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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

DEPARTMENT OF HEALTHCARE SERVICES

EAST END COMPLEX

1500 CAPITOL AVENUE, AUDITORIUM

SACRAMENTO, CA 95814

DATE: WEDNESDAY, MAY 29, 2024

1 APPEARANCES: MEMBERS OF THE BOARD PRESENT:

2

3 MS. MICHELE PERRAULT, Chief Deputy Director, Policy,
4 designated representative for Joe Stephanshaw, Director,
5 Department of Finance.

6 JENNIFER OSBORN, Chief Deputy Director, designated
7 representative for Ana Lasso, Director, Department of
8 General Services

9 JUAN MIRELES, Director, School Facilities and
10 Transportation Services Division, California Department of
11 Education, designated representative for Tony Thurmond,
12 Superintendent of Public Construction.

13 JEREMY SMITH, Governor's Appointee

14 SENATOR SCOTT WILK

15 SENATOR JOSH NEWMAN

16 Assembly Member AL MURATSUCHI

17

18 REPRESENTATIVES OF THE STATE ALLOCATION BOARD/OFFICE
19 OF PUBLIC SCHOOL CONSTRUCTION PRESENT:

20

21 REBECCA KIRK, Executive Officer

22 MICHAEL WATANABE, Deputy Executive Officer

23

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1 REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,

2 OFFICE OF LEGAL SERVICES:

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4 EPHRAIM EGAN

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Transcribed by:

Antha A. Ward
QuickCaption, Inc.
County of Riverside
State of California

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1 TRANSCRIBED RECORDED PUBLIC MEETING

2 May 29, 2024

3
4 >> **CHAIR PERRAULT:** Okay, it's 4:04.

5 I'm going to go ahead and call the meeting of
6 the State Allocation Board to order. For this
7 meeting, this meeting is being held in-person in
8 the auditorium of the East End Complex located at
9 1500 Capital Avenue for anyone that would like to
10 provide public comment in-person.

11 This meeting is also being conducted by way of
12 Zoom meeting for members of the public that would
13 like to participate remotely.

14 In order for this meeting to run efficiently
15 for those participating remotely, please note the
16 following guidelines: all attendees will be muted
17 during the meeting.

18 If any member of public would like to make a
19 comment, please use the raised hand feature in the
20 Zoom meeting interface.

21 I will call your name at the appropriate time
22 and OPSC staff will request to unmute you.

23 If you are calling in to the meeting and not
24 using a computer or the Zoom application on a

1 mobile device you will be unable to provide public
2 comment.

3 Number two, I would like to just note that
4 Jennifer Osborne, who's the Chief Deputy Director
5 of the Department of General Services, has joined
6 us today as Director Lasso's designee.

7 And we will begin this meeting by establishing
8 a quorum.

9 Ms. Jones, will you please call the roll
10 noting any members joining us from a remote
11 location.

12 **>> LISA JONES:** Certainly.

13 Senator Wilk.

14 **>> SENATOR WILK:** Present.

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

16 Senator Newman.

17 **>> SENATOR NEWMAN:** Here.

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

19 Assembly Member Davies.

20 Assembly Member Alvarez.

21 Juan Mireles.

22 **>> JUAN MIRELES:** Here.

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

24 **>> JEREMY SMITH:** Here.

1 >> **LISA JONES:** Jennifer Osborne.

2 >> **JENNIFER OSBORNE:** Here.

3 >> **LISA JONES:** Michele Perrault.

4 >> **CHAIR PERRAULT:** Here.

5 >> **LISA JONES:** We have a quorum.

6 >> **CHAIR PERRAULT:** Thank you.

7 And just to note, we have one remote, correct?

8 >> **LISA JONES:** That is correct.

9 >> **CHAIR PERRAULT:** Thank you.

10 And then just also, oh, we do not have one

11 remote.

12 Okay.

13 We do not.

14 If we do have anybody join at a later date,

15 we'll make note.

16 So just also an additional note, there will

17 not be a closed session at today's meeting.

18 Therefore, we'll just move on into the agenda.

19 Rebecca?

20 >> **REBECCA KIRK:** Thank you, Madam Chair.

