I'm going to -- [multiple speakers]

23 **>> CHAIR MILLER:** Thank you.

24 **>> MELANIE NANNIZZI:** Thank you, guys, I appreciate it

1 so much.

2 >> **CHAIR MILLER:** Thank you.

3 >> **MELANIE NANNIZZI:** Thanks.

4 >> **CHAIR MILLER:** So next we will move to -- oh, I
5 forgot to check if there was any online public comment.

6 I'm sorry.

7 No, okay, great.

8 Thank you.

9 Next we'll move to the annual adjustment to the
10 School Facility Program grants please, Mr. Watanabe.

11 >> **MICHAEL WATANABE:** Yeah, we're on page 117 of your
12 agenda.

13 This is an annual item we take to the Board each year.

14 The Board is required by statute to adjust the School
15 Facility Program grants based on the class B construction
16 cost index.

17 Back in January 2016 this Board chose to use the RS
18 Means 12 California cities we call it index because it best
19 represented the index construction costs for the state.

20 We did the calculation for this year.

21 It is verified by an independent third party.

22 And we're looking at decreasing the grants of 1.33%.

23 In approval of this item, you are also approving a
24 decrease in the threshold amount for track maps at the

1 local level.

2 They expire after a certain period of time unless they
3 meet, unless they are below this threshold.

4 Oh, sorry, unless they are above this threshold.

5 So we're recommending a change in that threshold as
6 well.

7 Which would start March 1st of 2024, that would bring
8 the threshold to \$397,064.

9 So with that, I'll take any questions.

10 >> **CHAIR MILLER:** Great.

11 Any questions?

12 Please, Assembly Member Muratsuchi.

13 >> **ASSEMBLY MEMBER MURATSUCHI:** So you said the
14 calculation, could you explain again how the 1.33 is
15 calculated?

16 >> **MICHAEL WATANABE:** Yeah, a company called RS Means,
17 they publish a nationwide index and in this book they
18 provide index based on class B construction costs.

19 Looking at -- they look at --

20 Let me pull the sheet up, that way I won't mess it up.

21 >> **CHAIR MILLER:** The RS Means methodology.

22 >> **MICHAEL WATANABE:** The RS Means methodology.

23 Correct.

24 It uses -- so what we use is 12 California cities.

1 But they actually use -- it's based on materials used
2 in 66 common construction materials in these particular 12
3 cities in California specifically.

4 They do a nationwide index as well.

5 In this book, it's about 50 pages but they publish the
6 index for every single city nationwide.

7 So we only pull out the 12 California cities and look
8 at that index number.

9 We look at that index number for this year and we
10 compare it to the index number from last year for all 12
11 California cities, do a percentage change.

12 And then we average the change across those 12 cities
13 for California only.

14 So California is looking at a minus 1.33% for 2024.

15 Just from a comparison standpoint, the 30 nationwide
16 city's index that they also publish is a minus 1.27%.

17 So it's not unique to California.

18 It is a nationwide index change as well that they are
19 showing.

20 >> **CHAIR MILLER:** And part of this because it is just
21 this mathematical equation that we've been using since
22 2016, is based entirely on a really significant increase
23 we've had in past years.

24 As we see this correction, this economic correction

1 for inflation, we're seeing this same thing in construction
2 costs.

3 It by no means is suggesting that construction is
4 infinitely cheaper, it's just a minor downward adjustment
5 like we're seeing kind of across the state in these 12
6 cities.

7 But it is not at all suggesting that we're erasing the
8 recognition of inflationary pressures in the past.

9 And it is sincerely just math.

10 There is no other option before the Board today to
11 accept, and we would have to delay other bond grants to
12 figure out what this calculation is.

13 We'd have to seek a different third-party analysis in
14 order to do something other than the RS Means and the
15 straight math calculation that the Board has done since
16 2016.

17 Other questions before we call public comment?

18 Mr. Alvarez, please.

19 >> **ASSEMBLY MEMBER ALVAREZ:** We look at 12, not we, the
20 Means, RS, whatever the name is, looks at 12 cities.

21 And this is an average.

22 That means there are some cities where it's -- higher,
23 what is the range in the 12 cities from a negative what to
24 a positive what?

1 >> **MICHAEL WATANABE:** It was the largest reduction is
2 San Diego County at minus 3.43%.

3 The opposite end of the spectrum is Riverside County
4 at .84% positive.

5 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

6 So no one really substantially higher?

7 >> **MICHAEL WATANABE:** That's correct.

8 >> **ASSEMBLY MEMBER ALVAREZ:** And why do we -- do we for
9 simplicity sake is that why we take those 12 cities and we
10 average it statewide.

11 We wouldn't be able to do this more regionally for
12 costs and places like in this case Riverside that have
13 actually maybe have risen.

14 I know this year it seems insignificant but maybe
15 there could be years where it's much more higher in some
16 regions.

17 >> **MICHAEL WATANABE:** The statute requires the
18 adjustments to all their grants at the statewide index.

19 So it's one number we can't adjust regionally for the
20 grant based on area.

21 >> **ASSEMBLY MEMBER ALVAREZ:** That's in the statute.

22 >> **MICHAEL WATANABE:** That's in statute, statewide
23 construction index.

24 >> **CHAIR MILLER:** And it's in the statute because the

1 bonds tend to be obviously locals can do bonds like we just
2 talked about.

3 But the bond money that we are working with here is
4 statewide.

5 So that was, we would have to change it in a number of
6 places if we didn't want a statewide average of
7 construction costs.

8 Mr. Mireles, please.

9 >> **JUAN MIRELES:** And besides that, I do want to point
10 out that the regulations do allow for a geographic percent
11 factor for certain regions that have higher costs.

12 That's broken out by different counties in the state
13 that require higher costs because of their location.

14 Is that correct, Mr. Watanabe?

15 >> **MICHAEL WATANABE:** That's correct.

16 It ranges anywhere between 5% and I believe Catalina
17 Island goes up to 30% if I remember correctly.

18 So there is a range.

19 So we do -- this grant is for your base grant
20 calculation.

21 And on top of that, we have lots of supplemental
22 grants.

23 And on top of that, we have our geographic factor
24 index that adds on to that, that's a percentage-based add

1 on.

2 >> **CHAIR MILLER:** Thank you.

3 That's a great point.

4 So with that, Mr. Duffy, if you want to come up and
5 for CASH, please.

6 And if anyone else would like to make a public
7 comment, please raise your hand in the Zoom interface and
8 please let me know.

