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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

STATE BUILDING AND CONSTRUCTION TRADES COUNCIL

OF CALIFORNIA

1231 I STREET, SUITE 303

SACRAMENTO, CA 95814

DATE: WEDNESDAY, JANUARY 22, 2025

1 APPEARANCES: MEMBERS OF THE BOARD PRESENT:

2

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

6 JEREMY SMITH, Governor's Appointee

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

11 ANA LASSO, Director, Department of General Services
12 (Teleconference Participation)

13 ASSEMBLY MEMBER AL MURATSUCHI (Teleconference
14 Participation)

15 ASSEMBLY MEMBER LAURIE DAVIES (Teleconference
16 Participation)

17 ASSEMBLY MEMBER DAVID ALVAREZ (Teleconference
18 Participation)

19 SENATOR JOHN LAIRD (Teleconference Participation)

20

21 REPRESENTATIVES OF THE STATE ALLOCATION BOARD/OFFICE
22 OF PUBLIC SCHOOL CONSTRUCTION PRESENT:

23

24 REBECCA KIRK, Executive Officer

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MICHAEL WATANABE, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,

OFFICE OF LEGAL SERVICES:

EPHRAIM EGAN

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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 22, 2025

[GAVEL]

>> **CHAIR PERRAULT:** I always forget to do that.

Good afternoon. It is 4:13 and I'm going to go ahead and call the State Allocation Board meeting to order.

This meeting is being held in person in the State Building and Construction Trades Council of California at 1231 I Street in Suite 303, Sacramento California, 95814 for anyone that would like to provide public comment in person. This meeting is also being conducted by way of Zoom meeting for members of the public that would like to participate remotely.

In order for this meeting to run efficiently for those participating remotely, please note the following guidelines. All attendees 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. I will call your name at the appropriate time and OPSC staff will request to unmute you. Number two, if you are calling into the meeting and not using a computer or the Zoom application on a mobile device, you unfortunately will be unable to provide public comment at

1 this time.

2 The Board will be meeting in closed session upon the
3 conclusion of the general meeting pursuant to Government
4 Code Section 11126(e) for the purpose of conferring with
5 and receiving advice from legal counsel regarding one,
6 potential litigation and two, the case of California School
7 Finance Authority versus Today's Fresh Start, Los Angeles
8 County Superior Court case 23STCPO -- sorry, P03750. And
9 the case of California School Finance Authority versus
10 LAUSD and Los Angeles Superior Court case number
11 23STCP03720.

12 Before we start with our agenda items we would like to
13 take a few minutes to thank one of our former board
14 members, Senator Newman.

15 And I don't know --

16 **>> SENATOR NEWMAN:** I'm on Zoom.

17 **>> CHAIR PERRAULT:** Excellent. Thank you.

18 It's hard to see here. So I wanted to just take a moment to
19 acknowledge Senator Newman. And we will be presenting him
20 with a resolution in acknowledgment of his dedication and
21 service as a member of the State Allocation Board. Senator
22 Newman recently just left the legislature.
23 Senator Newman was appointed to serve as a member of the
24 State Allocation Board on April 12th, 2023. His first

1 meeting was on April 26th, 2023, and his last meeting was
2 October 23rd, 2024.

3 During his tenure on the State Allocation Board he
4 assisted the Board in making apportionments and unfunded
5 approvals for over \$2.62 billion representing over 687
6 projects for the School Facility Program and other programs
7 administered by the Board.

8 Senator Newman also assisted the Board in making
9 apportionments in the amount of \$375.4 million,
10 representing 61 projects for the California Preschool,
11 Transitional Kindergarten and Full-Day Kindergarten
12 Facilities Grant Program.

13 Senator Newman helped shape policy that lead to decisions
14 enabling the State Allocation Board to address the many
15 complex and sensitive issues that affect all school
16 districts participating in State Allocation Board
17 administered programs, including but not limited to the
18 funding of projects for public schools on military
19 installations as well as maintaining the integrity of the
20 School Facility Program by ensuring taxpayers of the State
21 of California that bond funds as well as general fund
22 proceeds for State Allocation Board administered programs
23 were apportioned in an efficient, effective, and equitable
24 manner.

1 We thank Senator Newman for his commitment, dedication, and
2 service to this board as well as to the citizens of the
3 State of California.

4 Senator Newman's support to the State Allocation Board
5 has elevated the success of the Office of Public School
6 Construction's core purpose, which is to enrich the lives
7 of California school children as stewards of the taxpayer's
8 commitment to education.

9 Senator Newman, we look forward to presenting you with
10 a formal resolution in the near future. And again, thank
11 you for your service.

12 Are there any folks that would like to take a moment to
13 make any additional comments while we have the senator
14 online?

15 Assembly Member Muratsuchi.

16 >> **ASSEMBLY MEMBER MURATSUCHI:** Yes, I would like to
17 thank Senator Newman for all of his service, not only on
18 the State Allocation Board, but as my counterpart as the
19 Chair of the Senate education committee. He did a lot of
20 great work, and really appreciate all that he's done for
21 the people of the State of California.

22 >> **CHAIR PERRAULT:** Great.

23 Mr. Smith.

24 >> **JEREMY SMITH:** Thank you, Madam Chair.

1 Just would like to thank Senator Newman for his
2 service in the state Senate all these years. A true friend
3 of working people. And germane to this board, a true friend
4 to students and administrators and everybody involved in
5 the K-12 school system in California as well. His service
6 will be missed.

7 And we -- I just would like to thank him on behalf of the
8 building trades and myself for being a true friend and a
9 partner.

10 **>> CHAIR PERRAULT:** Any other comments?

11 Yes, Assembly Member Davies.

12 **>> ASSEMBLY MEMBER DAVIES:** Thank you. I also want to
13 say thank you so much, senator. It's been a pleasure
14 working with you and your insight and your experience that
15 you've brought to this committee has been incredible. So
16 thank you, again, and wish you the best.

17 **>> CHAIR PERRAULT:** Okay. All right.

18 And you guys will have to help me because I can only
19 see us on the screen. So if there are comments, I won't be
20 able to see them on mine. Thank you. Appreciate that.

21 Okay. Well, thank you, again, Senator Newman.

22 And we will get you that resolution in person in short
23 order. So thank you again for your service. And we wish you
24 best luck.

1 **>> SENATOR NEWMAN:** Thank you for the kind words and
2 good luck to everybody. Appreciate your work.

3 **>> CHAIR PERRAULT:** Thank you, Senator Newman.
4 I appreciate the thanks.

5 Was there any other comments you would like to make before
6 we move on?

7 **>> SENATOR NEWMAN:** Yeah. Thank you for the very
8 thoughtful, very gracious gesture. Very proud I've had the
9 privilege of serving with all of you on the State
10 Allocation Board. And equally proud to have served as the
11 principle coauthor with Assembly Member Muratsuchi to the
12 Ed bond, which just passed. And very excited to see how
13 that, the \$8.5 billion will be spent desperately needed for
14 investments in schools all over California. So grateful to
15 all of you for your service, especially grateful to the
16 leadership and staff of the Board. Thank you for all of
17 your good work. Keep it up. I look forward to working with
18 you in various ways.

19 **>> CHAIR PERRAULT:** Thank you so much. Well deserved.
20 Appreciate that. Okay, with that, we'll go ahead and Ms.
21 Jones, if you would please call the roll, noting any
22 members joining us from a remote location.