21 >> **CHAIR PERRAULT:** I'll just note for the

22 record that Assembly Member Davies has joined us

23 via Zoom.

24 >> **REBECCA KIRK:** Thank you.

1 I would like to direct the Board's attention
2 to the minutes from the April 3rd, 2024, meeting.

3 They are on pages 1 through 11 of today's
4 agenda.

5 And I request that the Board approve the
6 meeting minutes.

7 >> **ASSEMBLY MEMBER DAVIES:** Make a motion.

8 >> **CHAIR PERRAULT:** Before I move to a motion,
9 are there any public comments?

10 Are there in the room?

11 No.

12 Seeing none, I have a motion and a second.

13 If we could please call the roll.

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

15 >> **SENATOR WILK:** Aye.

16 >> **LISA JONES:** Wilk, aye.

17 Senator Newman.

18 >> **SENATOR NEWMAN:** Aye.

19 >> **LISA JONES:** Newman, aye.

20 Assembly Member Davies.

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

22 >> **LISA JONES:** Davies, aye.

23 Juan Mireles.

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

1 >> **LISA JONES:** Mireles, aye.
2 Jennifer Osborne.
3 >> **JENNIFER OSBORNE:** Osborne, aye.
4 >> **LISA JONES:** Michele Perrault.
5 >> **CHAIR PERRAULT:** Aye.
6 >> **LISA JONES:** Perrault, aye.
7 That motion carries.
8 >> **CHAIR PERRAULT:** Thank you.
9 We'll go ahead and move on to delegation of
10 authority.
11 Rebecca.
12 >> **REBECCA KIRK:** Thank you.
13 The delegation of authority is on page 12 of
14 today's agenda.
15 This is a resolution of the State Allocation
16 Board regarding a delegation of authority to
17 Michael Watanabe, Deputy Executive Officer for the
18 Office Of Public School Construction.
19 I would like to request that the Board approve
20 this delegation of authority.
21 >> **CHAIR PERRAULT:** Okay.
22 Thank you, Rebecca.
23 Just, I apologize for going out of order and
24 backwards, but I do believe the secretary may have

1 missed calling Mr. Smith on the last.

2 >> **LISA JONES:** I'm so sorry.

3 Jeremy Smith, how do you vote on the minutes?

4 Apologize.

5 >> **JEREMY SMITH:** I vote yes.

6 >> **LISA JONES:** Thank you so much.

7 >> **CHAIR PERRAULT:** No, I just wanted to make

8 sure because we are just at quorum here and

9 present.

10 >> **LISA JONES:** Yes.

11 >> **CHAIR PERRAULT:** Okay.

12 Moving back to delegation of authority.

13 Are there any public comments on this item in

14 the room or online?

15 Seeing none.

16 Okay.

17 All right.

18 I have a motion by Mr. Mireles.

19 Do I have a second?

20 >> Second.

21 >> **CHAIR PERRAULT:** Okay, are there any

22 questions or comments from the Board?

23 Okay, secretary, if you could please call the

24 roll.

1 >> **LISA JONES:** Yes.
2 Senator Wilk.
3 >> **SENATOR WILK:** Aye.
4 >> **LISA JONES:** Wilk, aye.
5 Senator Newman.
6 >> **SENATOR NEWMAN:** Aye.
7 >> **LISA JONES:** Newman, aye.
8 Assembly Member Davies.
9 >> **ASSEMBLY MEMBER DAVIES:** Aye.
10 >> **LISA JONES:** Davies, aye.
11 Juan Mireles.
12 >> **JUAN MIRELES:** Aye.
13 >> **LISA JONES:** Mireles, aye.
14 Jeremy Smith.
15 >> **JEREMY SMITH:** Aye.
16 >> **LISA JONES:** Smith, aye.
17 Jennifer Osborne.
18 >> **JENNIFER OSBORNE:** Aye.
19 >> **LISA JONES:** Osborne, aye.
20 Michele Perrault.
21 >> **CHAIR PERRAULT:** Aye.
22 >> **LISA JONES:** Perrault, aye.
23 >> **CHAIR PERRAULT:** And just noting for the
24 record that Assembly Member Muratsuchi has just

1 joined us.