9 We have two.

10 Thank you very much.

11 We have two folks on Zoom.

12 Mr. Duffy, we'll hear from you first.

13 Thank you for being here.

14 And then we'll go to Zoom.

15 And if there is more questions.

16 >> **TOM DUFFY:** Thank you, Madam Chair.

17 >> **CHAIR MILLER:** Mr. Duffy, I may, just because you
18 appeared before us so many times, and I'm grateful, we did
19 just receive this letter today at noon.

20 >> **TOM DUFFY:** Yes.

21 And thank you for your comments a few minutes ago.

22 And in fact, I'll have to underscore and agree with
23 your comments.

24 So I'm Tom Duffy with the Coalition for Adequate

1 School Housing.

2 The coalition is a unique organization that includes
3 school districts and private sector entities that help
4 school districts plan and finance and build schools.

5 We are before you frequently on issues often in
6 support, sometimes we have differing views.

7 In this circumstance I have to thank Mr. Watanabe for
8 his patience with us explaining what has happened with this
9 particular item.

10 We spent time with him yesterday.

11 He is gracious and a really quite patient in going
12 through the details.

13 And Chair Miller, your comments about the math.

14 We do not challenge the calculations that are done.

15 I think the issue here is the use of RS Means.

16 And I know it's been used since 2016.

17 But it doesn't -- this number does not recognize
18 what's happening in the field.

19 So the letter that Chair Miller just mentioned that we
20 were able to get to you by about noon today, we saw this
21 item last week, and we were able to do some analysis
22 between this timeframe and yesterday.

23 And so we tried to provide to you what we think are
24 alternative numbers based on alternative indices.

1 If you look at the detail there, each of them is a
2 positive.

3 It's not a negative.

4 And to what we're asking for you to do, and Ms. Miller
5 we're not asking that you not go forward with this.

6 We recognize that staff at OPSC is going to prepare
7 for apportionments for next month and beyond.

8 What we're asking that you do is to ask your staff at
9 OPSC to work with us and the experts that we know that we
10 can bring to you that can speak to construction costs in
11 great detail.

12 We do mention in this letter, we mention lumber, we
13 mention steel, other factors that are included.

14 This was a surprise for us and for our members to see.

15 School district members including just today were
16 saying, how could there be a decrease proposed in the
17 grants when what we're experiencing in the field is an
18 acceleration of costs?

19 We as the CASH organization, we have a program, we do
20 educational programs for school districts.

21 We have one tomorrow.

22 We have one on the 15th of February on this very
23 matter.

24 And we're doing this because school districts are

1 preparing to go to their local voters and -- in the fall,
2 in November for school bonds.

3 And they will project what those costs will be for
4 these projects so they can go to their boards.

5 Many of you know this, like you, Mr. Muratsuchi,
6 having been on a board.

7 They want to be able to project well for what their
8 boards would place before the voters. And part of what we
9 tell them is don't create expectations that you cannot
10 reach.

11 Because the cost of today are accelerating to the cost
12 of tomorrow and next year.

13 and so what we're asking that you do is look at this
14 again.

15 The grants that are in place today are in a program
16 that we like, this program works very well.

17 The Office of Public School Construction administers a
18 very complicated set of circumstances through a very, I
19 think, direct program.

20 The School Facility Program that's been around since
21 1998.

22 This program cost factors.

23 The Pupil Grant Cost Factors are not something that
24 were identified specifically because of costs in 1998.

1 There was a determination of changing from an older
2 program that was a square foot based program to a pupil
3 grant program to simplify it.

4 When that was done, there was a question at that time.
5 Should we do these numbers really work?

6 And there was a determination that they did not.

7 During a period of about two or three years we had
8 what we call the grant adequacy review.

9 It was state agents from your office, from CDE, from
10 DSA and others forum schools and we worked at this and the
11 bonds of 2006, the state bond of 2006 because those dollar
12 amounts were seen as less than were needed, there was an
13 acceleration of costs.

14 They were called the 773, because of high school,
15 middle school, and elementary school grant factors, they
16 are all different factors.

17 At the same time in that bond in 2006, and recognizing
18 that this is not a finite science, the Board was granted
19 authority, and we reference that in the letter, for the
20 Board to actually increase the grant by your action, your
21 authority, by 6% if you found that the grants are not
22 adequate.

23 And thank you for the opportunity to just give you a
24 little snippet of history there.

1 >> **CHAIR MILLER:** I'm a little bit, you know, I have to
2 disagree with some of this, Mr. Duffy.

3 So please conclude so we can hear from other folks.

4 >> **TOM DUFFY:** Okay.

5 Something that I think is significant is that the
6 legislature and the governor in the State of California is
7 asking school districts to do more and more without
8 additional costs.

9 So --

10 >> **CHAIR MILLER:** That is absolutely inaccurate.

11 But please.

12 We need to -- we're not debating the entire state
13 budget in Prop 98.

14 >> **TOM DUFFY:** We are not.

15 But school districts are now required to provide solar
16 and battery storage.

17 And there is not additional costs from this program
18 for that.

19 So I'll conclude.

20 >> **CHAIR MILLER:** There is additional cost in the state
21 budget though.

22 >> **TOM DUFFY:** Well --

23 >> **CHAIR MILLER:** It's in the prop 98 guarantee so we
24 can't have a debate about the state budget while we're

1 here.

2 >> **TOM DUFFY:** And my intent is not to, and I don't
3 want to mix up general fund and capital funds either, Madam
4 Chair.

5 So I'll conclude by simply saying we would like to
6 work with your staff to review this matter, not to stop you
7 from trying to help districts by apportioning funds next
8 month or beyond.

9 But this is such a critical thing to school districts,
10 the cost of building schools in California is greater than
11 any other state in the nation.

12 We build the smallest schools at the greatest cost per
13 square foot.

14 Thank you for your graciousness to me and all of you
15 for the opportunity to speak.

16 >> **CHAIR MILLER:** Thank you.

17 So I do want to correct just a little bit, Mr. Duffy.

18 But let's go to our other public comments.

19 Thank you very much for being here this afternoon.

20 May we have our other two public comments please?

21 Sasha Horwitz if you please could unmute yourself.

22 And address the Board.

23 Sasha Horwitz.

24 >> **SASHA HORWITZ:** Thank you, members.

1 >> **CHAIR MILLER:** Thank you.