23 **>> LISA JONES:** I certainly will.
24 Senator Laird.

1 Assembly Member Muratsuchi.

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

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

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

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

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

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

8 >> **JUAN MIRELES:** Here.

9 [Background noise]

10 >> **LISA JONES:** Sorry?

11 Juan is meeting with us remotely today. Thank you.

12 Jeremy Smith.

13 >> **JEREMY SMITH:** Here.

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

15 >> **ANA LASSO:** Here.

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

17 >> **CHAIR PERRAULT:** Here.

18 >> **LISA JONES:** And we do have a quorum.

19 >> **CHAIR PERRAULT:** Okay. Thank you so very much.

20 With that, we'll go ahead and move on to the next

21 order of business, which is to approve the minutes.

22 Are there any -- sorry.

23 Ms. Kirk.

24 >> **MS. KIRK:** Thank you, Madam Chair.

1 The minutes from the December 3rd, 2024, State
2 Allocation Board meeting are on stamped pages 1
3 through 24 of today's agenda. I would request the
4 board approve the minutes.

5 >> **CHAIR PERRAULT:** Thank you so much.

6 >> So moved.

7 >> Second.

8 >> **CHAIR PERRAULT:** Okay, before we take up the motion,
9 are there any other comments from board members regarding the
10 minutes? Seeing none. Are there any public comments regarding
11 the minutes? Okay, seeing none. We have a motion and a second.

12 If we'll go ahead and call roll.

13 >> **LISA JONES:** Okay.

14 Assembly Member Muratsuchi.

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

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

17 Assembly Member Davies.

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

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

20 Assembly Member Alvarez.

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

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

23 Juan Mireles.

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

1 [Background noise]

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

3 Jeremy Smith.

4 >> **JEREMY SMITH:** Aye.

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

6 Ana Lasso.

7 >> **ANA LASSO:** Aye.

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

9 Michele Perrault.

10 >> **CHAIR PERRAULT:** Aye.

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

12 And that motion carries.

13 >> **CHAIR PERRAULT:** Thank you so much.

14 We'll go ahead and now move onto the Executive

15 Officer Statement.

16 Ms. Kirk.

17 >> **MS. KIRK:** Thank you, Madam Chair.

18 I have several updates for the Board as part of the

19 Executive Officer Statement today. Firstly, as all of you

20 know, wanted to acknowledge the wildfires that have been

21 impacting school districts in Los Angeles County quite

22 significantly in recent weeks. On January 7th, as you know,

23 the governor proclaimed a state of emergency related to the

24 severe wind storm conditions and multiple wildfires in the

1 area. On January 14th, the governor issued executive order
2 N-6-25, one of the several executive orders issued in
3 response to this state of emergency. And this executive
4 order in particular includes components aimed at assisting
5 school districts, local educational agencies that have been
6 impacted by these fires. In part, the executive order
7 includes an offer of coordinated support from multiple
8 state agencies who are engaging with the local educational
9 agencies that have had school sites destroyed or
10 significantly damaged by the fires in order to help them
11 develop a plan in the short term to temporarily house
12 displaced students and repair and rebuild the impacted
13 schools as appropriate.

14 The Office of Public School Construction is conducting
15 coordinated outreach with seven other state agencies as
16 part of this process. And I'm proud to say that we've at
17 this point made direct contact with each of the school
18 districts and charter schools that have had facilitates
19 significantly damaged or destroyed in these fires. We are,
20 as staff as OPSC providing information on the Board's
21 programs, which may help assist in this disaster. In part,
22 options including applying for funding under the Facility
23 Hardship Program, requesting assistance with interim
24 housing or any other assistance under the provisions

1 authorized by Proposition 2, just approved by a majority of
2 voters in November. And also other funding opportunities
3 that may be available under other board programs, such as
4 new construction, modernization and the Charter School
5 Facilities Program.

6 We remain committed to assisting local educational
7 agencies in this difficult time. And another note on that
8 that I'd like to share is that although we previously
9 announced we would be opening a filing round for the
10 Charter School Facilities Program on May 4th of this year
11 through August 31st, based on our knowledge that a number
12 of charter schools have been displaced from their
13 facilities due to the impacts of these wildfires, we're
14 currently assessing whether a change in that timeline for
15 the filing period is warranted.

16 We do have existing regulations that authorize me to
17 make changes to deadlines in this type of circumstance when
18 there is a state of emergency in order to ensure continued
19 and equitable access to State Allocation Board programs by
20 school districts and local educational agencies. So I will
21 report back to the Board at the February meeting regarding
22 the timeline on the filing period for the Charter School
23 Facilities Program.

24 Additionally, we do have an existing process whereby

1 school districts that are working with our office on
2 pending applications can request an extension to the normal
3 deadlines when we're requesting follow-up information of
4 them in the event there is a state of emergency that's
5 causing impacts as the current one is. We do have that
6 process, again, in place and up and running in the
7 information items in the agenda beginning next month,
8 you'll see an item reflecting any school district that
9 requests an extension based on those provisions.

10 I also wanted to share that the governor's budget
11 proposal released on January 10th, includes one proposal of
12 interest to the Board. Specifically, a proposal for the
13 Department of General Services to implement and administer
14 Proposition 2. Specifically, this proposal includes
15 approximately \$12.2 million and 14 positions in fiscal year
16 2025-'26, proposed for the Office of Public School
17 Construction as the first annual investment of a total
18 \$59.5 million over a five-year period from the 2024 state
19 facilities fund established by Proposition 2.

20 Additionally, the proposal includes \$356,000 from
21 various funds on an ongoing basis and two positions for
22 other DGS divisions to support implementation and
23 administration of Proposition 2. This proposal assumes that
24 our application processing rate remains at what it

1 currently and has been in recent years, about \$1.5 billion
2 annually. The proposal of course is subject to change
3 during the annual budget development process. And I note
4 that today's agenda does include an item for the Board to
5 consider reserving state agency administrative costs from
6 bond authority authorized by Proposition 2.

7 We also have a series of stakeholder meetings
8 upcoming. We had an item at the December meeting in which
9 we outlined some of our planned timelines around
10 implementation of Proposition 2. I'm pleased to announce
11 the first two stakeholder meetings toward our regulatory
12 development will be held on January 30th, and February
13 13th, 2025. After discussion and input from stakeholders in
14 the stakeholder meeting process, we will bring back
15 proposed regulations for the Board's consideration on a
16 flow basis. And as the regulations are approved by the
17 Board, we will work with the Office of Administrative Law
18 in order to file them and have them become effective.

19 Finally, as part of today's agenda, we're presenting
20 the annual adjustment to the School Facility Program grants
21 based on the statewide cost index for class B construction.
22 I'd note that the recommended adjustment this year is an
23 increase of 0.49%. And our next meeting is scheduled for
24 Wednesday, February 26th, 2025.

1 I'm pleased to answer any questions.

2 >> **CHAIR PERRAULT:** Thank you, Ms. Kirk.

3 Are there some questions or comments?

4 Yes, Assembly Member Davies.

5 >> **ASSEMBLY MEMBER DAVIES:** Yes.

6 A question on the governor's proposed the \$12.2
7 million and the 14 positions, are the 14 positions coming
8 out of 12.2 million, or would that be separate cost?

9 >> **MS. KIRK:** So the additional cost with the
10 additional positions that are proposed is included as part
11 of the 12.2 million.

