

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814

**IMPLEMENTATION COMMITTEE MINUTES**

December 5, 2008

Legislative Office Building
Sacramento, CA

Members Present

Katrina Valentine, SAB
Lori Morgan, SAB/OPSC
Fred Yeager, CDE
William Savidge, CASH
Mamie Starr, CCESSA (Alternate for Kenn Young)
Peggy Reyes, CASBO (Alternate for Margie Brown)

Robert Pierce, SSD
Mark DeMan, LAUSD
Richard Conrad, DSA
Chris Ferguson, DOF
Gary Gibbs, CBIA

Members Absent

Dean Tatsuno, AIA
Cesar Diaz, SBCTC
Dennis Dunston, CEFP
Debra Pearson, SSSA

The meeting was called to order at 9:35 am.

Minutes

Minutes for the November 7, 2008 Implementation Committee (IMP) meeting were accepted as presented, with the mention of the following clarifications:

- Clarification was requested regarding whether Seismic Mitigation will be added to the IMP future items list. The Office of Public School Construction (OPSC) replied that the OPSC and the Division of the State Architect (DSA) are currently working on this issue. The OPSC provided clarification that the DSA will be sending out a statewide bulletin in the near future, which will include more information on the issue. The issue would be added to the Implementation Committee Pending Items List if the SAB requests upon presentation of the updated Seismic information.
- Clarification was requested regarding the outcome of the previous IMP meeting's Emergency Repair Program (ERP) discussions regarding the savings threshold and the check submittal process. The OPSC explained that the revised ERP proposed regulations were distributed to IMP members for comment and that it would not be the intent of the meeting minutes to capture later events.
- Discussion occurred regarding statutory citations relating to whether County Offices of Education (COEs) can issue bonds, resulting in inquiries as to whether a legal opinion should be obtained. The OPSC requested the Department of Finance to further examine this issue before determining whether a legal opinion is necessary.

Opening Remarks

The proposed IMP meeting calendar for 2009 was discussed. With committee consensus, it was agreed to cancel the December 2009 meeting, and to reschedule the September meeting to Thursday, September 3, 2009. The Chair proposed that a few meetings be potentially held outside of Sacramento to allow for other interested parties to attend that would not otherwise be able to. Committee members were supportive of this recommendation and even offered to assist with finding locations.

The Chair reiterated that the Accessibility and Fire Code Requirements for Modernization Projects item was removed from the December 2008 IMP agenda, and has been moved to the

IMP pending items list. The Chair announced staff's intent for this item to return to the IMP in approximately six months with additional data.

The SAB/OPSC Deputy Executive Officer announced and congratulated Dave Zian on his promotion to Policy Deputy with the Division of the State Architect.

Financial Hardship Program

Overview:

OPSC staff members Jason Hernandez and Steve Inman presented the revised proposed Financial Hardship (FH) regulations. This item was previously discussed at the May 16, September 5, September 19, October 3, and November 7, 2008 Implementation Committee meetings. At the November meeting, Staff presented major changes to the previously proposed regulation packages, including a two track option for FH status. At the December 5, 2008 meeting, Staff presented revisions to the proposed FH regulations which included the following:

- Provided timeframe for switching FH approval tracks
- Eliminated language for "non-required facilities" in regards to encumbrances not allowed in a FH review
- Clarified language regarding encumbrances and the State's share of liability

Discussion Points:

A committee member raised the issue of COE administration facilities, and thanked Staff for agreeing to meet with the COE group on this issue for future discussions. In response to an inquiry, Staff explained that the FH regulations are scheduled to be heard at the January 2009 State Allocation Board (SAB) meeting. A concern was raised that this timeframe may be too rushed. The OPSC responded that extensive preparation and collaboration has gone into this item, including six IMP meetings, and more than 24 hours of meetings with the FH reform group, which included small school districts, COEs, CASBO, and CASH members.

There were concerns discussed regarding the 18 month track. One concern was the definition of facilities not allowed as eligible encumbrances during an initial FH review. Staff explained that the term "non-required facilities" had been eliminated in the most recent proposal, and agreed to arrange a meeting with CDE to discuss the definition of the facilities.

Questions were raised regarding expenditures for certain facilities not allowed during the initial FH review. It was asked whether the OPSC would consider limiting how far back these expenditures would be considered ineligible. Staff agreed to consider these changes.

An inquiry was raised regarding what would happen if the encumbrances and expenditures for certain facilities not allowed during an initial FH review were part of the project list from a Proposition 39 general obligation bond. Staff agreed to consider whether any changes need to be made in this regard.

It was suggested that the OPSC conduct concurrent reviews of FH approvals and funding applications. **The OPSC noted the request but did, however, express concern regarding concurrent reviews.**

Clarification was requested on the language regarding switching FH tracks and when the five year lockout would begin and end. Staff agreed to look at the language.

Lastly, the small school district exception was discussed. It was suggested that there should be a cap on the exclusion in case a small school district experienced an upsurge in capital facilities funds received. Staff agreed to consider whether such a cap is necessary.

Next Steps:

Staff agreed to consider the comments received and bring an item back to the January IMP meeting. Staff intends to take the final proposal on this item to the SAB meeting in January. Due to the short timeframe, it was noted that advance feedback would be much appreciated.

Joint-Use Program

Overview:

OPSC Staff members Deah Johnson and Juan Mireles presented the item to discuss and seek committee input on appropriate project funding cap amounts for the Joint-Use Program. This item was previously introduced at the September 5, 2008 IMP meeting.

Discussion Points:

It was suggested that this discussion may be more appropriate and productive in concert with the next bond, due to the limited funding currently available. The Department of Finance supported having this discussion with the next bond discussion.

However, the majority of committee and audience members favored holding the discussion now to ensure that districts can take advantage of any cap increase with the next bond appropriation.

A suggestion was made to initially increase the cap amounts by 25%, and to subsequently increase the cap amounts each year to correlate with the Construction Cost Index. The majority of committee and audience members supported this suggestion. The Department of Finance opposed the increase at this time.

Next Steps:

Staff agreed to consider the input provided and to redistribute the proposal for committee and stakeholder comments.

Adjournment and Next Meeting

The meeting adjourned at 12:00 p.m. The next IMP meeting is scheduled for Friday, January 9, 2009 at 9:30 a.m. and will be held at the Legislative Office Building located at 1020 N Street, Room 100, Sacramento, California.