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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 437
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JUNE 26, 2013
TIME: 4:35 P.M.

Reported By: Mary Clark Transcribing
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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

TOM DYER, Director of Legislation, Department of Finance,
designated representative for Ana Matosantos, Director,
Department of Finance

ESTEBAN ALMANZA, Chief Deputy Director, Department of General
Services, designated representative for Fred Klass,
Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of
the State of California

KATHLEEN MOORE, Director, School Facilities Planning
Division, California Department of Education, designated
representative for Tom Torlakson, Superintendent of Public
Instruction

SENATOR LONI HANCOCK

SENATOR CAROL LUI

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

ASSEMBLYMEMBER ADRIN NAZARIAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE
OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
JUAN MIRELES, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,
OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON DYER: I'm calling the meeting of the State Allocation Board for June 26th -- I'd like to call the meeting to order. Secretary, will you call the roll, please.

7

MS. JONES: We don't have a quorum yet.

8

9

CHAIRPERSON DYER: We don't have a -- so we can start as a --

10

11

MS. JONES: As a subcommittee to go over information items.

12

CHAIRPERSON DYER: Perfect.

13

MS. JONES: Yeah.

14

15

CHAIRPERSON DYER: So we'll start this as a subcommittee.

16

17

So at this point, we would like to start off with the Minutes from the May 22nd, 2013, meeting.

18

19

MS. SILVERMAN: Minutes are ready for your approval.

20

21

ASSEMBLYMEMBER HAGMAN: We can't vote on those yet, so --

22

CHAIRPERSON DYER: Okay.

23

24

ASSEMBLYMEMBER BUCHANAN: Should we -- what if we go to the reports and the discussion on information items.

25

CHAIRPERSON DYER: Okay. Okay. We'll start off

1 with the reports.

2 MS. SILVERMAN: Well, we can give an update on the
3 **Executive Officer's statement.**

4 CHAIRPERSON DYER: Very good. Please.

5 MS. SILVERMAN: So we have four updates to share
6 with you tonight and the updates that we wanted to announce
7 is related to the March -- excuse me -- the May
8 apportionments.

9 We did allocate over \$520 million -- or close to
10 \$520 million for a number of projects in May and again,
11 although we won't -- we'll have a very limited agenda in
12 July, what we wanted to highlight is we have released
13 \$244 million, and our agenda in July will be very light, so
14 it won't be reflected until August.

15 So we just want to give you an announcement that
16 there's -- nearly half of that money has been released so
17 far.

18 And just to remind those folks who haven't
19 submitted those fund release documents and the other
20 documents required, please do so by August 20th, and that's
21 the timeline associated with you coming in for your
22 approval.

23 We also wanted to share is -- I know we're trying
24 to clarify, the priority funding request -- the filing
25 timeline just ended June 6th and I wanted to share with the

1 Board, we did have some updates -- last minute updates. And
2 the purpose of the updates, we're really trying to clarify
3 those folks are required to submit a certification.

4 So there were actually over \$755 million dollars
5 that were eligible to submit in this certification round.
6 We did receive 248 certifications. And so 110 did compete.

7 There were folks that did not submit and 138 of
8 those projects, they were a carve-out. There's 74 projects
9 that are not required to submit and that's what we wanted to
10 clarify in our item.

11 And again I apologize for the last minute update,
12 but there are programs that are not required to submit
13 certification specifically related to some of the charter
14 programs, the joint-use, the career tech education, and the
15 Overcrowded Relief Grant Program.

16 So again those are not subject to the timeline,
17 although when they do want to compete for the cash and are
18 ready to go, they should submit certification during that
19 time.

20 And so there is updates on our website related to
21 the list itself. Those lists -- those folks who are not
22 required to compete are shaded like a gold color. So again
23 just to highlight to the Board that update.

24 The next item I wanted to update the Board on is
25 the true unfunded approvals and again that's the other list

1 that we maintain (coughing) bond authority.

2 Last month, we did move some projects over and
3 they actually did receive bond authority associated with
4 that. This month's agenda, we are presenting a project that
5 will have bond authority associated. And so they're
6 actually moving off the true unfunded list to now the
7 unfunded list.

8 There were two projects this month and that's
9 reflected in the Consent Agenda.

10 The last item I wanted to share is on July 10th
11 we'll have a very brief Consent only agenda. And we did
12 share last month that we had over \$38 million in -- the
13 \$38 million was as a result of bond proceeds that are still
14 available.

15 And we got to everybody that we could on the list.
16 We had excess cash in Proposition 47 and 55 and that excess
17 cash actually will result in some disbursements next month.

18 And so now that we have a new certification round,
19 we can -- the Board can act on the certification. So as of
20 July 1st, again the purpose is to get the cash awarded to
21 those projects. So that will be reflected in the Consent
22 Agenda. And that's what I have to share.