2 Thank you.

3 We are moving now onto the next item, which is
4 our executive officer statement.

5 Rebecca?

6 >> **REBECCA KIRK:** Thank you, Madam Chair.

7 At the January 24th, 2024, State Allocation
8 Board meeting, the Board directed staff to research
9 alternative construction costs indices that could
10 be used for the annual adjustment to the School
11 Facility Program grants, and directed staff to
12 provide updates on the status of that effort in
13 each Executive Officer Statement.

14 Today's agenda does include an informational
15 item presenting the results of that research to the
16 Board and a comparison of construction costs
17 indices that could be considered by the Board
18 moving forward.

19 In the January meeting, the Board also
20 requested that the executive officer report out at
21 each meeting on the status of a potential statewide
22 school facility's bond.

23 The update related to a potential statewide
24 school facilities bond, we do of course still have

1 the messaging from the governor's budget in January
2 that the administration intended to negotiate with
3 the legislature to reach agreement on an education
4 facility's bond to be considered by the voters in
5 the November 2024 election.

6 Currently there are two bills still pending in
7 the legislature that would propose education
8 facilities bonds.

9 Pursuant to California Elections Code, the
10 last day for a legislative measure to qualify for
11 the November 5th, 2024, election is June 27th,
12 2024.

13 And I would just note for the Board's
14 reference we did include in the February Executive
15 Officer Statement, a high-level overview of the
16 three levels of developer's fees and the level in
17 which they can be charged by school districts.

18 To provide an update to the Board on the state
19 budget, in April the governor and the legislature
20 agreed to an early action agreement to begin
21 addressing the short fall in the state budget.

22 In part, the early action agreement adopted
23 governor's budget proposals that reduced a plan to
24 general fund investment for the School Facility

1 Program in 2024-'25 as well as deferred a
2 previously planned general fund investment for the
3 California Preschool, Transitional Kindergarten and
4 Full-Day Kindergarten Facilities Grant Program.

5 With the release of the May revision on May
6 10th, the governor proposed eliminating the
7 remaining general fund investments previously
8 proposed for the School Facility Program and the
9 Preschool, Transitional Kindergarten and Full-Day
10 Kindergarten Facilities Grant Program, indicating
11 in the budget summary that an investment in the
12 early education facilities program could be
13 considered for inclusion in a bond being
14 contemplated by the legislature.

15 We would note the May revision did not
16 reference OPSC's current processing rate of
17 approximately \$1.5 billion in School Facility
18 Program projects annually.

19 If our processing continues at that rate,
20 currently authorized funding for new construction
21 and modernization projects may be exhausted by
22 January of 2025.

23 Our next meeting for the State Allocation
24 Board is scheduled for Wednesday, June 26th, the

1 time and location of that meeting will be announced
2 at a later date.

3 And additionally, I would like to note that
4 the meeting originally planned in July will be
5 canceled.

6 >> **CHAIR PERRAULT:** Thank you, Rebecca.

7 Are there any public comments on the Executive
8 Officer Statement?

9 Seeing none, are there any comments from the
10 Board?

11 Okay.

12 Seeing none, this is not an action item, it's
13 an information item.

14 However, before I move onto consent, I just
15 want to back up.

16 I believe we need to get a roll call for
17 Assembly Member Muratsuchi for the minutes and for
18 the delegation authority.

19 >> **LISA JONES:** How do you vote, Assembly
20 Member Muratsuchi, on the minutes and the
21 delegation of authority?

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

23 >> **LISA JONES:** Thank you very much.

24 >> **CHAIR PERRAULT:** Thank you.

1 Okay.

2 We'll go ahead and move on then to the consent
3 agenda item.

4 And I believe, Michael, you will be
5 presenting.

6 **>> MICHAEL WATANABE:** Okay.

7 The consent agenda is on pages 15 through 120.

8 And it's ready for your approval.

9 If there are no questions or concerns, we also
10 recommend the approval of the priority funding
11 apportionments on pages 140 through 161 as well.

12 **>> CHAIR PERRAULT:** Okay.

13 Thank you.

14 Are there any public comments on the consent
15 agenda or the priority funding item?

16 All right, seeing none.

17 Is there any comments or questions from the
18 Board or concern about folding in the priority
19 funding apportionment into consent?