12 >> **ASSEMBLY MEMBER DAVIES:** Do we know how
13 much that is or is it possible to find out how much it is?

14 >> **MS. KIRK:** Yes, there is a budget
15 change proposal for that piece of the governor's budget
16 that has a table with that break out. We can be sure to
17 send that to your staff after today's meeting.

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

19 >> **MS. KIRK:** You're welcome.

20 >> **CHAIR PERRAULT:** Yes, Assembly Member Muratsuchi.

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

22 Ms. Kirk, first of all, thank you for engaging
23 immediately following the L.A. wildfires. I know that as
24 you indicated there have been multiple agencies that are

1 working together to help with the rebuilding effort.

2 Do you have a count in terms of the number of schools
3 that have been, you know, completely lost, that have been
4 suffered significant damage?

5 >> **MS. KIRK:** Our understanding at this time from
6 preliminary information, but at this time our understanding
7 is that there are five school facilities within the
8 Pasadena Unified School District that were significantly
9 damaged or destroyed. And three school facilities within
10 the Los Angeles Unified School District that were
11 significantly damaged or destroyed. A number of them were
12 occupied by charter schools as well.

13 >> **ASSEMBLY MEMBER MURATSUCHI:** And so I know that
14 Proposition 2 has specific provisions related to the
15 Facilities Hardship Program, that means that if the -- does
16 that mean that if the districts decide to repair or rebuild
17 the schools that they would go to the front of the line in
18 terms of eligibility for Proposition 2 funds?

19 >> **MS. KIRK:** Our existing regulations do provide that
20 applications for Facility Hardship funding go to the front
21 of the line and they receive first priority for processing
22 by our staff and then first priority for presentation to
23 the Board for funding consideration. That said, in the past
24 with other school districts that have lost facilities due

1 to fire like Paradise Unified, like the Pioneer Union
2 Elementary School District up in Butte County, we have seen
3 sometimes in the course of working with them at a staff
4 level that other programs perhaps better suit their needs.
5 In that case, often times we've brought forward an appeal
6 on behalf of the school district for the Board's
7 consideration. And those are still prioritized above the
8 standard application processing timeframe.

9 >> **ASSEMBLY MEMBER MURATSUCHI:** All right. And I'm also
10 familiar that Proposition 2 has the temporary classroom or
11 interim housing funding. To date have either any of the
12 either Pasadena Unified or L.A. Unified apply for any
13 interim housing or is it too soon?

14 >> **MS. KIRK:** We have not received applications based
15 on those provisions of Proposition 2 yet. We have made the
16 districts aware of the availability of those options. I
17 think we're also very fortunate that the board just last
18 month adopted interim policies for initial implementation
19 of Proposition 2. And among those was sort of an interim
20 process by which the Board can consider any such requests
21 that may come in using the existing appeal process.

22 So of course with the election just held in November,
23 the bill's provisions becoming operative in November.
24 Fortunately, the swift action by the Board in December to

1 take that step I think really facilitates our ability to
2 say there is already an existing process by which districts
3 can request that additional assistance from the Board.

4 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay. Thank you. I know
5 from being from Los Angeles County that, you know, not just
6 the communities that have been directly impacted by the
7 fires, but all of Los Angeles is, you know, reeling,
8 continues to be reeling from all the traumatic impacts of
9 the wildfires. So I know that rebuilding the schools or
10 housing the students is a top priority for the families to
11 return to normalcy. I hope that the Office of Public School
12 Construction can help with that rebuilding and that return
13 to normalcy as quickly as possible. Thank you.

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

15 >> **CHAIR PERRAULT:** Additional questions from the
16 Board? Yes. Ms. Lasso.

17 >> **ANA LASSO:** More of a comment than a question. Ms.
18 Kirk, I just want to say how thankful I am to you and your
19 team for providing all of the extra resources and
20 information to the districts in Southern California that
21 are facing this catastrophe. And I know it's all the other
22 duties as assigned, but I've heard from the superintendents
23 and other local education leaders that they really, really
24 appreciate the work that the Office of Public School

1 Construction and the Division of State Architect are doing
2 on their behalf. So thank you for that.

3 >> **MS. KIRK:** Thank you.

4 >> **CHAIR PERRAULT:** Any additional?

5 >> **JUAN MIRELES:** Chair?

6 >> **CHAIR PERRAULT:** Yes, Mr. Mireles.

7 >> **JUAN MIRELES:** I just want to echo Ms. Lasso's
8 comments.

9 [Background noise]

10 Apologize if it's a little noisy. I'm reporting out
11 from the joint field office here in Pasadena. And Ms. Kirk
12 and her team have been extremely helpful with the
13 coordinated efforts here with all the other state agencies
14 helping the schools. They're going through a lot. But it's
15 great to see that there's overwhelming support by listed
16 agencies. A lot of those efforts are being led by Ms. Kirk
17 along with our colleagues from the Division of the State
18 Architect. And again several other state agencies.

19 So thank you, Ms. Kirk and her team, for helping.

20 >> **CHAIR PERRAULT:** Thank you, Mr. Mireles.

21 I think -- it's a little noisy in the background, but
22 I think we got the gist. And appreciate you being down
23 there and working, again, across I know multiple state
24 agencies.

1 I just, I want to echo what we've already heard from
2 some of my fellow board members. Rebecca and her team have
3 been tirelessly working. I have been on multiple calls and
4 multiple outreaches with her, with not just the charters
5 but with LAUSD and other Pasadena district as well. And I
6 know the team is you know, we're working across agencies to
7 figure out how can we quickly and swiftly provide whether
8 you know it's temporary housing or it's making sure that
9 those that maybe weren't impacted are cleaned up enough
10 that we can get students back in to classrooms. Because we
11 know that part of the recovery process is that mental and
12 well-being of our students' health, that they be with their
13 peers and that they can continue some sense of normalcy
14 when everything else I think is very chaotic.

15 But your team has been amazing. And you guys have been
16 working tirelessly. So I appreciate that greatly. I want to
17 -- I'd like to offer up a suggestion and some direction.

18 I did want to note though that it looks like we have
19 been joined by Senator Laird remotely. So just wanted to
20 note that so that folks are aware.

21 That being said, I know this is an information item.
22 And I know your team is going to continue to work on this
23 but. But I would like to provide some direction with
24 board's support to the staff to perhaps at our next meeting

1 in February, if we could probably bring forward or ask
2 staff to kind of work on if there are ways that we can be
3 more helpful in this space of recovery, potentially in an
4 action item depending on what the avenues are.
5 Specifically, I'm also wondering if we can take a look at
6 and have a sense of what might be available currently or
7 available in the general fund currently for the programs,
8 for our programs here at OPSC specifically. And if there is
9 a way to look at that funding as an opportunity to move
10 funding forward quicker to the impacted districts. So if I
11 could ask the staff maybe to bring us forward something in
12 an action item next meeting, I'd appreciate it if there's
13 no hesitation from my fellow board members, if that makes
14 sense. Okay. Great.

15 >> **MS. KIRK:** Certainly.

16 >> **CHAIR PERRAULT:** Okay. Any other comments from the
17 Board or others? Okay, are there any public comments? Okay.
18 All right, seeing none. This is not an action item. So we
19 will go ahead and move forward onto our next item of
20 business, which is our consent agenda.