2 >> **SASHA HORWITZ:** Sasha Horwitz with Los Angeles
3 Unified School District.

4 I would like to align our comments at least some of
5 them with CASH's.

6 We find the 1.33% reduction not in line with our
7 experience or not ground.

8 And we believe that other indices would make a more
9 accurate reflection of current construction and labor
10 costs.

11 So we would urge you to consider alternatives to the
12 RS Means index.

13 Thank you.

14 >> **CHAIR MILLER:** Thank you very much.

15 Our next public comment please.

16 Alan Reising, please address the Board.

17 Alan Reising.

18 >> **ALAN REISING:** I'm sorry.

19 As we get on here.

20 So --

21 >> **CHAIR MILLER:** Thank you.

22 >> **ALAN REISING:** So thank you, Board Members, Madam
23 Chair, for giving me the opportunity today to address this
24 very important item.

1 My name is Alan Reising.

2 I'm the current Chair for the Coalition of Adequate
3 School Housing.

4 So today as you said, we had sent a letter to all of
5 the Board indicating some of our concerns related with this
6 item of a cost reduction.

7 I think it's important for the Board to understand
8 that as a practitioner of this work in a large school
9 district in Southern California, executing millions upon
10 millions of dollars of work, this is not accurately
11 reflecting the true cost of construction as we are seeing
12 it day in and day out across our state.

13 The index doesn't accurately reflect the true cost of
14 work for schools in California.

15 As schools work to address the unique needs that we
16 have in California for our schools, to address the issues
17 that are being imposed upon schools to address the state's
18 climate goals, do things such as install new solar systems
19 on projects, revitalize and update structural standards in
20 our schools, install EV charging stations and other
21 infrastructure to help support those type of state climate
22 goals, the RS Means index fails to address those specific
23 needs that our schools have.

24 It's important to remember that our grants are

1 determined by Per Pupil Grants and are not determined by
2 scope of work that's being imposed upon each one of our
3 projects.

4 The cost model used initially to create these funding
5 Per Pupil Grants was built back in 1998.

6 And has now materially differed from what the
7 real-life work that is happening out at each of our
8 schools.

9 Although that cost model was escalated by percentages
10 over time, it is built on an imperfect and nonrelevant
11 standard that we no longer build our schools to.

12 Our building codes, our green codes, our requirements
13 in our schools have changed dramatically since 1998.

14 Again, we provided information in our letter to the
15 Board today that has indicated other standards, other
16 indexes, real-life practitioners from both industry
17 partners and construction, as well as other industry
18 publications that do not align with a reduction in our cost
19 across our industry.

20 Each of our districts across the state are routinely
21 seeing 4, 5, 6% increase in construction cost day in and
22 day out.

23 And in fact, in some specialty sections and specialty
24 sectors we see increases in excess of 10% that are coming

1 in over our initial projections on these costs.

2 So in closing I will continue with other issues.

3 But I implore you to take a look at the letter that we
4 sent to you today.

5 But what our request is for the Board to exercise its
6 judgment and allow for an increase in construction cost
7 index between 4 to 6% which is allowable by regulation of
8 this board.

9 And also direct staff to examine the issue of
10 the adequacy of our student grants.

11 To ensure that the grants that are being provided to
12 each one of our school districts really meet the intent of
13 the laws to ensure that we're providing our fair share, the
14 state's fair share towards the housing and the support of
15 each one of our students in California.

16 So thank you very much for an opportunity to address
17 this board.

18 And I appreciate your support.

19 >> **CHAIR MILLER:** Thank you very much, sir.

20 Any other public comment?

21 So I do want to kind of talk about -- this was
22 published last Wednesday, today is the first we're hearing
23 of it.

24 And we can always torture numbers until they tell us

1 what we need to hear.

2 So I -- what I would recommend is we're at the end of
3 this program.

4 If we don't approve this today, we wait.

5 So we have a few options.

6 I'm happy to direct staff to explore other indices and
7 work with the working group.

8 That is not a Board action.

9 I would encourage you to work with the working group.

10 And we can determine, Mr. Duffy, I will ask you after
11 two decades before this board to come to this staff with
12 ample opportunity to have a chance to respond.

13 I'm surprised at the timing of this letter.

14 And the fact that we had no time between 12:43 today
15 and now to analyze it and get additional information.

16 So we're not able to talk about different indices.

17 And some of the comments today while not part of the
18 OPSC program are part of the state budget.

19 We can't look at school funding in a silo if we're
20 talking about all the additional and added features that
21 the state legislature along with the administration have
22 put on schools.

23 So what I would recommend so we're at the end of this
24 bond program.

1 There is a bond being discussed in the legislature
2 now.

3 I would recommend with the Board's approval, so that
4 we are able to move on and continue to use what is left in
5 this grant program, that we adopt the RS Means projection
6 today.

7 Staff will continue to work on this.

8 And as we are involved with the legislature, the
9 administration and these bond discussions we will have
10 those additional conversations about other indices and
11 other ways to consider what construction is and is not in
12 terms of different indices that lead to different
13 conclusions in terms of construction.

14 And then the Board will determine an appropriate index
15 to use when, in fact, if the voters were to pass another
16 bond.

17 So with that, I want to open it back up to questions
18 with the understanding that the Board will absolutely,
19 excuse me, the staff will absolutely work on some of the
20 concerns and issues we've heard today so that we can have a
21 forthright analysis that the Board can review in the coming
22 months.

23 Mr. Muratsuchi.

24 **>> ASSEMBLY MEMBER MURATSUCHI:** Yes, I want to ask what

1 would be considerations, concerns raised if we deferred the
2 adoption of this measure to the February board meeting.

3 >> **MICHAEL WATANABE:** Right now all the items we
4 tentatively have for January were held over for February
5 until we do the adjustments so they get the grants approved
6 for the Board.

7 Whatever grant amount the Board approves is approved
8 for all projects in the calendar year.

9 So if you hold off the decision we can -- we could
10 still present the projects next month, but we couldn't
11 release any funding because we have to wait for them all to
12 be adjusted the following months. So we would be pushing it
13 off until March, until the Board actually chooses what
14 grant [multiple speakers]

15 >> **CHAIR MILLER:** No district in the state gets money
16 the longer we delay.

17 >> **MICHAEL WATANABE:** For a month.

18 Or until the Board takes action.

19 [multiple speakers]

20 >> **MICHAEL WATANABE:** Until the Board takes action on
21 the grant amounts.

22 >> I'm sorry?