23 CHAIRPERSON DYER: Okay. Thank you. Is there any
24 public comment?

25 All right. Seeing none, it's -- we now have a

1 quorum, and so, Secretary, if you could please call the
2 roll.

3 MS. JONES: Certainly. Senator Hancock.

4 SENATOR HANCOCK: Here.

5 MS. JONES: Senator Wyland.

6 Senator Liu.

7 Assemblymember Buchanan.

8 ASSEMBLYMEMBER BUCHANAN: Here.

9 MS. JONES: Assemblymember Hagman.

10 ASSEMBLYMEMBER HAGMAN: Here.

11 MS. JONES: Assemblymember Nazarian.

12 Esteban Almanza.

13 MR. ALMANZA: Here.

14 MS. JONES: Kathleen Moore.

15 MS. MOORE: Here.

16 MS. JONES: Cesar Diaz.

17 MR. DIAZ: Here.

18 MS. JONES: Tom Dyer.

19 CHAIRPERSON DYER: Here.

20 MS. JONES: We have a quorum.

21 CHAIRPERSON DYER: Okay. Now that the quorum's
22 been established and -- I'll make a second request for any
23 public comment.

24 ASSEMBLYMEMBER HAGMAN: Mr. Chair, I'll move the
25 **Minutes** too and the Consent Calendar.

1 CHAIRPERSON DYER: We have a motion. Is there
2 a --

3 MS. MOORE: Second.

4 CHAIRPERSON DYER: Okay. A second. Now, one
5 thing we were going -- there's a motion for the **Consent**
6 **Agenda** as well.

7 ASSEMBLYMEMBER BUCHANAN: Do you want to take one
8 at a time?

9 ASSEMBLYMEMBER HAGMAN: Do the Minutes first?

10 CHAIRPERSON DYER: Yeah. We'll do the Minutes
11 first, yeah.

12 MS. JONES: Senator Hancock.

13 SENATOR HANCOCK: Aye.

14 MS. JONES: Assemblymember Buchanan.

15 ASSEMBLYMEMBER BUCHANAN: Aye.

16 MS. JONES: Assemblymember Hagman.

17 ASSEMBLYMEMBER HAGMAN: Aye.

18 MS. JONES: Esteban Almanza.

19 MR. ALMANZA: Aye.

20 MS. JONES: Kathleen Moore.

21 MS. MOORE: Aye.

22 MS. JONES: Cesar Diaz.

23 MR. DIAZ: Aye.

24 MS. JONES: Tim Dyer.

25 CHAIRPERSON DYER: Aye.

1 MS. JONES: Motion carries.

2 CHAIRPERSON DYER: Okay. Now that the Minutes
3 have been moved in, we have the Consent Agenda from
4 Ms. Silverman.

5 MS. SILVERMAN: Yes. Consent Agenda is ready for
6 your approval.

7 CHAIRPERSON DYER: Okay. We have also a potential
8 motion for the Gateway for the Consent.

9 MR. DIAZ: So move.

10 ASSEMBLYMEMBER HAGMAN: Second.

11 ASSEMBLYMEMBER BUCHANAN: Second.

12 MS. MOORE: For the appeal, is that the motion?

13 ASSEMBLYMEMBER HAGMAN: Yeah.

14 CHAIRPERSON DYER: Yes.

15 ASSEMBLYMEMBER BUCHANAN: Right.

16 CHAIRPERSON DYER: Okay. You know, before we take
17 action, I'd like to make a few comments on the **Gateway**
18 **appeal**, and just for the record to note that, you know, the
19 circumstances are truly unique in this matter.

20 And this charter school had an agreement to use
21 the facility with the prior district, being Grant Unified
22 School District. That agreement was in May of 2007.

23 And from the record presented to the Board, Grant
24 Union District intended to enter into a long-term use
25 agreement with Gateway, but that did not happen because the

1 Grant Union District went through a reorganization where the
2 Grant Unified was absorbed or it was unified with the new
3 district, Twin Rivers.

4 That happened in November of '07 and that occurred
5 independent of any actions by Gateway.

6 The charter school has been attempting to
7 negotiate terms for use of the facility with the new unified
8 school district, that being Twin Rivers, for several years,
9 approximately four years, and the last point, you know, is
10 that the statute and regulations are silent to the issue
11 before the Board and only address the initial eligibility
12 criteria.

13 One thing I'd like to do is I'd like to ask the
14 staff to confirm that if the rehabilitation project is
15 rescinded, the money would go back to the Charter School
16 Facilities Program to be used the next time a filing round
17 was created for the program; is that correct?

18 MS. SILVERMAN: That's correct.

19 CHAIRPERSON DYER: Okay. Thank you. I just --
20 you know, is there -- we have a motion to the approve the
21 Consent Agenda, including the approval of the Gateway
22 appeal.