21 So Ms. Kirk.

22 >> **MS. KIRK:** Thank you, Madam Chair. The consent
23 agenda is on stamped pages 27 through 53 of today's agenda.
24 I'd be happy to address any questions. And I request that

1 the Board approve the consent agenda.

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

3 Are there any comments or questions from board
4 members?

5 No?

6 Okay. Any comments or -- none?

7 >> Second.

8 >> **CHAIR PERRAULT:** Okay, it's been moved and seconded.

9 If we can please have a roll call, Madam Secretary.

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

11 >> **SENATOR LAIRD:** aye.

12 >> **LISA JONES:** Laird, aye.

13 Assembly Member Muratsuchi.

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

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

16 Assembly Member Davies.

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

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

19 Assembly Member Alvarez.

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

21 >> **LISA JONES:** Alvarez, aye.

22 Juan Mireles.

23 Juan Mireles.

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

1 >> **LISA JONES:** Thank you.
2 Mireles, aye.
3 Jeremy Smith.
4 >> **JEREMY SMITH:** Aye.
5 >> **LISA JONES:** Smith, aye.
6 Ana Lasso.
7 >> **ANA LASSO:** Aye.
8 >> **LISA JONES:** Lasso, aye.
9 And then Michele Perrault.
10 >> **CHAIR PERRAULT:** Aye.
11 >> **LISA JONES:** Perrault, aye.
12 >> **LISA JONES:** And that motion carries. Thank you.
13 >> **CHAIR PERRAULT:** Thank you very much.
14 We'll go ahead now and move onto our financial
15 reports.
16 Ms. Kirk.
17 >> **MS. KIRK:** Thank you.
18 The financial reports are on pages 54 through 93 of
19 today's agenda. I'd be happy to address any questions.
20 >> **CHAIR PERRAULT:** Are there any questions regarding
21 the financial reports? Okay, seeing none. Any public
22 comments? Seeing none.
23 Okay, this is not an action item, so we'll go ahead
24 and move forward. I will note our next item was an appeal

1 item. But the appeal item on today's agenda was withdrawn
2 at the request of the Camptonville Union Elementary School
3 District. And will be deferred for presentation at a future
4 State Allocation Board meeting.

5 Okay, with that, we will go ahead and move onto our
6 action items. We have one action item before us.

7 Ms. Kirk.

8 >> **MS. KIRK:** Thank you.

9 The first action item begins on stamped page 130 of
10 today's agenda. This item presents the annual adjustment to
11 the School Facility Program per unhoused pupil grant
12 amounts to reflect construction cost changes as shown in
13 the statewide cost index for class B construction.

14 Since 2015, the Board has used the RS Means
15 Construction Cost Index as the index for this annual
16 adjustment. Staff's recommendation is for the Board to
17 adopt the annual adjustment for calendar year 2025 to
18 reflect an increase of 0.49% based on the RS Means
19 Construction Cost Index year-over-year change. I'd be
20 pleased to answer any questions.

21 >> **CHAIR PERRAULT:** Okay.

22 Are there any comments or questions from the Board on
23 this item?

24 Yes, Assembly Member Muratsuchi.

1 **>> ASSEMBLY MEMBER MURATSUCHI:** So I don't want to
2 repeat our discussion from last year, but you know, again,
3 the .49 construction cost index, you know, does not appear
4 to reflect the daily realities that we hear from our
5 constituents about inflation and especially in the
6 construction industry. But you know, I know from the
7 discussion, was it last year or the year before?

8 That you know, there is that, I believe, a survey of
9 construction costs involving cities across the country, is
10 that correct?

11 **>> MS. KIRK:** Sure, so thank you for the question,
12 Assembly Member. Last year when staff presented the item
13 for the annual adjustment in January 2024. At that time,
14 the RS Means Construction Cost Index was actually
15 reflecting a year over year negative adjustment, negative
16 1.33% compared to what the grant amounts were in 2023, the
17 preceding year. There were concerns expressed by some
18 stakeholders at the State Allocation Board meeting in
19 January who basically expressed that they didn't feel that
20 a negative adjustment was reflective of cost that they were
21 seeing in the field. That was also I'd note, only the
22 second time in the history of the School Facility Program
23 since 1998 that it happened to be a negative adjustment. As
24 a result, in part the Board requested that staff do a

1 comparison of alternate indices and measures of
2 construction cost that could be used for the Board's annual
3 adjustment. We did present that item as an information item
4 in May of 2024.

5 I'd like to compliment my staff that worked on that
6 item. They did a really great job doing a deep dive
7 comparison there. We also worked closely with the
8 stakeholders that had raised those concerns for the Board's
9 consideration. Specifically, the Coalition for Adequate
10 School Housing in trying to identify a pretty broad cast of
11 potential measures of construction cost in California.

12 Ultimately, we'd found that there were five that met
13 the statutory criteria of being a class B construction cost
14 index for the annual adjustment. And we had kind of a table
15 comparison of various features and the methodology of each
16 of those five. And then we also had taken a look at had the
17 Board used that, you know, any of those alternate measures
18 over the past -- well, I don't want to do the math, but
19 since 2015 when the Board started using RS Means what the
20 end result for the grant would have been.

21 And part of what we found was that RS Means in terms
22 of the amount of the grants what they would be, it was
23 right in the middle of the 5, the median amount. The other
24 thing that I would note was that the methodology did seem

1 to staff that RS Means is still the most reflective of
2 California cost. Because it's based on exclusively
3 California city's data. Whereas we found that some of the
4 other indices that were available pulled national data from
5 a smaller subset of cities reflective in California. So for
6 those reasons, staff's recommendation was that it seemed
7 reasonable to continue using the RS Means Construction Cost
8 Index for this purpose. And that's the basis of today's
9 adjustment.

10 The one other thing I would note just for context as
11 well although there was a negative adjustment last year and
12 the 0.49% increase before you today is relatively small, a
13 relatively small increase, in the years immediately
14 preceding the negative adjustment last year, we did see
15 very significant increases, I would say in a two- or three-
16 year span over 20%. There was one year that over 15% year
17 over year. So there's also some fluctuation where the
18 negative last year and the smaller amount in an increase
19 this year could be a little bit of a leveling out after big
20 spikes we saw during COVID times for instance.

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

22 All right, thank you.

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

24 Are there any other questions from the Board?

1 >> [Off mic]

2 >> Second.

3 >> **CHAIR PERRAULT:** Okay, we do have a motion and a
4 second. Before we take that up, are there any other public
5 comments? Okay, seeing none. We do have a motion and a
6 second.

7 So secretary, will you call the roll?

8 >> **LISA JONES:** Certainly.
9 Senator Laird.

10 >> **SENATOR LAIRD:** Aye.

11 >> **LISA JONES:** Laird, aye.
12 Assembly Member Muratsuchi.

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

14 >> **LISA JONES:** Muratsuchi, aye.
15 Assembly Member Davies.

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

17 >> **LISA JONES:** Davies, aye.
18 Assembly Member Alvarez.

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

20 >> **LISA JONES:** Alvarez, aye.
21 Juan Mireles.

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

23 >> **LISA JONES:** Mireles, aye.
24 Thank you, Juan.

1 Jeremy Smith.

2 **>> JEREMY SMITH:** Aye.

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

4 Ana Lasso.

5 **>> ANA LASSO:** Aye.

6 **>> LISA JONES:** Lasso, aye.

7 Michele Perrault.

8 **>> CHAIR PERRAULT:** Aye.