23 >> **MICHAEL WATANABE:** Until the Board takes action on
24 the grant amounts we shouldn't present those funding items.

1 So we know how much to give them.

2 >> All right.

3 Thank you.

4 >> **CHAIR MILLER:** Yes, please.

5 Ms. Davies.

6 >> **ASSEMBLY MEMBER DAVIES:** Question.

7 In regards to coming up with these numbers, I just
8 want to clarify.

9 Are we keeping in mind the cost of labor going up,
10 minimum wage, also that includes any mandates, regulations,
11 any legislation that was passed last year that would have
12 done - and increases, you know, to construction?

13 And the year before, I'm just curious if you go with
14 these numbers what happens then when perhaps the numbers
15 aren't quite as accurate and now you have to have, you
16 know, change orders and the money is not there to complete
17 that change order.

18 Being on a city council dealing with construction and
19 projects, that happens a lot.

20 So I guess that's just my concern is -- it is, I was
21 surprised to see that there really wasn't much of a change.

22 Personally I thought it might be a little bit more
23 just doing construction myself.

24 And so I guess that's my concern is making sure that

1 we do have the money there to fund that there is not going
2 to be change orders and that they are having things sitting
3 there like now what do we do.

4 Thank you.

5 >> **MICHAEL WATANABE:** Two things.

6 With the chair's comments on bringing back future
7 information.

8 We could bring back what the Board looked at back in
9 2016.

10 We would consider three different indices at the time
11 and why RS Means was chosen.

12 Based on those 12 California cities, you know, they
13 also look at those 66 common construction materials in
14 those 12 cities.

15 They do look at union labor, they look at prevailing
16 wages based on those individual locations.

17 It should be California based for RS Means.

18 The letter mentions the engineering use and record.

19 We did consider that back in 2016.

20 They mentioned San Jose, Sacramento, and San Diego in
21 their letter.

22 At the time we looked at that indices back in 2016,
23 they only use L.A. and San Francisco for their calculation.

24 For materials they averaged it based on three

1 materials using spot pricing from a single source in each
2 of those two cities only.

3 And their wages were based on fringe labor rates for
4 bricklayers, carpenters and structural iron workers only.

5 So it wasn't as comprehensive as the RS Means.

6 We also looked at the Sierra West Group.

7 They didn't have a statewide index.

8 They were based on 20 U.S. cities.

9 And based on 23 construction materials in the 20
10 cities -- in 20 of those cities.

11 It also was not California based as well.

12 We looked at a few other indices that at the time.

13 They were not available to us to purchase so we could
14 not use them for our purpose.

15 The other companies we would have to research into
16 more if they are options for the Board to consider those.

17 >> **ASSEMBLY MEMBER DAVIES:** Thank you.

18 >> **CHAIR MILLER:** Mr. Alvarez.

19 >> **ASSEMBLY MEMBER ALVAREZ:** Thank you.

20 First of all, to the folks who made public comment and
21 who are here today, this is what a public hearing is for,
22 for you to come forward and provide your testimony.

23 And the Board should be ready to incorporate testimony
24 as part of our decision-making.

1 So thank you for even if it was a few hours ago, it's
2 still a public process and this is how it works.

3 So thank you for coming forward.

4 To the history of which you just walked us through,
5 Mr. Watanabe, it's important.

6 So in 2016, the Board made a policy decision of
7 utilizing a particular index as the one to set to use to
8 set these rate increases, which in statute is written by
9 the legislature, requires us in the January of every two
10 years to review the increase.

11 Is that correct?

12 >> **MICHAEL WATANABE:** Every year, not every two years.

13 >> **ASSEMBLY MEMBER ALVAREZ:** Oh, every year.

14 >> **MICHAEL WATANABE:** It's the second item is every two
15 years.

16 >> **ASSEMBLY MEMBER ALVAREZ:** Got it.

17 Thank you.

18 So every year we review this.

19 The statute says we must do it in January, is that
20 your understanding?

21 >> **LISA JONES:** Yes.

22 >> **MICHAEL WATANABE:** I believe it is that specific.

23 >> **ASSEMBLY MEMBER ALVAREZ:** Is the statute silent on
24 whether we can revisit the that figure in the future board

1 meeting?

2 >> **MICHAEL WATANABE:** Yeah, statute simply says the
3 Board shall annually adjust the per unhoused people
4 apportionment construction costs changes as set forth in
5 the statewide cost index for Class B construction as
6 determined by the Board.

7 >> **ASSEMBLY MEMBER ALVAREZ:** Right, so there was a
8 policy decision, which I want to be respectful of, in 2016
9 that we said let's use this index.

10 And I respect that.

11 The statute also says it's the determination of the
12 Board.

13 So we could today decide there is another alternative
14 method or index we would like to use.

15 we are authorized to do that.

16 >> **MICHAEL WATANABE:** I think that's a fair statement.

17 >> **ASSEMBLY MEMBER ALVAREZ:** Okay.

18 Thank you.

19 It sounds like we're also authorized to potentially
20 revisit that figure and perhaps change it.

21 So to what the chair is suggesting that we make a
22 decision today, I do think in order to, my opinion, would
23 be interested in my colleague's opinion, statute says we
24 should set something.

1 I think we should decide on a figure.

2 It appears to me that that could be revisited.

3 We should probably get legal counsel's opinion on that
4 for maybe revisiting the adjustment at another date.

5 >> **MICHAEL WATANABE:** Do you mean revisited as make the
6 1.33 adjustment later but maybe six months down the line
7 change it?

8 >> **ASSEMBLY MEMBER ALVAREZ:** Correct, so not making it
9 later.

10 Making a decision today and changing it at another
11 point.

12 >> **CHAIR MILLER:** We would need legal on that one.

13 >> **ASSEMBLY MEMBER ALVAREZ:** Yeah, we need some legal
14 analysis so then that could give you the time to continue
15 to further analysis it is also unfair to ask you to
16 analysis this this quickly and make a decision point
17 without really diving deeper into what they utilize in
18 terms of their index.

19 So I think that's the best, in my case, in my opinion,
20 that we can offer given the confluence of testimony and
21 where we are and of our legal obligation, which is as I
22 understand to set today to set this number.

23 But perhaps revisiting it in the future.

24 So that would be my input to this conversation.

1 **>> CHAIR MILLER:** We do have legal counsel here if you
2 want to opine on the ability to set it today and then
3 change it at a future date.