23 ASSEMBLYMEMBER HAGMAN: We did move and second.

24 CHAIRPERSON DYER: Okay. I'm sorry. Okay. And
25 so is there any public comment before we -- seeing none,

1 take roll.

2 MS. JONES: Senator Hancock.

3 SENATOR HANCOCK: Aye.

4 MS. JONES: Senator Liu.

5 SENATOR LIU: Aye.

6 MS. JONES: Assemblymember Buchanan.

7 ASSEMBLYMEMBER BUCHANAN: Aye.

8 MS. JONES: Assemblymember Hagman.

9 ASSEMBLYMEMBER HAGMAN: Aye.

10 MS. JONES: Esteban Almanza.

11 MR. ALMANZA: Aye.

12 MS. JONES: Kathleen Moore.

13 MS. MOORE: Aye.

14 MS. JONES: Cesar Diaz.

15 MR. DIAZ: Aye.

16 MS. JONES: Tim Dyer.

17 CHAIRPERSON DYER: Aye.

18 MS. JONES: That motion carries. Thank you.

19 CHAIRPERSON DYER: All right. Thank you. Now, we
20 go to Tab 5 which is the **Status of Fund Releases**.

21 MS. SILVERMAN: So -- make it very quick.

22 Again -- you can turn to page 74.

23 Although -- what I shared with you earlier is that
24 we have disbursed in May is 1.7 million, very limited amount
25 of money, but again wanted to highlight to the Board that

1 the activity that is not reflected in this report is the
2 funds that we have released from June 1st to June 14th.

3 Again \$244 million have been disbursed to those
4 school districts that have received the May apportionment.

5 So we're making some significant progress and
6 you'll see some drawdowns at the next full Board meeting.

7 So again I just wanted to highlight that. I'm not
8 sure if we have any questions related to this area.

9 CHAIRPERSON DYER: Seeing no questions, is there
10 any public comment on this? Okay. Next up is the **Status of**
11 **Funds.**

12 MS. SILVERMAN: So in Status of Funds, we wanted
13 to highlight there has been a number of projects that we
14 have processed this month, one related to the Seismic
15 Program. We have a reflection of that activity. The
16 funding application is processed.

17 We also have processed an Overcrowded Relief Grant
18 Program project, a high performance project that's also
19 tucked in with an overcrowded relief grant.

20 And so -- and also a charter project that actually
21 converted. So in Proposition 1D, we have authorized
22 \$41 million of unfunded approvals and four projects have
23 been approved as a result of the Consent Agenda being
24 approved tonight.

25 So in the category of Proposition 55, which is the

1 green category, \$6.8 million also was processed tonight --
2 one project. And as a result, we have processed over
3 \$47.8 million and that reflects five projects on the Consent
4 Agenda.

5 Also tucked away in your Consent Agenda is -- we
6 did share with the Board that we had a number of projects
7 that came in before the regulation timelines and those
8 projects' applications for funding have been processed this
9 month, and that's reflected on page 88.

10 So it's not posted in the bond authority category
11 because it's a true unfunded approval. So we have
12 \$46.9 million this month that actually were processed and
13 that relates to 12 projects.

14 So once bond authority does become available,
15 again the goal is to get those -- match the bond authority
16 with the true unfunded approvals and be able to bring those
17 projects forward in a Consent Agenda in the future.

18 And that's all I have to share.

19 CHAIRPERSON DYER: Okay. Thank you. Any
20 questions or public comment? Okay.

21 Our next is Tab 8 regarding the **Seismic Mitigation**
22 **Program status report**. Ms. Silverman.

23 MS. SILVERMAN: Yeah. If I can grab your
24 attention to actual page 109, want to give the Board an
25 update. We've been giving regular updates probably the last

1 six months -- every six months.

2 And also the voters did approve Proposition 1D and
3 it provided authorization of up to \$199.5 million to focus
4 on the Seismic Mitigation Program, at the time the
5 regulations were established, the criteria was such where
6 Type 2 buildings qualified and only a limited number of
7 Type 2 buildings were qualified and it also had to be
8 married with having accelerated force of 1.8 G's.

9 At the time, June 2011, there was very limited
10 activity that the Board had seen was moving through the
11 program and so at that time, we had only three projects that
12 had come in for funding and less than \$5 million had been
13 drawn down on the funds.

14 So the Board did establish a seismic subcommittee
15 and with that, they expanded the regulations and they
16 dropped the 1.68 G force as acceleration force as a
17 requirement.

18 They actually expanded the program to include
19 additional Type 2 buildings. So they opened up to all the
20 Type 2 buildings.

21 They also wanted to address any liquefaction
22 issues, landslide issues, faulting issues, and they also
23 expanded the criteria to include any structural deficiencies
24 as a result of a seismic event.