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

10 And that motion carries.

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

12 We'll go ahead and move onto our next item, our action
13 item proposed regulatory amendments for the School Facility
14 Program.

15 Ms. Kirk.

16 **>> MS. KIRK:** Thank you, Madam Chair.

17 The second action item today begins on stamped page
18 140 of today's agenda. This item presents clarifying
19 amendments to regulations the Board approved on an
20 emergency basis in September 2024, the clarifying changes
21 are reflected on stamped page 141 of the agenda.
22 Specifically, they indicate when the Board considers
23 whether to authorize an 18-month time limit on fund release
24 for apportionments pertaining to a school facility on a

1 military installation.

2 The Board will consider whether additional time is
3 needed for the district to align with federal timelines
4 associated with its invitation to receive federal funding.
5 I request that the Board adopt the clarifying amendments
6 and authorize staff to combine the language in this item
7 with the previously approved emergency regulations to file
8 those regulations with the Office of Administrative Law and
9 make them effective on a permanent basis.
10 I'm happy to address any questions.

11 **>> CHAIR PERRAULT:** Thank you very much.

12 Are there any questions or comments from the Board?
13 Okay, seeing none. Are there any public comments? All
14 right, seeing none.

15 I'll entertain a motion.

16 **>> ASSEMBLY MEMBER DAVIES:** So moved.

17 **>> ANA LASSO:** Second.

18 **>> CHAIR PERRAULT:** I heard a motion by
19 Assembly Member -- was it Davies? Yes. And then a second by
20 Ana Lasso.

21 If we could please, secretary, call the roll.

22 **>> LISA JONES:** Very well.

23 Senator Laird.

24 **>> SENATOR LAIRD:** Aye.

1 >> **LISA JONES:** Laird, aye.
2 Assembly Member Muratsuchi.
3 >> **ASSEMBLY MEMBER MURATSUCHI:** Aye.
4 >> **LISA JONES:** Muratsuchi, aye.
5 Assembly Member Davies.
6 >> **ASSEMBLY MEMBER DAVIES:** Aye.
7 >> **LISA JONES:** Davies, aye.
8 Assembly Member Alvarez.
9 >> **ASSEMBLY MEMBER ALVAREZ:** Aye.
10 >> **LISA JONES:** Alvarez, 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 Ana Lasso.
18 >> **ANA LASSO:** Aye.
19 >> **LISA JONES:** Lasso, aye.
20 Michele Perrault.
21 >> **CHAIR PERRAULT:** Aye.
22 >> **LISA JONES:** Perrault, aye. And that motion
23 carries. Thank you.
24 >> **CHAIR PERRAULT:** Thank you so much. We'll go ahead

1 and move to our action item, implementation of Proposition
2 2, new construction and modernization set-asides and
3 administrative costs for the School Facility Program.

4 Ms. Kirk.

5 >> **MS. KIRK:** Thank you, Madam Chair.

6 This action item begins on stamped page 149 of today's
7 agenda. There are a number of decision points here in this
8 item today for the Board's consideration. So November 5th,
9 2024, California voters approved Proposition 2,
10 implementing provisions of Assembly Bill 247. In part,
11 Proposition 2 provides \$8.5 billion in bond proceeds for
12 the construction and modernization of transitional
13 kindergarten through grade 12 school facilities in
14 California.

15 Proposition 2 specifies the amounts that are allocated
16 to the School Facility Program for new construction,
17 modernization, the Charter School Facility Program and the
18 Career Technical Education Facility's Program. Proposition
19 2 also authorizes discretionary set-asides. Specifically,
20 Proposition 2 authorizes the Board to designate up to 10%
21 of the funding allocated for both new construction and
22 modernization to be available specifically for small school
23 districts with an enrollment of 2,500 students or fewer.
24 Proposition 2 also allows a discretionary set-aside of up

1 to \$115 million specifically from Modernization Bond
2 Authority to be available to address the remediation of
3 lead in water at school sites.

4 Finally, Proposition 2 also contains a provision for
5 the Board to provide a \$5 million grant to the California
6 Department of Education (CDE) in order to augment CDE's
7 federal Supporting America's School Infrastructure Grant
8 and support priority school districts as defined. This
9 grant can be provided at the board's discretion from a
10 combination of new construction and modernization funding.
11 This item before you today in part seeks the Board's
12 direction on the discretionary set-asides that are
13 authorized in Proposition 2. We're also seeking the Board's
14 action on the \$5 million grant to the Department of
15 Education from Bond Authority authorized in Proposition 2.
16 There's a second component to this item as well, which
17 pertains to state agency administrative costs to administer
18 the School Facility Program.

19 I mentioned as part of the Executive Officer Statement
20 that there is a governor's budget proposal related to
21 administrative costs for implementation and administration
22 of the program and Proposition 2 for the Department of
23 General Services, including the Office of Public School
24 Construction. This item requests in part that the board

1 consider reserving funding, Bond Authority from Proposition
2 2 for OPSC's anticipated administrative costs needs over a
3 five-year period. The reason that it's looking at a five-
4 year period is that based on our current processing rate of
5 about \$1.5 billion annually, we anticipate it's going to be
6 roughly five years for the \$8.5 billion in new authority
7 under Proposition 2 to be processed by our staff and
8 brought before the Board for consideration and award to
9 school districts. So this item seeks the Board's approval
10 additionally to reserve funds for state agency
11 administrative costs.

12 In addition to the OPSC administrative costs there are
13 also administrative costs incurred to administer the School
14 Facility Program by the Department of Education and the
15 State Controller's Office. That's a component of the
16 request in this item as well. I would note there's a fourth
17 state agency that has a role in administrating the program.
18 The California School Finance Authority under the
19 Treasurer's Office jointly administers the Charter School
20 Facilities Program in particular with our office. However,
21 they have a different provision and law authorizing their
22 administrative costs. And as a result, they have indicated
23 and we concurred, they have adequate funds set aside from
24 prior bonds that they do not see a need at this time to set

1 aside additional administrative funding from Proposition 2
2 Bond Authority.

3 I'll direct, because there are a lot of moving pieces
4 admittedly in this item, I'd like to direct the Board's
5 attention to stamped page 156 of today's agenda. Which
6 reflects staff's recommendations on this item as a starting
7 point. The recommendations that we've put before the Board
8 for consideration, the first recommendation is that the
9 Board approve the set-asides authorized for 10% of new
10 construction authority and 10% of modernization authority
11 to be set aside specifically for small school districts.
12 That would be \$330 million from New Construction Bond
13 Authority and \$400 million from Modernization Bond
14 Authority.

15 The rationale behind that recommendation is that we
16 know many provisions in Proposition 2 from when AB247 was
17 going through the legislative process that many provisions
18 were intended to improve equity and particularly equity and
19 equitable access to the School Facility Program by small
20 school districts particularly. And therefore, we recommend
21 approval of those set-asides as being consistent with the
22 intent of those provisions.

23 The second staff recommendation on this item is for
24 the Board to approve the set-aside of \$115 million from

1 Modernization Bond Authority for the new grant program that
2 would address testing and remediation of lead in water at
3 school sites. Our third recommendation is that the board
4 approve the \$5 million grant to the Department of Education
5 to augment their existing federal grant and support
6 priority school districts.