4 **>> EPHRAIM EAGAN:** I don't know if I can opine on
5 changing it in the future.

6 The one thing that I am you know, just hearing this
7 now, a potential concern I would have is if we set it now
8 and then we bring, you know, applications that were you
9 know, giving grants to in February, and then we change it
10 after that, there is going to be an issue there because
11 you're going to have conflicting grant amounts for
12 different and different period of time within the same
13 year.

14 I mean, we could potentially also adjust that.

15 That's one potential issue there.

16 I would like a little bit more time to take a look at
17 this and see if this is something that we can revisit.

18 So if that's something that the Board wishes to do.

19 **>> CHAIR MILLER:** So I think there is two, just a
20 second Ms. Lasso.

21 Two pieces of information that the Board needs.

22 One is just additional indices.

23 And two is a two-part action by the Board, one now and
24 one later.

1 Ms. Lasso, do you have a follow-up to that.

2 >> **ANA LASSO:** I was going to say, I agree with legal
3 counsel that if there is a different position that we take
4 action on later on in the year, we also have to take into
5 consideration any retroactive.

6 And to be to fair if the adjustment is adopted later,
7 a different number, it applies to the whole year,
8 understanding that this is something we do annually.

9 So we have to take into consideration that impact to
10 our fund as well.

11 >> **CHAIR MILLER:** And then, just to be clear, if we
12 approve this today, we start issuing funds.

13 If we don't, we would wait even on the actions we took
14 today?

15 Is that correct?

16 >> **MICHAEL WATANABE:** We would have to go back and
17 adjust everybody.

18 Every project gets a grant agreement that spells out
19 this is the amount you're eligible for.

20 This is what the Board approved your project for.

21 And all the conditions are based on that.

22 So we would have to redo all that work.

23 >> **CHAIR MILLER:** Got it.

24 Okay.

1 Thank you.

2 Any other questions?

3 Mr. Muratsuchi.

4 >> **ASSEMBLY MEMBER MURATSUCHI:** So what is the current
5 wait period between the time that a district submits an
6 application for a school facility's program grant
7 versus when the grant is authorized?

8 I mean ballpark.

9 I'm just trying to get a sense of whether -- I don't
10 know, Mr. Duffy, if a month to work with the staff would be
11 adequate to --

12 >> **TOM DUFFY:** [off mic] resources -- I apologize, I
13 can marshal resources quickly.

14 [off mic] Muratsuchi.

15 And the meeting with Mr. Watanabe quickly too, if
16 that's what you would like me to do.

17 When I leave here, I've got several people in my phone
18 that I'll call, and we'll begin immediately.

19 As I said, we're going to be looking at this very
20 issue at a web shop we have that's two hours in February.

21 But I'm here to do whatever I can do to assist
22 Mr. Watanabe and you as a board.

23 >> **MICHAEL WATANABE:** It looks like we're currently
24 working on projects received ranging from January to

1 roughly June of 2020.

2 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay.

3 >> **TOM DUFFY:** A month would be ample time.

4 >> **CHAIR MILLER:** I think the question is, and happy to
5 listen to the will of the committee.

6 But it's not really whether or not there is a lot of
7 work that goes into these analysis.

8 The Board would actually have to approve it.

9 I don't know that.

10 I appreciate that for CASH; a month is ample time.

11 I would like to recognizing that we are in fact,
12 Mr. Alvarez, thank you for public comment.

13 But do think it's important that we correct some of
14 the statements for the record, especially in terms of the
15 OPSC staff and respecting the integrity of that process.

16 But with that, I think you know, it is the will of
17 the committee.

18 I think there is a few options before us.

19 One to approve the RS Means data today.

20 Without knowledge, I think what we do know about
21 revisiting in the future to Mr. Alvarez's question it could
22 actually complicate our system.

23 We could wait potentially a month or more.

24 I don't want to guarantee that this will complete

1 analysis, it may be completed by cash, we cannot guarantee
2 the complete analysis will be done by OPSC with all of the
3 legal requirements.

4 We could probably guarantee that by the March meeting.

5 I think it may be too soon to guarantee it for the
6 February meeting because it is a two-part analysis, it is
7 not just a cash analysis.

8 Or we can wait for legal advice as to whether or not
9 we could approve it today.

10 But my concern is if there is any inclination that
11 this may change we're probably better off with the single
12 estimate and having these districts wait on the money.

13 So with that -- yes, Ms. Lasso.

14 >> **ANA LASSO:** My last question for Mr. Watanabe, is if
15 this comes before the Board every year, and I have been on
16 this board for a couple of years, when was the last time
17 that the annual adjustment went down?

18 >> **MICHAEL WATANABE:** Yeah, this is only the second
19 time in history of the SFP that the grants went back down,
20 back in 2010, it dropped as well.

21 The Board did approve that CCI adjustment for that
22 year and in 2011 the grants went back up again.

23 This is the second drop.

24 >> **CHAIR MILLER:** Rarely as Mr. Watanabe explained, it

1 rarely goes down because it rarely goes up as much as it
2 has the previous two years.

3 So with that, is there, what is the will of
4 the committee?

5 >> [off mic]

6 >> **CHAIR MILLER:** I think there is a motion to accept
7 the RS Means data.

8 I will second.

9 Ms. Jones, will you call the roll.

10 >> Senator Wilk.

11 >> **SENATOR WILK:** Aye.

12 >> Senator Newman.

13 >> **SENATOR JOSH NEWMAN:** Aye.

14 >> Assembly Member Muratsuchi.

15 >> **ASSEMBLY MEMBER MURATSUCHI:** No.

16 >> Assembly Member Davies.

17 >> **ASSEMBLY MEMBER DAVIES:** No.

18 >> Assembly Member Alvarez.

19 >> **ASSEMBLY MEMBER ALVAREZ:** No.

20 >> Juan Mireles.

21 >> Ana Lasso.

22 >> **ANA LASSO:** Aye.

23 >> Gayle Miller.

24 >> **CHAIR MILLER:** Aye.

1 >> **LISA JONES:** Does not pass.

2 >> **CHAIR MILLER:** Well, we're keeping all the rolls
3 open, Ms. Jones.

4 We have four aye votes, we have three no votes.
5 Mr. Mireles.

6 >> **JUAN MIRELES:** I mean, maybe I can make a
7 motion -- I think that February is too soon.

8 This is a complex issue.

9 And I want to make sure staff has enough time.

10 And I want to also reiterate the fact that it's a lot
11 of things were brought up in terms of the funding for
12 schools.