25 So again the program was expanded and as a result,

1 what we've been sharing with the Board is the updates on the
2 folks that are coming through the eligibility.

3 There has been a number of projects that have been
4 eligible and have qualified and they sought the eligibility
5 approvals from the Division of State Architect.

6 So far, we have 210 buildings that are currently
7 eligible.

8 And again I shared with you that we did have a
9 project that was approved in the Consent Agenda. We do
10 have -- I draw your attention to page 110a.

11 Although we have \$174 million in the Seismic
12 Mitigation Program as remaining bond authority, I wanted to
13 share with you, we have a number of projects in-house --
14 nearly \$6.6 million in-house that we should be bringing
15 forward for funding processing and that should be reflected
16 by the July and August Board.

17 And we also have been working very closely with
18 the Division of State Architect. They have a number of
19 projects that are finalized in the Phase 4 approvals and we
20 have about 18 projects that are finishing up in that area
21 and we expect another \$11.2 million to be drawn down on the
22 funds.

23 So it's anticipated that funds will be drawn down
24 to about \$156 million hopefully by the end of the fall/early
25 winter. And so these are the highlights we wanted to share

1 tonight.

2 CHAIRPERSON DYER: Thank you. As I understand,
3 there's a number of districts with eligible buildings that
4 have not submitted a funding application yet and I'd like to
5 ask Assemblymember Buchanan if this was one of the topics
6 being addressed in the Program Review Subcommittee. If so,
7 the Program Review Subcommittee could bring forward to full
8 membership, recommend changes to the seismic program.

9 ASSEMBLYMEMBER BUCHANAN: We're not -- we have a
10 subcommittee a year ago which recommended eliminating the
11 shaking requirements and the building type and basically
12 what we said is, you know, if you have a building that's in
13 a seismic area and engineers can document that it is in need
14 of rehabilitation or replacement and DSA and OPSC agree with
15 you, then they're -- those buildings are eligible for funds.

16 And when you -- even though the money isn't going
17 out as fast as maybe some people would like, just the
18 process it takes to hire those engineers and decide what
19 needs to be done and draw up the plans and actually work
20 through and a year seems like a long time, but it's not
21 really a long time.

22 So I would point out that, first of all, we have
23 far more projects in the queue than we had when we had the
24 very restrictive requirements on it.

25 But having said that, one of the areas that we're

1 looking at in the subcommittee is should we have a
2 standalone seismic program. Should it be -- you know,
3 should you be eligible automatically under modernization or
4 new construction since it is a 50-50 match program. Is
5 there a way we should be streamlining that going forward so
6 you don't just have a pot of money, but it becomes a
7 qualifying factor.

8 And so we've had some sort of I would say very
9 preliminary discussions, but we're now getting down to
10 actually trying to take a look at each one of those areas
11 because what we would really like to do is figure out a way
12 that we can streamline the program as much as possible in
13 terms of being able to qualify projects and get money to
14 them.

15 ASSEMBLYMEMBER HAGMAN: And, Mr. Chair --

16 SENATOR HANCOCK: Mr. Chair -- when you get ready.

17 ASSEMBLYMEMBER HAGMAN: I'm sorry --

18 CHAIRPERSON DYER: Assemblymember.

19 ASSEMBLYMEMBER HAGMAN: Thank you. I was going to
20 say, you know, part of the -- I think the hesitation at
21 least some testimony we heard earlier -- this was again a
22 year ago, so -- was that two problems when a school district
23 does this.

24 One, you got to use their funds to actually do the
25 initial report to become qualified. So I don't know if

1 that's a way we can open it up for those who suspect or, you
2 know, overlap our maps where the school districts are, but
3 use some of those funds to actually do the testing.

4 But when these school districts are so strapped
5 for operational funds as it is, to go out and hire engineers
6 and consultants to determine whether or not they have it and
7 then secondly, once they do get that determination, what
8 kind of liability are you under now.

9 You know, now that you know, now you're
10 basically -- if something happens, you're going to be sued
11 tomorrow.

12 So they have to be in the position to, you know, I
13 guess be covered a little bit so if I go -- if I'm a, you
14 know, superintendent on the board, (a) do I want to spend my
15 operation monies to determine this; (b) do I really want to
16 know because if I really want to know, that means I have to
17 do something about it and do I have the funds to actually do
18 something about it.

19 So I don't know how we help that situation, but I
20 think it's one thing to say I want to rebuild my buildings.
21 The other thing is once I -- I'm liable, this box, how far
22 does it go, and how much I'm really going to be in trouble
23 for.