7 The Board has the discretion to determine how much of
8 that grant is pulled from New Construction Bond Authority
9 and/or Modernization Bond Authority. Our staff
10 recommendation is to take \$2.5 million from each source in
11 order to comprise that \$5 million grant with the rationale
12 being that CDE will do assistance to -- will help assist
13 small school districts with applications both for new
14 construction and modernization. The fourth recommendation
15 in this item is that the board approve the reservation of
16 Bond Authority in the amount of \$80,895,000 for fiscal
17 years 2025, '26 through 2029-'30, for the estimated
18 administrative costs of the Office of Public School
19 Construction, the California Department of Education, and
20 the State Controller's Office. That amount is reflected
21 earlier in the item, a breakdown by individual agency. It
22 is a five-year administrative cost amount estimated. The
23 Board also has the ability to determine any amount that is
24 reserved for state agency administrative costs, which

1 programs within the bond are assessed those charges for the
2 reservation of administrative costs.

3 Our staff recommendation is that the amount reserved
4 be prorated based on the proportionate amount that each
5 program represents in comparison to the \$8.5 billion
6 authorized for the School Facility Program by Proposition
7 2. That would be consistent with the Board's last action to
8 set aside authority from a bond for administrative costs,
9 which occurred in 2019. So this set of four recommendations
10 for one, I would note that the -- all of those actions are
11 set-asides or reservations of funds.

12 So for the Board's awareness, if in the future it
13 becomes needed to reexamine those set-asides or
14 reservations that are decided upon today, the Board does
15 have the authority to do that. If we find that the demand
16 for any given program, for instance, the lead and water
17 programs since it is newly established, we don't have a
18 great set of data on what the demand would be there. The
19 Board could revisit and determine to move that allocation
20 that had been set aside for another purpose in the future
21 if desired.

22 Finally, for reference I would note the table on the
23 bottom of stamped page 156. As I said, a lot of moving
24 pieces here to this item. This table reflects the amounts

1 that are authorized by Proposition 2. The middle column
2 there shows what's authorized for each purpose. And then
3 the column to the right shows the amounts that would be
4 available if the Board adopts all four of the staff
5 recommendations as presented on that page. However,
6 unfortunately I also have to acknowledge that I made an
7 error on the table, which I promise, State Allocation Board
8 Member Juan Mireles, was an honest mistake. And I neglected
9 to include the \$5 million grant to CDE on this table even
10 though it is a component of our recommendation. So for that
11 reason, you should have each received an email indicating
12 the updated amounts, which I'll note for the record, there
13 should also be a column in that table indicating the \$5
14 million grant to the California Department of Education
15 authorized by Proposition 2. Reflecting that there would be
16 that \$5 million grant made if the Board adopts all four of
17 staff's recommendations in the updated corrected amounts
18 that would as a result be remaining for new construction
19 and modernization projects of any size, would be for new
20 construction a total of \$2,935,950,950. For modernization,
21 a total of \$3,444,479,350.

22 I'm pleased to address any questions. Thank you.

23 >> **CHAIR PERRAULT:** Thank you so much. I appreciate the
24 detailed report and the walk-through as we do have several

1 different components we're looking at.

2 Are there any questions or comments from board
3 members?

4 Yes, Assembly Member.

5 >> **ASSEMBLY MEMBER ALVAREZ:** Thank you. Appreciate the
6 report, especially the breakdown on page 156 and the easy
7 to follow table. I guess the first question would be on the
8 small district set aside for both new construction and
9 modernization, given how the prioritization is given by
10 when data submittal currently, that's the process. Are we
11 going to now pull out small districts as defined by, I'm
12 sure there's a definition of what we're considering as
13 small, school districts. And then they get their own
14 prioritization list with following the same first in, first
15 served basically?

16 >> **MS. KIRK:** So that's an excellent question. The set-
17 aside is authorized by Proposition 2 but it's discretionary
18 for the Board. And frankly, some of the details on how the
19 set-aside for small school districts would function in
20 implementation still need to be determined as we're
21 undertaking the series of stakeholder meetings to inform
22 regulatory development when we come back. But what I would
23 note is we would have a set aside if approved by the Board
24 as an action on this item. We would reserve those funds for

1 small school districts, which in Proposition 2 are defined
2 as districts with an enrollment of fewer than 2,501 pupils.

3 And essentially the prioritization of application
4 processing and then also presenting applications to the
5 Board. Currently Facility Hardship applications that
6 address imminent health and safety needs take first
7 priority for both processing by our staff and then
8 presentation and funding consideration by the Board. That
9 would remain true whether that's application, an
10 application coming from a small school district or a larger
11 school district. Otherwise, our regulations right now don't
12 speak to a specific priority order outside of date received
13 beyond those Facility Hardship projects. By extension, if
14 we have a subset for small school district projects, that
15 would presumably be the way that would operate; however, we
16 need to develop regulations as part of the Proposition 2
17 implementation this year.

18 >> **ASSEMBLY MEMBER ALVAREZ:** Okay. As far as the lead
19 and water remediation, that doesn't have a set-aside for
20 small school districts but I would imagine they have
21 perhaps similar challenges with applying and what it takes
22 to -- and I would assume some of those small districts,
23 particularly rural may face challenges with lead in water.
24 And so, is that also going to be further discussed through

1 the stakeholder process for prioritization or how we would
2 handle smaller school districts that may have those needs?

3 >> **MS. KIRK:** So Proposition 2 does have some
4 specificity around how that program would operate.
5 Specifically, it speaks to it being a filing round-based
6 program. So versus or I guess in contrast to new
7 construction and modernization and Facility Hardship, where
8 we accept applications on an ongoing basis, we would
9 establish a set period of time during which districts could
10 submit applications for that, that specific program. Any
11 type of -- it would be actually a standalone program as
12 envisioned in the Proposition 2 language too. So there
13 wouldn't be a separate prioritization or one that
14 interacted with our other programs necessarily. It would be
15 more timeline based, based on the dates that the board
16 decides upon for the filing rounds.

17 >> **ASSEMBLY MEMBER ALVAREZ:** Okay. And then on the
18 question of the administrative costs, do -- is this just a
19 continuation of the basically the existing costs to operate
20 the programs that are being funded by the prior bonds? Or
21 are we talking about additional staff and resources being
22 assigned to the program?

23 >> **MS. KIRK:** That's a great question. It's a little
24 bit of both. So I'll explain. For the administrative costs

1 amounts for the Department of Education and the State
2 Controller's Office that are in this item, those are based
3 off of what they have historically received. For their
4 administrative costs to help administer the School Facility
5 Program and then taken out for a five-year -- essentially
6 multiplied by five for that five-year period for the Office
7 of Public School Construction's administrative cost, and
8 really I should say DGS because there's a smaller component
9 that relates to some of the other DGS divisions that would
10 help us to implement and administer Proposition 2. For that
11 component, it is aligned in this item with what's in the
12 governor's budget proposal for DGS implementation and
13 administration of Proposition 2. What I would note there is
14 because it includes for OPSC 14 additional positions, a
15 component of that request is related to adding that
16 additional staff capacity, whereas the remainder of that
17 request is essentially continuing our existing
18 administrative cost need.

19 Because in recent years we had received general fund
20 proceeds for the program, and the general fund was
21 providing our administrative costs as well, right now until
22 this 2025-'26 budget is adopted and enacted, there's
23 actually no, no underlying administrative costs or state
24 operation's budget for OPSC for the coming fiscal year

1 until there's a budget action.