13 Right now we're talking about the annual changes and
14 construction, right?

15 But this is what it's adjusted to the base grants that
16 were set in statute.

17 There were some comments that were made whether those
18 were enough back in 1998.

19 And that I think is still an issue.

20 That I think though would maybe more appropriate in
21 the context of a new bond.

22 The annual changes in construction, I think that's
23 something that the Board has wrestled with in the past.

24 And I think it was back in 2015 when we had different

1 alternatives for the Board to consider, one with RS Means
2 because we thought back then that it reflected the actual
3 cost in California because they used the California cities.

4 And then in 2016 I think we came back to the Board and
5 the Board asked us if we thought that there was other
6 indices that could be used.

7 And at that point the direction was that there wasn't
8 any other ones and the Board decided to use it moving
9 forward.

10 And I think what I wanted to highlight from that
11 process is that it focused on the method, not the actual
12 adjustment, not the numbers.

13 But are we using the right methodology that reflects
14 changes in construction in California.

15 It is counterintuitive that this year they've gone
16 down.

17 But I think it's important to focus on the methodology
18 that's being used and not necessarily the number.

19 So if there is an interest to have staff take a look
20 at the indices, I think February would be too soon.

21 I would say that March would be probably the soonest
22 to have a fair analysis, knowing the complexities of
23 looking at that.

24 >> **CHAIR MILLER:** Yep.

1 March may be too soon too.

2 I mean, this is, we start a new process now.

3 First we would determine the index.

4 And then would have to determine the amount.

5 Do you have an alternate motion?

6 We still have an open roll, so we have to --

7 >> **JUAN MIRELES:** I don't know the right amount of time
8 to give staff to actually take a look at whether there are
9 alternatives.

10 >> **MICHAEL WATANABE:** There is a consideration of
11 indices that came up in 2016.

12 They have to be accessible and used for us.

13 Like the RS Means index, we actually have to pay the
14 company to be able to use it for this purpose.

15 We haven't blessed that with all the other companies.

16 So even if we looked at it, we don't know that we
17 could actually use them, which is why for example one
18 particular company was not used in 2016 even in the
19 analysis.

20 We can't buy it, they won't sell it to us.

21 So that is a consideration.

22 >> **CHAIR MILLER:** All right.

23 We --

24 >> **MICHAEL WATANABE:** As you look for the adequacy

1 calculation, how that would be, I would point out that when
2 the statute first passed after AB127 that Mr. Duffy
3 referenced, OPSC staff attempted analysis.

4 It took over a year.

5 We could not get the data we needed from the school
6 districts to be able to run that analysis completely on the
7 full cost of construction and the scope of work to do that
8 analysis.

9 We did hire an independent, third party.

10 It took them six months to create a full analysis for
11 that.

12 So it's not a fast process to do that full analysis.

13 And like the chair mentioned, with the current funds
14 we have, we'll be out by the end of the year.

15 >> **ASSEMBLY MEMBER MURATSUCHI:** Thank you.

16 So that was a lot that you just said.

17 Are you basically saying that two months is not enough
18 time?

19 >> **MICHAEL WATANABE:** Two months is not enough time to
20 do a grant action discussion there is no way I think we can
21 do that part of it.

22 But representing this season what might be out there,
23 we could probably look at that part of it.

24 >> **CHAIR MILLER:** But we won't be-- what you are

1 saying, Mr. Watanabe, is we will not be able to determine a
2 new factor in two months.

3 We can begin to present indices, at which point the
4 state would have to go through a procurement process to
5 find a new company.

6 This has to be verifiable.

7 It can't be determined by any specific group.

8 Thank you.

9 Mr. Alvarez, did you have a follow-up?

10 No, thank you.

11 So what I think the roll is open.

12 We'll go onto the next item.

13 And I don't think, Mr. Mireles, it sounded like you
14 didn't have an alternate motion.

15 Because we won't be able to determine and certainly
16 can't determine here today the amount of time it will take
17 to meet the requirements of statute and procurement to come
18 up with a new index to determine the amount.

19 >> **JUAN MIRELES:** No, I think, it's worthwhile to
20 explore whether there is other alternatives.

21 I'm just concerned that staff have adequate time to do
22 that analysis.

23 Again, I'm just focused on the changes of construction
24 cost.

1 Not a full, you know, grant adequacy.

2 That is a much more in-depth discussion that takes
3 much longer, years, that we had discussions in the past.

4 This is just what the right indices to use for annual
5 changes.

6 >> **CHAIR MILLER:** Right.

7 >> **JUAN MIRELES:** Whether RS Means is the right one or
8 not assuming that we can, you know, if we had the
9 discussion later on that we don't have changes, we don't
10 have legal challenges in adjusting the projects that
11 haven't been funded yet.

12 But they would have to wait, that's the downside.

13 >> **CHAIR MILLER:** Yep.

14 I mean, my deep concern about this is that schools
15 have to wait now until we actually approve this, which has
16 been my largest concern.

17 Not that this isn't absolutely going forward as I
18 mentioned in the school bond or how we're going to continue
19 to fund this program.

20 That's a very reasonable request.

21 At the very end of a program, it is a much less
22 reasonable request given the amount of time we have to give
23 schools their money.

24 Ms. Lasso.

1 >> **ANA LASSO:** I think you took the words out of my
2 mouth.

3 In that my concern is really whether the number is up
4 or down, getting the funds to the schools that are in need.

5 And I think there is hope that if there were other
6 indices that could be used and if those numbers were
7 different we could look at some kind of retroactive, if the
8 Board should take action we could take a retroactive look
9 at the whole year.

10 But what I don't want is to stall any funds that are
11 flowing to schools that have been waiting, especially since
12 they've been waiting for so long.

13 My hope is that we are able to find something
14 indefinitely.

15 Want to look at for the future bonds, what are our
16 resources and tools that we can use to set this adjustment
17 and think about, you know, 1998 things were very different,
18 technologies were very different.

19 And it is true that today we're asking schools to
20 be much more 960 square feet classrooms.

21 They are everything to communities.

22 So a school program in '98, to a school program in
23 2024 is significantly different.

24 That should be taken into consideration for future

1 bonds.

2 >> **CHAIR MILLER:** Ms. Davies and then Mr. Muratsuchi.

3 >> **ASSEMBLY MEMBER DAVIES:** Thank you.