20 No.

21 Okay.

22 Seeing none is there a motion on the consent
23 agenda with the inclusion of the action item?

24 **>> JEREMY SMITH:** So moved.

1 >> **SENATOR WILK:** Second.

2 >> **CHAIR PERRAULT:** Okay.

3 Moved by Smith.

4 And seconded by Senator Wilk.

5 Okay.

6 Great.

7 Secretary, will you call the roll please.

8 >> **LISA JONES:** Certainly.

9 Senator Wilk.

10 >> **SENATOR WILK:** Aye.

11 >> **LISA JONES:** Wilk, aye.

12 Senator Newman.

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

14 >> **LISA JONES:** Newman, aye.

15 Assembly Member Muratsuchi.

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

17 >> **LISA JONES:** Muratsuchi, aye.

18 Assembly Member Davies.

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

20 >> **LISA JONES:** Davies, aye.

21 Juan Mireles.

22 >> **JUAN MIRELES:** Aye.

23 >> **LISA JONES:** Mireles, aye.

24 Jeremy Smith.

1 >> **JEREMY SMITH:** Aye.

2 >> **LISA JONES:** Smith, aye.

3 Jennifer Osborne.

4 >> **JENNIFER OSBORNE:** Aye.

5 >> **LISA JONES:** Osborne, aye.

6 Michele Perrault.

7 >> **CHAIR PERRAULT:** Aye.

8 >> **LISA JONES:** Perrault, aye.

9 Motion carries.

10 >> **CHAIR PERRAULT:** Great.

11 We'll move right along then to the financial

12 reports.

13 Rebecca.

14 >> **REBECCA KIRK:** Thank you.

15 The financial reports are on pages 121 through

16 139 of today's agenda.

17 I would note the available funds are reflected

18 as of May 29th, 2024, and have been updated with

19 the latest May revision proposals.

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

21 Are there any public comments on this item?

22 Seeing none, are there any Board comments or

23 questions?

24 Okay.

1 Seeing none, this is not an action item, just
2 an information item.

3 Our first action item as noted was taken as
4 part of consent.

5 So we will keep rolling.

6 Okay.

7 That brings us to reports, discussions and
8 information items.

9 Rebecca.

10 >> **REBECCA KIRK:** Thank you, Madam Chair.

11 The reports, discussion and information items
12 are on pages 162 through 221 of today's agenda.

13 I would like to provide an overview for the
14 Board of our construction costs indices
15 comparisons, which has been prepared as an
16 informational item today in response to the Board's
17 direction from the January meeting.

18 Following the January meeting in which the
19 Board requested that staff research alternative
20 construction costs indices that could be used for
21 the annual adjustment to the School Facility
22 Program grants.

23 Staff did meet with stakeholders on three
24 occasions to identify a number of construction

1 costs estimating companies that produce indices and
2 information that could be considered for that
3 purpose.

4 Ultimately, we identified five construction
5 cost indices meeting the statutory and regulatory
6 requirements for the Board's use for this purpose
7 that could be considered.

8 Those are from RS Means, Sierra West Group,
9 Engineering News Record, Vermeulens and Turner
10 Construction.

11 Since 2015 the Board has used the RS Means
12 Construction Cost Index for the purpose of making
13 the annual adjustment to the School Facility
14 Program grant amounts.

15 At the time, the index or staff had presented
16 three potential indices for consideration because
17 the index that had previously used by the Board was
18 no longer available.

19 At that time, staff presented three different
20 options and the Board selected and made the annual
21 adjustment based on the RS Means Construction Cost
22 Index and ask that the Board return into 2016 for
23 selection of an index to be used on a permanent
24 basis.

1 In 2016, the Board subsequently reaffirmed its
2 selection of RS Means as the Construction Cost
3 Index for this purpose, and at that point had
4 selected it as an ongoing basis.

5 Staff has been bringing the annual item in
6 January to adjust the new construction and
7 modernization per pupil grant amounts for the
8 School Facility Program based on the change in the
9 RS Means Construction Cost Index.

10 Based on our research in this informational
11 item, we have presented comparisons from a number
12 of ways of looking at these five potential indices
13 that could be considered.