2 So we see returning to Bond Authority as the source
3 there.

4 >> **ASSEMBLY MEMBER ALVAREZ:** So the 100% of the -- the
5 amount that's being presented to the governor's budget for
6 OPSC is for the purposes of individuals who will be
7 managing the bond program?

8 Meaning that's -- the bond proceeds aren't funding any
9 other non-bond related activities?

10 I think that's a question we could also ask during
11 budget but I figured I'd ask now.

12 >> **MS. KIRK:** Sure, understood. No, so the proceeds,
13 all of the proceeds of Proposition 2 have to be used for
14 the purposes that were approved by the voters. The full
15 \$8.5 billion. Therefore, any amount that goes for
16 administrative costs would strictly be to administer the
17 School Facility Program and those provisions in Proposition
18 2. And I'll add as well, I know you serve also as the
19 Assembly Member budget committee chair, subcommittee chair
20 for education. So our -- this process here is a little bit
21 unique compared to many budgets. And I think maybe I should
22 delineate that here a little bit too. Of course, what's in
23 the governor's budget is just a proposal.

24 >> **ASSEMBLY MEMBER ALVAREZ:** Right.

1 **>> MS. KIRK:** Kind of the opening salvo from the
2 governor on the budget development process over the next
3 six-month period. Although the amount in this action item
4 for OPSC's administrative cost aligns with that proposal,
5 essentially, the way that it works is that the amount
6 that's designated for administrative cost from Proposition
7 2 has to be determined in the budget act. So that will be
8 finalized when we have the enacted budget for 2025-'26, and
9 then each year thereafter. That amount will be set in
10 coordination in the normal budget development process with
11 the legislature and the administration.

12 What this item today would do is just reserve Bond
13 Authority upfront in anticipation of those administrative
14 costs whatever they may be once the budget act is enacted.
15 And of course, if there's a change in the budget
16 development process that results in a change to how much is
17 available, then that's something we could discuss again
18 with the Board as needed. This action would just reserve
19 funds. And the reason that we bring the item now early in
20 the life of Proposition 2 versus waiting until say July
21 when we know what the enacted budget will do for this one
22 year at a time, the reason we've recommended the Board
23 consider reserving five years or what we're estimating to
24 be our full administrative cost need for the life of

1 Proposition 2 is that it kind of facilitates transparency
2 for all the school districts, local education agencies, and
3 the field to know upfront here's how much will actually be
4 available for projects. Versus having to come back each
5 year when we have a list of projects on our workload and a
6 list of projects that are beyond Bond Authority and
7 districts are expected to be funded and then the Board has
8 to take an action to carve out another 12-15 million for
9 state administrative costs.

10 >> **ASSEMBLY MEMBER ALVAREZ:** Yeah, thank you. That all
11 makes sense. Essentially, it's a -- the 80.8 or 80.9 almost
12 is sort of a maximum level and then obviously the budget
13 will determine what it is. I think not for now but maybe as
14 a follow-up, since there's additional positions I think so
15 the interest from a budgetary standpoint is what kind of
16 increase to level of service or what efficiencies or what
17 exactly will the -- how will the program benefit from the
18 additional resources to get applications more quickly,
19 whatever it is, I think that's important for us to know as
20 we make those budgetary decisions. And we'll save that for
21 that time.

22 Thank you.

23 >> **MS. KIRK:** Absolutely. Thank you.

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

1 Additional questions?

2 Yes, Assembly Member Muratsuchi.

3 >> **ASSEMBLY MEMBER MURATSUCHI:** Thank you very much. So
4 following on that discussion. So Ms. Kirk, is the
5 administrative cost or as you indicated is ultimately going
6 to be determined by the budget act of 2025.

7 But the figure that we're going to be, or that is
8 proposed to be voted on today, the \$80.895 million, that is
9 the administrative cost to administer the \$8.5 billion in
10 Proposition 2 funds?

11 >> **MS. KIRK:** Yes, that is correct.

12 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay. And so I can
13 easily whip out a calculator but do you know what
14 percentage? I know that whenever we talk to our
15 constituents, you know, they always, you know, the promise
16 was that the funds be used on building and rebuilding and
17 fixing schools and not on administrators. But do you know
18 what percentage that represents in terms of the total bond
19 funds?

20 >> **MS. KIRK:** I do. It's one of my favorite talking
21 points.

22 >> **ASSEMBLY MEMBER MURATSUCHI:** Yeah, okay.

23 >> **MS. KIRK:** Which is, it's just under 1%. So just
24 under 1% of the \$8.5 billion in Bond Authority authorized

1 by Proposition 2 for the School Facility Program is what
2 we've proposed be reserved in today's item and what's also
3 reflected in the governor's budget proposal for
4 consideration in the budget process.

5 So I have to say, I like to note that that's
6 relatively lean on administrative costs compared to
7 percentages that you more often see sometimes in the 5 to
8 10% range.

9 >> **ASSEMBLY MEMBER MURATSUCHI:** I think that number
10 would be something that Elon Musk would be proud of.

11 [Chuckling]

12 >> **ASSEMBLY MEMBER MURATSUCHI:** I wanted to also ask,
13 you proposed 14 additional positions?

14 >> **MS. KIRK:** That's correct.

15 >> **ASSEMBLY MEMBER MURATSUCHI:** And I know that part of
16 Proposition 2 provides for technical assistance to the
17 small school districts.

18 >> **MS. KIRK:** Yes.

19 >> **ASSEMBLY MEMBER MURATSUCHI:** Is that related -- are
20 those additional positions related to the technical
21 assistance for the small school districts?

22 >> **MS. KIRK:** Some of those positions are related to
23 those provisions in Proposition 2. Some are related to the
24 new lead and water program that would be established if the

1 Board opts to make a discretionary set-aside for that
2 purpose and some other functions as well. We do have a
3 breakdown position by position that we're happy to share as
4 well.

5 >> **ASSEMBLY MEMBER MURATSUCHI:** Okay. And last but not
6 least, I know that when we were drafting and debating
7 AB247, while the intent was to address the equity concerns
8 with the small school districts with the set-asides, you
9 know, ultimately I know as a lead author for AB247 that
10 we're not able to measure the relative need of small
11 districts relative to, you know, all of the districts
12 throughout the state that are going to be applying for the
13 bond funds. Just to clarify how the funds are going to be
14 administered. The -- am I correct in understanding that the
15 \$4 billion, you know, the -- how much are we talking about?
16 Yeah, the \$4 billion for modernization that those dollars
17 largely are already accounted for in terms of the backlog
18 of modernization applications to date?

19 >> **MS. KIRK:** So it is a great question. I'd note a
20 couple of things. One, is that in the month of October
21 2024, we received about six months' worth of applications
22 both in terms of the count of actual applications submitted
23 and in terms of the dollar amount requested in state
24 assistance from those applications. About six months' worth

1 of applications came in our door just in October right
2 before the election compared to the monthly averages that
3 we had seen since March 2022 and through September 2024. So
4 we did see a very large uptick in submittals at that time,
5 which I think probably in part reflected a certain
6 excitement around Proposition 2 being on the ballot, a
7 record number of local bonds being on the ballot for school
8 districts. And also perhaps some apprehension about changes
9 in Proposition 2 and what that would look like.