4 Just in regards to these projects, they have been
5 started in 2020.

6 Are these funds already allocated to certain projects
7 and we know where this is going?

8 >> **CHAIR MILLER:** No, that's a really great question.

9 So we don't know, all we know is the total amount we
10 have.

11 And unfortunately, that expires with even the general
12 fund at the end of this year.

13 So we do need a solution to this, to our bond
14 program.

15 And we can talk a lot about what happens at the end of
16 a bond program.

17 But we really in the State of California never want to
18 get to that point.

19 Because it means increased developer fees and other
20 things.

21 So what we're trying to do and part of the reason for
22 the general fund allocation for this past year and a half
23 has been to continue this program until we can get to
24 another bond this November.

1 That's why in the governor's budget you saw a proposal
2 to make sure we have a discussion about another bond.

3 At which point we would oftentimes with new bonds,
4 these discussions are part of it.

5 How we're considering the allocation, what the base
6 costs are, what the regional costs are, where those costs
7 come from, how they are allocated and calculated.

8 **>> ASSEMBLY MEMBER DAVIES:** Have you ever had this in
9 the past, and perhaps like the bond that you allocated last
10 year, did you ever have any of these projects come back
11 saying listen, this is not the construction company, you
12 are saying this is not going to do it.

13 You know, we have change orders.

14 We need more money.

15 This wasn't enough that was allocated to actually do
16 what it was going to do.

17 And then what happens?

18 **>> CHAIR MILLER:** Mr. Watanabe.

19 **>> MICHAEL WATANABE:** Once your apportionment is made
20 and we allocate the funding for your project you are
21 considered floated.

22 There is no adjustment for change orders or changes to
23 the projects.

24 and that is actually in statute that it is a full and

1 final apportionment, that any liabilities, even lawsuits
2 that's all borne by the districts from that point going
3 forward.

4 >> **CHAIR MILLER:** Mr. Muratsuchi.

5 >> **ASSEMBLY MEMBER MURATSUCHI:** Thank you.

6 I just want to explain, you know, what I'm trying to
7 do and where I'm coming from.

8 I'm just hearing, you know, all the school districts
9 represented by CASH, including Los Angeles Unified, our
10 state's biggest school district you know, raising issues
11 about whether this number 1.33% reduction is an accurate
12 representation of construction costs that they are seeing
13 on the ground.

14 But I'm hearing that in order to derive this number,
15 we had to go through this lengthy process of approving a
16 contracts with a third-party company to do all the
17 analysis, to come up with this.

18 And that revising this number it just doesn't sound
19 practical in terms of the balancing of the equities, in
20 terms of calculating or, you know, reconsidering you know,
21 the process that it took to arrive at this 1.33% reduction
22 figure.

23 Is that all accurate?

24 >> **MICHAEL WATANABE:** Yeah.

1 I think Mr. Mireles explained it pretty well back in
2 2016.

3 We -- the Board bounced back and forth which indices
4 they were using each year.

5 And sometimes it was a matter of convenience which one
6 was the highest one and that's not always the best way.

7 So the Board wanted to firm it up, so we weren't
8 bouncing around each year.

9 And that's why we presented the report back in 2016.

10 The grant adequacy study report we did back in 2007 it
11 showed grants were adequate back then.

12 But the Board didn't accept that report and didn't
13 choose to reduce the grant as a result of that report
14 either.

15 We don't know what this new report will say compared
16 to our grant but if we pursue that route, that's for the
17 Board's consideration as well.

18 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay.

19 >> **CHAIR MILLER:** Thank you.

20 >> **ASSEMBLY MEMBER MURATSUCHI:** I just -- well, I like
21 to hear any other the comments from the Board.

22 But for the sake of moving forward with the completion
23 of the current bond program, I'm willing to reconsider my
24 vote.

1 **>> CHAIR MILLER:** Thank you.

2 We actually have a request for to open the roll again.

3 Before I do that, Ms. Jones, I do want to clarify, no
4 matter what the outcome of this vote is, there is a
5 request, Ms. Kirk and Mr. Watanabe from the Board that we
6 continue to explore various indices and costs.

7 And as you work with the legislature and the
8 Department of Finance and the administration on this new
9 school bond, these questions before the Board I think are
10 very, very important.

11 So it would be helpful in the executive director's
12 report to have a status update on the school bond.

13 And as we're learning new information perhaps we could
14 include in the Executive Director's report an update on the
15 conversations as we continue to work through these issues.

16 With that, Ms. Jones, can you call --

17 **>> ASSEMBLY MEMBER ALVAREZ:** May I?

18 **>> CHAIR MILLER:** Oh, please, Mr. Alvarez.

19 I apologize.

20 **>> ASSEMBLY MEMBER ALVAREZ:** I would request an
21 amendment to the motion in addition to what's been
22 requested already from staff.

23 That we request from Counsel opinion on resetting the
24 number at another point during the year and what those

1 implications would mean to already approved and allocated
2 actions that we may take.

3 May take because we don't know whether we are taking
4 them, in February, in terms of potentially retroactively
5 making them full for some reason if that figure were to
6 be higher and I would ask in interest like Mr. Muratsuchi
7 of moving forward so that we don't delay projects.

8 I would ask that be added to the motion.

9 I don't know who made the motion, but I request that.

10 **>> CHAIR MILLER:** Great.

11 Thank you.

12 So the motion -- thank you, Senator Newman.

13 So I think it sounds to me like Mr. Muratsuchi and
14 Mr. Alvarez are adding two amendments to your motion.

15 One is what I just described as the direction to staff
16 on the working group and reporting would actually be a part
17 of the motion.

18 Working groups reporting and updates on the school
19 bond negotiations.

20 Second would be that counsel provides a legal opinion
21 as to whether the Board is able to adjust at any point
22 during the year the adjustment we are considering right
23 now.

24 And then, Mr. Alvarez, correct me if I'm wrong, would

1 you like a policy implication for that as to what it would
2 do to previous awards, or you just wanted to know the
3 nature of whether the Board is allowed to.

4 >> **ASSEMBLY MEMBER ALVAREZ:** Whether we would
5 be allowed to retroactively.

6 I'm using the phrase, "make them whole," but
7 essentially hold them to the same standard that the rest of
8 the awardees would be the rest of the year.

9 >> **CHAIR MILLER:** And then retroactively actually make
10 sure that we accommodate the delta between the folks that
11 have already received the funding and those that get it
12 after a new amount.

