

MINUTES
State Allocation Board
December 12, 2007

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 4203 of the State Capitol in Sacramento, California on December 12, 2007 at 2:00 p.m.

Members of the Board present were as follows:

- Anne Sheehan, Chief Deputy Director, Policy, Department of Finance, designated alternate for Michael Genest, Director, Department of Finance
- Doug Button, Deputy Director, Real Estate Services Division, Department of General Services, designated alternate for Will Bush, Director, Department of General Services
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education, designated representative for Jack O'Connell, Superintendent of Public Instruction
- Senator Jack Scott
- Assembly Member Gene Mullin
- Assembly Member Jean Fuller

Members of the Board absent were as follows:

- Rosario Girard, President and CEO, Phoenix Construction Services, Inc., appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Bob Margett
- Senator Joe Simitian
- Assembly Member Kevin de León

Representatives of the State Allocation Board (SAB) were as follows:

Rob Cook, Executive Officer
Lori L. Morgan, Deputy Executive Officer
Mavonne Garrity, Assistant Executive Officer

Representatives of the Department of General Services, Office of Public School Construction (OPSC), were as follows:

Rob Cook, Executive Officer
Lori L. Morgan, Deputy Executive Officer

Representative of the Department of General Services, Office of Legal Services, was as follows:

Henry D. Nanjo, Senior Staff Counsel

With a quorum present, Anne Sheehan, Chair, called the meeting to order at 2:09 p.m.

PRIOR MINUTES

A motion was made to approve the Minutes for the October 24, 2007 SAB meeting. However, a member of the audience objected that some comments concerning the Grant Adequacy Methodology discussion item were not reflected in the Minutes. The Board requested that the Minutes be revised and presented at the January 2008 SAB meeting for approval.

EXECUTIVE OFFICER'S STATEMENT

The Executive Officer informed the Board that there was an increase in new construction funding applications. It was stated that the last day to submit a new construction funding request based on 2006/2007 enrollment data was October 31, 2007, and that funding requests received after this date must utilize 2007/2008 enrollment data. It was reported that for the month of October, the OPSC received 116 new construction applications which was a substantial increase to the average of 27 new construction funding applications received each month.

The Executive Officer also informed the Board that: 1) the proposed regulatory amendments for the School Facility Joint-Use Program will be presented to the Board at the January 2008 SAB meeting; 2) the final filing date for the Career Technical Education Program was October 31, 2007, the OPSC received 183 applications representing a total of approximately \$209 million, and the OPSC anticipates presenting these projects for SAB funding consideration and approval at the February 2008 SAB meeting; and 3) the final date for school districts to submit applications for the first funding cycle of the Overcrowding Relief Grant Program is January 31, 2008, and the OPSC anticipates that the projects will be presented to the SAB for funding consideration and approval at the April 2008 SAB meeting.

Lastly, the Executive Officer informed the Board that the 2007 Green California Schools Summit and Exposition was held in Pasadena, CA, on December 4–6, 2007, and there was about 2,000 people in attendance. The OPSC joined with the California Energy Commission to present information on the High Performance Incentive Grant Program and with the Division of the State Architect to present on grid neutral schools.

CONSENT ITEMS

Generally, Ms. Moore will recuse herself from voting on Elk Grove Unified School District agenda items. However, due to a limited number of SAB members and in order for the Board to maintain its quorum, Ms. Moore was required to vote on the entire consent calendar, as well as the remainder of the agenda. In considering this item, the Board approved the consent calendar as presented.

FINANCIAL REPORTS

Status of Funds

The Board accepted the Status of Funds report as presented.

SPECIAL CONSENT ITEMS

Newport-Mesa Unified/Orange 51/66597-00-002

In considering this item, the Board approved the staff's recommendations.

Colusa Unified/Colusa

In considering this item, the Board approved the staff's recommendation.

SPECIAL CONSENT ITEMS (cont.)***School Facilities Needs Assessment Grant Program***

In considering this item, the Board approved the staff's recommendations.

Lowell Joint Elementary/Los Angeles 93/64766-00-00

In considering this item, the Board approved the staff's recommendations.