24 You know, do I move my kids out tomorrow once I
25 find out I'm on a fault. You know, where am I going to move

1 them to, those type of things, and I think that's some of
2 the hesitation we're seeing from people stepping up for the
3 program --

4 ASSEMBLYMEMBER BUCHANAN: -- 50 percent match.

5 ASSEMBLYMEMBER HAGMAN: And the 50 percent match.

6 CHAIRPERSON DYER: Thank you. Senator Hancock.

7 SENATOR HANCOCK: Thank you. I think the fact
8 that we still have a \$156 million in this fund after all of
9 these years indicates that we really should go back to our
10 original plan which was that if we didn't get enough new
11 applications with the streamlining that we did we would
12 streamline more and that we would adjust the shaking level
13 downward and we would include more buildings -- more
14 building types.

15 And I think that we could do that and I would
16 actually -- I think that the voters voted to keep this in a
17 seismic fund.

18 ASSEMBLYMEMBER BUCHANAN: Right.

19 SENATOR HANCOCK: And that there is kind of a
20 moral imperative to do that too because if there was another
21 seismic incident and schools collapsed, but also things
22 happen like unsecured lights fall on people's heads.

23 I toured some of the schools after the
24 earthquake --

25 ASSEMBLYMEMBER BUCHANAN: Loma Prieta.

1 SENATOR HANCOCK: Well, not -- wasn't even Loma
2 Prieta. It was 1994.

3 ASSEMBLYMEMBER BUCHANAN: I remember that one.

4 SENATOR HANCOCK: Yeah, remember that one, in LA.

5 ASSEMBLYMEMBER BUCHANAN: Yeah.

6 SENATOR HANCOCK: And it -- so it was very
7 dangerous. So I think we have to get away from these
8 narrowing crafted regulations and streamline more and I was
9 going to suggest that we might want to get recommendations
10 from the State Architect, the State Seismic Commission, and
11 OPSC and have them come back with some recommended
12 regulatory changes at our August meeting.

13 And let's get on with trying to make it easier for
14 schools that have verifiable seismic problems to get the
15 money.

16 ASSEMBLYMEMBER HAGMAN: Mr. Chair, I don't know
17 that there's flexibility in the language, but one of the
18 things from all the Prop. 39 discussions we've had over the
19 last months is I like the idea of having a set amount that
20 they could draw down to do the testing.

21 And we should be able to use Seismic Commission or
22 somebody should say, hey, we can look over these maps and
23 study whether or not your school -- if you suspect there's a
24 problem, the preliminary investigation would be up to 5,000
25 or something, you know, some kind of number where they're

1 not pulling it out of their operations for this and then if
2 there's any way we could match this up with -- that pot of
3 money with the other pot of money with the emergency repair
4 where if they don't have assets ready to rebuild that we
5 could put this out real quick.

6 I mean I think we all agree on this Board the
7 number one thing we've got to do is provide for the safety
8 of these children and if they're sitting on a fault line, I
9 want to know about it and I'd rather use that money versus
10 going with something else to make sure they're safe.

11 And -- but I don't know if that's an option or if
12 that's even possible within the fund.

13 ASSEMBLYMEMBER BUCHANAN: So I'm a little bit --
14 we completely eliminated the shaking factor. So we don't
15 have to lower it. We eliminated that.

16 SENATOR HANCOCK: Okay.

17 ASSEMBLYMEMBER BUCHANAN: And we made all building
18 types eligible and the reason we didn't get into the
19 planning in terms of saying here, you can have X thousand
20 dollars is because we were a little bit concerned that if we
21 just gave money for engineering, there would be absolutely
22 no money left for repairs.

23 So my question is -- because I -- like I myself
24 never expected the money to go out in a year's time because
25 of all the work that has to be done.

1 If you want to build a new classroom wing,
2 you're -- you know, you probably aren't going to be here
3 asking for money in 12 months' time by the time you hire
4 your architect, do your engineering, and all that and go
5 through the approval process.

6 So do we know how many -- we know we've greatly
7 increased the number of projects. Do we know how many
8 projects now are in the queue at one place or another.

9 MS. SILVERMAN: Yes, we do. There's about --

10 MS. MOORE: And we still have 156 beyond that.

11 ASSEMBLYMEMBER BUCHANAN: 156 beyond that.

12 MS. SILVERMAN: Right. But we have a number of
13 facilities at Division of State Architect that are in
14 various --

15 ASSEMBLYMEMBER BUCHANAN: Well, that's what I
16 mean. Do we know how many are at DSA? Does that reflect --
17 are the DSA, are they part of what you've -- you're listing
18 as potentially committed or are they part that would draw
19 down from the 156 million?