14 Again, noting that RS Means is the index
15 that's been in use since 2015.

16 The initial page that I would draw the Board's
17 attention to is stamped page 166 of your agenda.

18 The top table on that page depicts the rate of
19 change from year-over-year from 2015 through 2024
20 for each of the five indices.

21 So I would note for the Board's awareness, the
22 year-over-year change from the 2023 to 2024 was a
23 negative 1.33% adjustment based on the RS Means
24 index.

1 Which the Board had adopted for the change to
2 the construction, excuse me, the change to the per
3 pupil grant amounts in the January 2024 State
4 Allocation Board meeting.

5 As you can see in that table, the RS Means
6 index did have the smallest and the only negative
7 year-over-year change from 2023 to 2024.

8 However, if you look at the previous years,
9 there were very large increases in 2021 to 2022, as
10 well as 2022 to 2023 using that index in those two
11 years alone representing a 25.1% increase.

12 Each year-over-year increase is presented as a
13 as I said with the five indices.

14 We also present the average change across all
15 indices and the difference from the average for
16 each of the five.

17 The bottom table on page 166 of the agenda
18 reflects the resulting new construction pupil grant
19 amounts.

20 The first column showing RS Means reflects the
21 new current construction per pupil grant amounts
22 that are in place since the Board's action in
23 January 2024.

24 The other columns are really illustrating for

1 comparison purposes.

2 The hypothetical grant amounts that would be
3 in place for new construction had the Board
4 selected one of these alternate indices back in
5 2015 and looking at that multiyear period from 2015
6 through 2024.

7 Ultimately, I would note at a high level RS
8 Means yielded the per pupil construction or per
9 pupil grant amounts for both new construction and
10 modernization that were in between the other four.

11 So two would have yielded higher grant amounts
12 and two would have yielded lower grant amounts in
13 that period from 2015 through 2024.

14 Attachment "A" to the item which begins on
15 stamped page 168 presents a table that compares the
16 methodology and key features of each of these five
17 indices for the Board's consideration.

18 It compares factors such as how many cities
19 and which cities are used in the methodology for
20 each index, the number of construction materials
21 that are considered, a summary of labor and wage
22 rates that are factored into the methodology as
23 well as a number of other considerations in terms
24 of frequency of publication, estimated cost for

1 use, and availability to the board.

2 In conclusion, staff has presented this as an
3 informational item.

4 We would note at a high level a few points for
5 the Board's consideration.

6 One is that since 2009, the Board has acted to
7 select an index that is most reflective of
8 California costs for the purpose of making the
9 annual change to the School Facility Program grant
10 amounts.

11 Based on our analysis and research and
12 comparison, we do note that the RS Means index
13 still appears to be the most California centric and
14 reflective of California cost, in part because it
15 uses 12 cities in California.

16 It actually has 15 cities in California
17 currently available compared to the other indices,
18 which use far fewer California cities and in some
19 cases national or even national plus Canadian city
20 data.

21 RS Means also uses more construction materials
22 than the other indices.

23 And across the five indices, we found that the
24 average rate of change from 2015 to 2024 was 52.16%

1 and that RS Means had the closest to the average
2 change for that period from 2015 through 2024 of
3 48.30%.

4 Our recommendation is that the Board accept
5 the report and we're happy to address any questions
6 that you may have.

7 >> **CHAIR PERRAULT:** Thank you, Rebecca.

8 Before I go to the Board, are there any public
9 comments?

10 All right, seeing none.

11 Any comments or questions from the Board?

12 Okay.

13 Seeing none, this is not an action item, it is
14 just an information item, correct.

15 So there is no action taken.

16 That brings us I think to the conclusion,
17 right, of our agenda.

18 Are there any other public comments on non-
19 agendized?

20 All right.

21 Seeing none, then we're adjourned at 4:22.

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TRANSCRIBER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

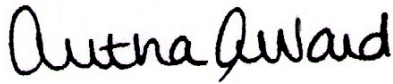
I, (Antha A. Ward), a person who has 23 years of demonstrated experience, do hereby certify:

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 May 29, 2024,



Antha A. Ward
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