13 >> **SENATOR NEWMAN:** So I'm willing to accept those two
14 amendments to the motion.

15 I do want to clarify.

16 I mean to the extent that we're talking about the end
17 of the year.

18 We're talking about the end of the fiscal year.

19 Correct?

20 Or is it the calendar year?

21 >> **CHAIR MILLER:** Calendar year.

22 >> **SENATOR NEWMAN:** Calendar year.

23 Calendar year, okay, I think that's important.

24 >> **CHAIR MILLER:** They are -- it's a really good point,

1 Senator Newman.

2 We are very, very close on this one funding.

3 So we are -- it is beyond July and we're hoping to
4 make it until the end -- [multiple speakers]

5 >> **SENATOR NEWMAN:** Okay, appreciate it.

6 I'm fine with amending the motion.

7 >> **CHAIR MILLER:** Okay.

8 So we have a three-part motion, members.

9 And we will call the roll again, to adopt the annual
10 adjustment, the RS Means adjustment as presented by staff
11 to create a working group to also have a monthly report by
12 the executive director on the different indices available
13 on communications on the bond.

14 And on the if we could do a little bit of a primer on
15 base amounts versus regional amounts so there is a lot of
16 clarity and three will be the ability of the Board to
17 retroactively change the amount at a future date.

18 And Counsel will provide that opinion.

19 Are you, Mr. Alvarez, just to clarify that, is that
20 okay by March or do you want to see that in February?

21 >> **ASSEMBLY MEMBER ALVAREZ:** I would just suggest as
22 soon as possible.

23 >> **CHAIR MILLER:** Just as soon as possible.

24 Okay, great.

1 So that's a three-part motion.

2 And it's as soon as possible for the legal opinion.

3 So any other changes to that motion?

4 It was moved by Senator Newman.

5 I can't now remember, did I second and I will second

6 that amended motion.

7 May we call the roll again please, Ms. Jones.

8 **>> LISA JONES:** Yes.

9 Senator Wilk.

10 **>> SENATOR WILK:** No.

11 I'm kidding.

12 Yes.

13 I want to see if everyone is paying attention.

14 **>> LISA JONES:** Senator Newman.

15 **>> SENATOR JOSH NEWMAN:** Aye.

16 >> Assembly Member Muratsuchi.

17 **>> ASSEMBLY MEMBER MURATSUCHI:** Aye.

18 >> Assembly Member Davies.

19 **>> ASSEMBLY MEMBER DAVIES:** Aye.

20 >> Assembly Member Alvarez.

21 **>> ASSEMBLY MEMBER ALVAREZ:** Aye.

22 >> Juan Mireles.

23 **>> JUAN MIRELES:** Aye.

24 >> Ana Lasso.

1 >> **ANA LASSO:** Aye.

2 >> Gayle Miller.

3 >> **CHAIR MILLER:** Aye.

4 That motion passes.

5 We will now move on to the second part of this same
6 issue with Mr. Watanabe, the index adjustment of the
7 assessment for development.

8 >> **MICHAEL WATANABE:** Thank you.

9 We're on staff page 126 of the agenda as the chair
10 mentioned.

11 This is also a biennial item presented every two years
12 in even numbered years.

13 And this is just the maximum allowable assessment for
14 Level 1 Developer Fees.

15 It's based on a two-year average as I mentioned.

16 So when you net out the prior's increase and this
17 year's decrease, they were recommending an increase to the
18 maximum level one assessment of 7.84%.

19 And the amounts that I'll bring to you is \$5.17 for
20 residential construction and \$0.84 for commercial
21 industrial construction per square foot.

22 And those amounts again are spelled out for you on
23 page 127.

24 >> **CHAIR MILLER:** Great.

1 Thank you very much.

2 Any questions from the Board?

3 Any public comments?

4 Do we have anyone on Zoom?

5 No public comment.

6 What is the will of the Board on this item?

7 >> **SENATOR WILK:** Wilk moves.

8 >> **CHAIR MILLER:** Thank you, Senator Wilk.

9 Great.

10 Moved by Senator Wilk, seconded by Assembly Member

11 Muratsuchi.

12 May we call the roll, Ms. Jones.

13 >> **LISA JONES:** Senator Wilk.

14 >> **SENATOR WILK:** Aye.

15 >> Senator Newman.

16 >> **SENATOR JOSH NEWMAN:** Aye.

17 >> Assembly Member Muratsuchi.

18 >> **ASSEMBLY MEMBER MURATSUCHI:** Aye.

19 >> Assembly Member Davies.

20 >> **ASSEMBLY MEMBER DAVIES:** Aye.

21 >> Assembly Member Alvarez.

22 >> **ASSEMBLY MEMBER ALVAREZ:** Aye.

23 >> Juan Mireles.

24 >> **JUAN MIRELES:** Aye.

1 >> Ana Lasso.

2 >> **ANA LASSO:** Aye.

3 >> Gayle Miller.

4 >> **CHAIR MILLER:** Aye.

5 I forgot to mention on the last item, I don't think
6 senator Laird is coming unless we've heard differently.

7 Okay.

8 We will keep it open.

9 But that also has enough votes.

10 And now the workload for the remainder of the month,
11 Mr. Watanabe, please.

12 >> **MICHAEL WATANABE:** The project workload is on page
13 128 of the agenda.

14 And I'll be happy to take any questions

15 >> **CHAIR MILLER:** All right.

16 Thank you.

17 Any questions?

18 Any public comment?

19 With that, I'm just going to call out the results of
20 our, the minutes were passed just because we left all the
21 roll open.

22 >> **LISA JONES:** Thank you.

23 >> **CHAIR MILLER:** The consent agenda was approved.

24 The RS Means adjustment with the two additional

1 motions were approved.

2 And the annual adjustment to the school facility
3 grants was approved with the two amendments that we just
4 discussed.

5 And finally, the index adjustment of the assessment
6 for development work.

7 >> **LISA JONES:** And Jacoby Creek.

8 >> **CHAIR MILLER:** And Jacoby Creek.

9 Most importantly, the Jacoby Creek appeal was
10 approved.

11 Good.

12 [APPLAUSE]

13 >> **CHAIR MILLER:** Thank you.

14 Thank you, everyone.

15 Take care, bye-bye.

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TRANSCRIBER'S CERTIFICATE

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I, (Antha A. Ward), a person who has 22 years of demonstrated experience, do hereby certify:

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

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

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on February 1, 2024,

Antha A. Ward
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