20 MS. SILVERMAN: That is included within the
21 drawdown of the 156 million. We have 193 buildings that are
22 currently in the pipeline at various stages of review and a
23 number of those buildings have estimates of what those
24 project costs could up and it's upward close to about
25 \$100 million, so --

1 ASSEMBLYMEMBER BUCHANAN: So we have \$100 million
2 in projects in the queue right now.

3 MS. SILVERMAN: That's correct.

4 MS. MOORE: That's beyond the 11 million you're
5 reporting in this report?

6 MS. SILVERMAN: Yes.

7 ASSEMBLYMEMBER BUCHANAN: Yes.

8 MR. MIRELES: Correct.

9 ASSEMBLYMEMBER BUCHANAN: So I would maybe --

10 SENATOR HANCOCK: Oh --

11 ASSEMBLYMEMBER BUCHANAN: -- suggest that that the
12 relaxing of the requirements that we did has -- because it
13 took us --

14 SENATOR HANCOCK: -- result.

15 ASSEMBLYMEMBER BUCHANAN: Yeah.

16 SENATOR HANCOCK: That's good.

17 ASSEMBLYMEMBER BUCHANAN: Okay.

18 ASSEMBLYMEMBER HAGMAN: Have you gotten any
19 feedback from these school districts at all about is it a
20 burden for them to go figure out or they know whether
21 they're next to a fault or, you know, they do the
22 preliminary investigation, you know.

23 MR. MIRELES: By the buildings that we're talking
24 about are already -- they have been confirmed that they
25 qualify. So that they already know that they have buildings

1 that qualify.

2 Now they have to go through each of the additional
3 phases to come in and request the funding.

4 And just keep in mind that there's a lot of
5 districts that have multiple buildings throughout their
6 district.

7 ASSEMBLYMEMBER HAGMAN: Um-hmm.

8 MR. MIRELES: One of the things that we have been
9 hearing is that they're focusing efforts on certain
10 buildings while others are on hold until they move one
11 project forward.

12 So there's some districts that have again a lot of
13 buildings within the district and some of them are focusing
14 their efforts on one project before they move onto the next.

15 ASSEMBLYMEMBER HAGMAN: And when -- I'm not trying
16 to push this money out any faster than actually needed to,
17 but what we are talking about soon -- probably the next six,
18 eight months -- is do we try to put a bond out for '14.

19 And do we keep it categories. I like your idea
20 about just making it a part of the criteria and process,
21 maybe bump you up if you have that safety issue. So we may
22 not need a separate one.

23 But what is our exposure? What does need to be
24 happening in the State and that survey -- that information
25 again, you know, no one can say we got a hundred million

1 more to do or we've got a billion dollars more to do,
2 earthquake type seismic. I don't know.

3 And I'm just wondering do we have enough
4 information to piece that together if we start discussing
5 things.

6 MS. SILVERMAN: Districts have to come forward
7 to --

8 ASSEMBLYMEMBER BUCHANAN: Right.

9 MS. SILVERMAN: -- figure out whether or not they
10 have eligibility in their building and right now, this is
11 what we have. They have sought eligibility requirements and
12 approval.

13 So this is all the information we have about that
14 inventory of facilities.

15 MS. MOORE: If I may --

16 CHAIRPERSON DYER: Absolutely.

17 MS. MOORE: -- clarify because I think it's
18 important to what's -- when you say that there's 118 million
19 worth of projects potential, is that the list that's been
20 identified for a long period of time, they know that they're
21 potentially eligible, but they haven't come forward, or are
22 you saying that those are potential buildings that have come
23 forward with some type of request for an eligibility
24 determination that is beyond those that we knew were in this
25 category 4.

1 MR. MIRELES: Those are the ones that have gone
2 through what is called phase one, which means that they have
3 the right building type to qualify for the program. That is
4 the first phase to get in the door, so to speak.

5 Once you've identified an eligible building type,
6 then you can move onto the next phase in terms of getting
7 the appropriate reports from engineers and cost estimates.

8 So these buildings we know qualify under the
9 current regulation requirements.

10 MS. MOORE: So they had to take an active action
11 to ask for that eligibility determination.

12 MR. MIRELES: Correct.

13 MS. MOORE: Beyond being just a category 4 or any
14 category now.

15 MR. MIRELES: Category 2, yes. That's correct.

16 MS. MOORE: So there has -- okay. So that's a
17 hundred million worth of projects.

18 ASSEMBLYMEMBER BUCHANAN: Considering that the
19 bond was passed in 2006 and when we formed the subcommittee,
20 we'd only funded I think two projects, if you take a look at
21 where we've come in the last year and the ones we have --

22 MS. MOORE: Yeah.

23 ASSEMBLYMEMBER BUCHANAN: -- like I said, in
24 queue --

25 SENATOR HANCOCK: It sounds -- I think it sounds

1 good. The one thing that I would think we might just
2 suggest and maybe this will be something Mr. Savidge --
3 would be more in his role than the rest of the staff --
4 would be some kind of a letter to districts just saying,
5 well --

6 ASSEMBLYMEMBER BUCHANAN: Right.

7 SENATOR HANCOCK: You know, we did change the
8 regulations. We have this much in requests. Now might be a
9 time for you --