10 We do at this point in time have -- let me get to the
11 right page in my agenda. I think it's \$3.7 billion
12 approximately. Yes, \$3.7 billion roughly in requests for
13 modernization funding specifically as of December 31st,
14 2024. So that's what we have currently for new
15 modernization, excuse me, approximately, \$1.8 billion in
16 requests for new construction as of that same point in
17 time. I would note that about \$205.7 million within that is
18 requesting Facility Hardship assistance or Facility
19 Hardship Seismic Mitigation assistance. And then we do also
20 have the amounts for small school districts as kind of a
21 subset. So those amounts that I'm citing now are all on
22 page -- stamped page 151 of your agenda. Right under the
23 table there's a paragraph that sort of summarizes where we
24 are with our applications in house as of the end of

1 December. For the small school districts right now those
2 requests are contained within the larger numbers as just
3 mentioned. The \$1.8 billion for new construction, \$3.7
4 billion for modernization. For small school districts
5 specifically if we isolate that from the list, it's about
6 \$158.7 million in new construction requests and \$210.1
7 million in modernization funding requests.

8 So what that means sort of top line is if the Board
9 opts today to set aside the maximum authorized for small
10 school districts, if the small school districts that
11 already have applications in house ended up perhaps let's
12 say opting to withdraw their application from our existing
13 Applications Received Beyond Bond Authority list, resubmit
14 with that new date for that small school district set
15 aside, then we'd have roughly half of the set aside amounts
16 remaining for small school districts for both new
17 construction and modernization. However, if the Board
18 adopts all of the staff recommendations with the
19 discretionary set-asides, the grant to the Department of
20 Education and the state agency administrative costs
21 reservation of funds unfortunately that does mean that we
22 already have more in requests for modernization than there
23 is funding available. So that means at our -- well, either
24 way based on the Board action on this item for our February

1 meeting, we will bring back as part of that agenda updates
2 to our workload list, which is what we anticipate we'll
3 process within available funding, and updates to the
4 Applications Received Beyond Bond Authority list for any
5 applications that we anticipate not having adequate funding
6 authority for.

7 If the Board, as an example, adopts all of the
8 recommendations in this item, what we would see next month
9 is there would be no Applications Received Beyond Bond
10 Authority lists for new construction. Everything would move
11 up to the workload list because there is some availability
12 there in new Bond Authority. On the modernization side,
13 it's a little bit of a tougher choice potentially based on
14 the demand that we've seen for the program. But potentially
15 we could end up with a smaller, much smaller Applications
16 Received Beyond Bond Authority list for modernization.

17 **>> ASSEMBLY MEMBER MURATSUCHI:** Okay. And last for
18 myself. The \$3.7 billion in modernization funds that have
19 everybody been applied for, if there were -- the Facility
20 Hardship applications that may or may not come from the
21 L.A. wildfires, they would jump to the top of the line of
22 that funding?

23 **>> MS. KIRK:** That is correct.

24 **>> ASSEMBLY MEMBER MURATSUCHI:** Okay. All right. Thank

1 you very much.

2 >> **CHAIR PERRAULT:** Thank you. Other questions from the
3 Board?

4 Seeing none here. Seeing none online. Do we have any
5 public comments on this item?

6 Okay, no public comments. So we're looking for a
7 motion to approve the recommendations or anything --

8 >> Make a motion to approve the recommendations from
9 OPSC.

10 >> **CHAIR PERRAULT:** Okay, we have a first. Do I hear a
11 second?

12 >> [Off mic]

13 >> **CHAIR PERRAULT:** Yes, okay.

14 Excellent. Thank you.

15 Secretary, if you'll please call the roll.

16 >> **LISA JONES:** Certainly.

17 Senator Laird.

18 >> **SENATOR LAIRD:** Aye.

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

20 Assembly Member Muratsuchi.

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

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

23 Assembly Member Davies.

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

1 >> **LISA JONES:** Davies, aye. Excuse me.
2 Assembly Member Alvarez.
3 >> **ASSEMBLY MEMBER ALVAREZ:** Aye.
4 >> **LISA JONES:** Alvarez, aye.
5 Juan Mireles.
6 >> **JUAN MIRELES:** Aye.
7 >> **LISA JONES:** Mireles, aye.
8 Jeremy Smith.
9 >> **JEREMY SMITH:** Aye.
10 >> **LISA JONES:** Smith, aye.
11 Ana Lasso.
12 >> **ANA LASSO:** Aye.
13 >> **LISA JONES:** Lasso, aye.
14 Michele Perrault.
15 >> **CHAIR PERRAULT:** Aye.
16 >> **LISA JONES:** Perrault, aye.
17 And that motion carries.
18 >> **CHAIR PERRAULT:** Okay. Thank you. Appreciate the
19 discussion.
20 We're going to go ahead now and move onto our reports,
21 discussion and information item.
22 Ms. Kirk.
23 >> **MS. KIRK:** Thank you, Madam Chair.
24 The reports, discussion, and information items are on

1 stamped pages 164 through 208 of today's agenda. I'd be
2 happy to address any questions.

3 >> **CHAIR PERRAULT:** Are there any questions or comments
4 from the Board? Seeing none. Are there any questions or
5 comments from the public? No, okay.

6 This is not an action item. So we are going to go
7 ahead and move into closed session. However, prior to doing
8 that, we do need to go back to the minutes and open that
9 back up for roll as Senator Laird has joined us.

10 >> **LISA JONES:** Senator Laird, how do you vote on the
11 minutes?

12 >> **SENATOR LAIRD:** Aye.

13 >> **LISA JONES:** Laird, aye.

14 Thank you very much.

15 >> **CHAIR PERRAULT:** Thank you very much.

16 We will now meet in closed session pursuant to
17 Government Code Section 11126E1.

18 All board members, if you'll please follow Ms. Jones
19 to the adjoining conference room. And do we know -- we have
20 is set up for remote for them?

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

22 >> **CHAIR PERRAULT:** Okay, excellent.

23 Okay.

24 >> **MS. KIRK:** The two members that have joined

1 remotely, there should be a different link for you for
2 closed session participation. Do you both have a separate
3 link, Senator Laird and Juan Mireles?

4 >> **SENATOR LAIRD:** I do but I'm going to have to run
5 out. I'm going to miss the closed session. I apologize.

6 >> **MS. KIRK:** Okay. Well, thank you for joining us.

7 >> **LISA JONES:** Bye, senator.

8 [Multiple speakers]

9 >> Thank you, senator.

10 >> **JUAN MIRELES:** Can you please resend me the second
11 link please?

12 >> **MS. KIRK:** Yeah, I got two thumbs up. It's on its
13 way.

14 >> **CHAIR PERRAULT:** Okay. All right. The Board will
15 reconvene after closed session. Thank you.

16 >> **MS. KIRK:** Thank you.

17 [Closed Session]

18 >> **CHAIR PERRAULT:** We're good?

19 >> [Off mic]

20 >> **CHAIR PERRAULT:** Okay. Okay. Thank you. We are going
21 to reconvene into open session and pursuant to Government
22 Code Sections 11126(e)(1), (e)2A and (e)2B, the State
23 Allocation Board met in closed session to confer with and
24 receive advice from legal counsel. The closed session has

1 concluded and the Board provided direction to the Executive
2 Officer regarding all pending litigation and potential
3 litigation. Is that all I need? Okay. Okay. And then with
4 that, I will go ahead and adjourn the meeting at 6:25.

5 [GAVEL]

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TRANSCRIBER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

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 January 22, 2025,

Antha A. Ward
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