Deferred Maintenance Program Extreme Hardship Project Time Extension

In considering this item, the Board approved the staff's recommendation.

Deferred Maintenance Program Funding

Mr. Dave Walrath, representing the Small School Districts Association, addressed the Board concerning the funding of extreme hardship projects for small school districts. He asked the Board to consider dedicating funds from alternative revenue sources (i.e., unused site proceeds and proceeds from the sale of portable classrooms). In considering this item, the Board approved the staff's recommendations. The Board requested that staff present an item at a future SAB meeting once sufficient alternate funds become available to address the unfunded extreme hardship projects.

Fresno Unified School District – Year-Round Schools Air Conditioning/Insulation Projects

In considering this item, the Board approved the staff's recommendations.

SPECIALS/APPEALS***Oakland Unified/Alameda 53/61259-09-001, 12-001, 12-002, 13-002, and 21-001***

This item was postponed until the January 2008 SAB meeting.

Class B Construction Cost Index – Eight California Cities

Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH) organization, addressed the Board in support of the Ten Western States construction cost index. He indicated that CASH was meeting with the Lee Saylor Group and looking into the prospect of a California schools construction cost index which could be utilized by the Board. In considering this item, the Board approved the staff's modified recommendation which was to adopt the Marshall & Swift Ten Western States Class B Construction Cost Index to be used for the 2008 annual grant adjustments. The Board requested that the issue be revisited in one year. Further, the question was raised as to whether an appropriate index existed that measures the cost of school construction versus other types of construction.

SPECIALS/APPEALS (cont.)***Grant Adequacy Update***

Ms. Denise Callahan, representing the Macias Consulting Group, presented an update to the Board regarding the study of the adequacy of the new construction grants. Mr. Edgar Cabral, representing the Legislative Analyst's Office (LAO), addressed the Board and indicated that the LAO has reviewed and provided feedback on the methodology and stated that the LAO would be attempting to replicate the results of the Macias Consulting Group analysis to ensure accuracy.

The following individuals addressed the Board regarding this issue:

- Mr. Tom Duffy, representing the CASH organization;
- Mr. Lyle Smoot, representing the Los Angeles Unified School District;
- Mr. Mike Ricketts, representing the County Superintendent of Schools; and
- Mr. Stephen English, representing the Advancement Project.

There were concerns expressed by the individuals above, such as the study was continuing in light of the transparency and methodology issues not being adequately resolved; that other studies are currently underway that are related to grant adequacy and once there are results, those will be shared; and that although the facilities that house students through alternative education programs are not included as part of the study, the OPSC was encouraged to make sure that this issue does get addressed.

There was much discussion by the Board regarding this issue. The Board requested staff to continue to keep open lines of communication regarding the process being utilized and to provide updates to the Board. Additionally, the Board requested staff to follow-up with the County Superintendent of Schools for purposes of conducting a separate study on the costs to construct county schools.

REGULATIONS***Additional Grant for General Site Development***

Mr. Lyle Smoot, representing the Los Angeles Unified School District, addressed the Board in support of eliminating the sunset date for general site development. In considering this item, the Board approved the staff's recommendations.

Final Adoption of Proposed Regulatory Amendment and Project Information Worksheet

This item was postponed to the January 2008 SAB meeting.

INFORMATION/REFERENCE

Bonding Capacity Impact on Bidding Climate

SAB Meeting Dates for the Calendar Year 2008

School Facility Program Workload List - Applications Received Through November 19, 2007

Deferred Maintenance Program Unfunded List as of October 24, 2007

Facility Hardship/Rehabilitation Approvals Without Funding List as of October 24, 2007

CLOSED SESSION

At 3:45 p.m. and in accordance with Section 11126(a)(1) of the Government Code, the Board convened into closed session for the purpose of discussing a matter relating to personnel.

Upon conclusion of the closed session, the Board reconvened into open session at 3:55 p.m.

ADJOURNMENT

There being no further business to come before the Board, the Vice Chair adjourned the meeting at 3:56 p.m.

ROB COOK, Executive Officer