10 ASSEMBLYMEMBER BUCHANAN: Right.

11 SENATOR HANCOCK: -- to look and decide if you
12 want to move forward with your project, you know, in some
13 very user friendly language just to kind of --

14 ASSEMBLYMEMBER BUCHANAN: Well, and there's some
15 of these districts have let us know that they are targeting
16 the most severe, but there are other buildings. My gut
17 feeling is -- I think -- the bigger issue that we had when
18 we had the subcommittee was -- the compelling testimony to
19 me was from consultants or district folks who said, you
20 know, we had a building that was, you know, in a seismic
21 area but wasn't the right building type and it was in worse
22 shape than another one, but we couldn't do anything, and so
23 that's why we said --

24 SENATOR HANCOCK: Right.

25 ASSEMBLYMEMBER BUCHANAN: -- okay, let's really

1 open it up.

2 And I think the bigger question we need to ask
3 ourselves for those of us on the subcommittee -- and you're
4 always welcome to join -- is should it be a separate
5 category or, you know, if you have a building that's just
6 not safe, should that fall into another category and
7 should --

8 SENATOR HANCOCK: Right.

9 ASSEMBLYMEMBER BUCHANAN: -- we simplify it.

10 CHAIRPERSON DYER: Okay. Well, is there any
11 public comment on this status report?

12 Okay. Hearing nothing, we can move onto the next
13 item, Tab 9.

14 MS. SILVERMAN: Tab 9 is the **workload**. The 90
15 days, July -- if you notice on page 111, it's a blank page.
16 The purpose is to really focus on the Consent Agenda.

17 And the items that we have slated for August is to
18 bring back as an action item the High Performance Incentive
19 Grant options is included in the report section -- excuse
20 me -- the action section and that's in August. And we have
21 the September workload as well.

22 CHAIRPERSON DYER: Okay. Thank you. Any public
23 comments on the workload? If not, any final public comment
24 from anyone on any other matter? Yes, Assemblymember.

25 ASSEMBLYMEMBER HAGMAN: Mr. Chair, just to kind of

1 give you a status update.

2 CHAIRPERSON DYER: Sure.

3 ASSEMBLYMEMBER HAGMAN: We've been talking for a
4 long time about possible assets that are not being utilized
5 out in -- where we've put in our 50 percent for the
6 properties or a hundred percent for properties for future
7 school sites.

8 I've worked -- one of my bills -- it's over on the
9 Senate -- or it's passed all the Senate. I think it's going
10 to come to fore pretty soon, AB 308, which basically said if
11 we were 50 percent partners here in the State with a local
12 district and bought -- bank a piece of property and that
13 properties no longer being utilized for education purposes
14 and it was sold, then we should get our 50 percent back.
15 You know, we're like joint venturers in these projects.

16 I also included a portion where it had lease for
17 school sites that weren't being used anymore for schools,
18 but they were leasing it to a private vendor for another
19 purpose besides education.

20 And I'm not sure how many of those are out there.

21 On the Senate side, they pulled that section of
22 lease out of it and they pushed it forward on the sale of
23 the property at this point, which is good where we're at.

24 But I want to bring it back to us and say -- we
25 talked about it before, there's a general consensus. We

1 need to hopefully get the ones that are unused back into the
2 system. You know, if we're putting out State dollars/bond
3 money for 30 years and paying on it and it's no longer being
4 used for education, bring it back here.

5 And so I -- the little -- looking at different
6 projects -- different sheets -- and I understand that
7 apparently the school district's supposed to market, they're
8 leasing out some of their vacant property, but we have no
9 more information than just that, yes, they are leasing out
10 their property.

11 I'm wondering if that's something we could get the
12 staff to maybe come back with recommendations: is it useful
13 to have more of that information.

14 At the same time, I don't want to be all
15 penalized -- you know, penalty to the school districts. I
16 want them to utilize their assets the best way to make money
17 for both them and operations as well as if we have -- if
18 we're a partner in that business venture, so to speak, to
19 get some of our money back.

20 Now, I know there's a penalty if they sell a
21 property and don't use it to rebuild schools right now or
22 into school rehabilitation. They're off the list for five
23 years. I'd like to see if we could change that.

24 So if they -- I want them to voluntarily bring
25 that back up. If they're giving us back our investment out

1 of that, if we were 50 percent or 100 percent of whatever,
2 and they're willing to do that, they should qualify for
3 other programs as well.

4 So I'm just bring it up for discussion.

5 CHAIRPERSON DYER: Um-hmm.

6 ASSEMBLYMEMBER HAGMAN: My bill's been narrowed
7 and I don't know if it's going forward at this point, but
8 I'm still concerned about -- I see in the paper all the time
9 about school districts shutting down schools.

10 I know like our appeal item today, there's plenty
11 of schools vacant in that district, but they couldn't come
12 up with an agreement. We want -- these are taxpayer dollars
13 being used to educate our kids one way or the other. We
14 want those taxpayers' dollars used as wisely as possible.

15 If they're not being utilized for an educational
16 function, can we get our investment back and reprogram it
17 out to those who need it.

18 CHAIRPERSON DYER: My suggestion, you know, is
19 let's leverage the Program Review Subcommittee right now.
20 We're looking at, you know, some of these issues right now,
21 where the failures are, where the successes are, and, you
22 know, how that, you know, informs any future type of bond.

23 And, you know, my recommendation is put that in
24 the program subcommittee and get a report back for the
25 Board.

1 ASSEMBLYMEMBER HAGMAN: Madam Chair.

2 ASSEMBLYMEMBER BUCHANAN: Well, it ties in with
3 what you've already brought up. Makes perfect sense.

4 CHAIRPERSON DYER: Any other thoughts?

5 Public comment on -- all right. Hearing none,
6 we're adjourned.

7 SENATOR HANCOCK: I just have --

8 CHAIRPERSON DYER: Yes, Senator Hancock.

9 SENATOR HANCOCK: I didn't exactly what the action
10 in that was if any. You were asking the Program
11 Subcommittee to consider how to get out more of the seismic
12 money. If Mr. Hagman was suggesting that maybe it should
13 just go to anybody that wants it because we should spend it
14 for schools, I just have to say I do think that we have --
15 imperative to spend it on schools --

16 ASSEMBLYMEMBER BUCHANAN: Yeah.

17 SENATOR HANCOCK: -- that are seismically unsafe.
18 We live in an earthquake country and we at least have got to
19 know that all the schools that were identified originally as
20 needing this money know that there is whatever there is left
21 after we process the existing applications and have decided
22 that they don't for whatever reason want to comply.

23 ASSEMBLYMEMBER BUCHANAN: I think -- because we
24 talked a little bit about -- I don't think Senator Hagman
25 was talking about seismic money.

1 I think where the conversation started in the
2 subcommittee was a situation where we provided matching
3 funds for a district to buy land and then the housing market
4 changes and the district never --

5 SENATOR HANCOCK: Okay. Right.

6 ASSEMBLYMEMBER BUCHANAN: -- never -- and then --

7 SENATOR HANCOCK: They have to pay it back.

8 ASSEMBLYMEMBER BUCHANAN: -- and then they sell
9 the land and then they keep, you know, our half.

10 So I think that -- I think his question
11 centered -- you know, so I think -- so I think the question
12 there that we were kind of grappling with was his proposal
13 in the bill is if you sell it within ten years, you pay
14 back --

15 SENATOR HANCOCK: Oh, that --

16 ASSEMBLYMEMBER BUCHANAN: -- the State and I think
17 his question surrounding -- you can certainly speak for
18 yourself, but --

19 ASSEMBLYMEMBER HAGMAN: You're doing a great job.

20 ASSEMBLYMEMBER BUCHANAN: -- the leased property
21 is around those same issues --

22 SENATOR HANCOCK: Okay.

23 ASSEMBLYMEMBER BUCHANAN: -- in terms of if you
24 get money from the State and you're not building or you're
25 not, you know, using it for kids -- certainly if something

1 is 40 years old, I don't think you want to --

2 SENATOR HANCOCK: Right.

3 ASSEMBLYMEMBER BUCHANAN: But the question is are
4 there parameters and so I'm sure we'll have a discussion on
5 it and everyone can chime in later on.

6 SENATOR HANCOCK: I'm sure you will. Okay.

7 CHAIRPERSON DYER: You know, before we formally
8 adjourn, we do have an opportunity for folks who haven't
9 been able to vote on the Minutes. Senator Liu, Mr. Diaz,
10 Senator.

11 MR. DIAZ: Aye.

12 CHAIRPERSON DYER: Can we reopen that or --

13 MS. JONES: Yes. Yes, we should. Senator Liu,
14 how do you vote on the Minutes?

15 SENATOR LIU: Aye.

16 MS. JONES: Thank you. And then Assemblymember
17 Nazarian --

18 ASSEMBLYMEMBER NAZARIAN: Yes.

19 MS. JONES: -- on the Consent Calendar -- or
20 actually even on the Minutes too, how do you vote?

21 ASSEMBLYMEMBER NAZARIAN: Yes to both.

22 MS. JONES: Okay. Yes to both. Okay. And that
23 would also include Gateway which was the appeal.

24 ASSEMBLYMEMBER NAZARIAN: Yes. Thank you.

25 MS. JONES: Okay. Great. Thank you so much.

1 CHAIRPERSON DYER: All right. Thank you. We're
2 adjourned.

3 (Whereupon, at 5:11 p.m. the proceedings were
4 adjourned.)

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