

MINUTES
State Allocation Board
May 28, 2008

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 May 28, 2008 at 4:00 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 (DOF)
- Mike Webb, Deputy Director, Legislative Affairs, 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 (CDE), designated representative for Jack O'Connell, Superintendent of Public Instruction
- Rosario Girard, President and CEO, Phoenix Construction Services, Inc., appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Bob Margett
- Senator Jack Scott
- Senator Joe Simitian
- Assembly Member Gene Mullin
- Assembly Member Jean Fuller
- 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

Representative of the Department of General Services, Office of Public School Construction (OPSC), was 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, Assistant Chief Counsel

With a quorum present, Anne Sheehan, Chair, called the meeting to order at 4:10 p.m.

PRIOR MINUTES

Senator Margett made brief comments concerning his opposing vote to the motion for the disposition of State funds for the Buellton Union Elementary School District from the April 23, 2008 SAB meeting. He stated that small school districts should merge into other school districts and that the wealthy farming communities should help in fulfilling their obligation by supporting and utilizing local bonds in their areas. After making his comments, Senator Margett was satisfied with adding his clarifying comments to the May 28, 2008 Minutes and a motion was made and carried to approve the Minutes for the April 23, 2008 SAB meeting.

EXECUTIVE OFFICER'S STATEMENT

The Executive Officer informed the Board of the following:

Regulation Update

The regulations to amend the Career Technical Education Facilities Program were approved by the Office of Administrative Law (OAL) with an effective date of April 29, 2008. The regulations were posted to the OPSC Web site.

The regulations to establish the Seismic Mitigation Program were approved by the OAL with an effective date of April 30, 2008. Once the Board accepts the Status of Funds in this Agenda, \$199.5 million will be reserved for this program. A letter has been sent to all school districts announcing the approval of the Seismic Mitigation Program. The regulations have also been posted to the OPSC Web site.

The OPSC anticipates presenting regulations to implement Assembly Bill 1014, Chapter 691, Statutes of 2007 (Bass), to the June SAB meeting so that the law is in effect prior to enrollment updates that are due by November 1st.

Charter Schools Facilities Program

Included in this Agenda, the Charter Schools Facilities Program funding from Proposition 1D is presented for approval. This approval represents the largest allocation of school construction funds to California charter schools to date.

To commemorate the occasion, an event is planned for May 30, 2008 at the Vaughn Next Century Learning Center in Pacoima, which was the first charter school to convert their project to a final apportionment. Many local and State officials will be in attendance, including members of the SAB.

School Facility Program Joint-Use Update

Joint-Use projects are processed on an annual funding cycle and the final filing date to submit applications for the current cycle is May 31, 2008. There is \$9.5 million available in School Facility Program joint-use funds. Currently, the OPSC has received nine joint-use applications representing approximately \$9.3 million in total potential funding requests. It is anticipated that these projects will be presented for funding at the July 2008 SAB meeting.

PUBLIC COMMENTS

Mr. Dave Walrath, representing the Coalition for Adequate School Housing (CASH) organization, addressed the Board to thank staff for processing the large number of projects/funding that is coming forward for approval.

Mr. Bruce McDaniel, Superintendent of the Lennox School District, addressed the Board concerning the denial of the processing of the District's Overcrowding Relief Grant (ORG) application. He stated that the staff's interpretation of the regulations requires financial hardship districts to acquire the site in advance and then be reimbursed after submitting the ORG application. Further, he asked the Board to direct staff to find an interpretation of the regulation that would allow for the processing of the District's ORG application or have the regulations changed immediately in order to fund the District's ORG application. The Board requested the District to work with staff on amending the current ORG regulations and requested staff to report back with proposed changes for adoption prior to the July 30, 2008 final filing period for the ORG Program.

CONSENT ITEMS

Mr. Robert W. Brower, a taxpayer in the West Contra Costa Unified School District, addressed the Board concerning the Adams Middle School in West Contra Costa County. He stated that the Adams Middle School has structural integrity problems and questioned whether the SAB/OPSC should modify the Emergency Repair Program (ERP) regulations to require applicants to make known significant facility-related facts in the ERP application. He further questioned whether the SAB should allocate funding to a future \$14.5 million ERP application for non-seismic retrofit costs for this school.

In considering the Consent calendar, the Chair reminded the Board and audience that in accordance with the motion approved at the January 2008 SAB meeting, the new construction projects in the Consent Specials and in the Consent calendar will continue to remain open, contingent on the Board's action concerning grant adequacy. The Board approved the Consent calendar as presented.

FINANCIAL REPORTS

Status of Funds

The Board complimented the staff on the amount of funding processed in this Agenda of approximately \$900 million. The Board accepted the Status of Funds report as presented.

Financial Needs of the State Relocatable Classroom Program

Senator Margett discussed the issue of keeping the excess revenue in the State School Building Aid Fund or transferring the excess revenue to the Deferred Maintenance Program to fund extreme (critical) hardship projects. Assembly Member Mullin discussed the transfer of \$16.5 million to the General Fund since the State of California was facing unprecedented budget shortfalls. The Chair requested a roll-call vote and the motion, which would approve the transfer of \$16.5 million from the State School Building Aid Fund to the General Fund on a one-time basis for the 2007/08 Fiscal Year only (future fiscal years would require separate, formal action by the SAB), carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian		X		
Assembly Member Mullin	X			
Assembly Member Fuller		X		
Assembly Member de León	X			
Mike Webb	X			
Kathleen Moore	X			
Rosario Girard		X		
Anne Sheehan	X			
Total	6	4		

Motion:

Carried X
 Failed

SPECIAL CONSENT ITEMS***Atwater Elementary/Merced 58/65631-00-001***

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

Ross Elementary/Marin 51/65433-00-001

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

General Site Development

In considering this item, the Board approved the staff's recommendations to fund the following six projects:

- Kern High/Kern 50/63529-00-005 and 50/63529-00-006
- Hesperia Unified/San Bernardino 50/75044-00-028
- Stockton Unified/San Joaquin 50/68676-01-001
- Coachella Valley Unified/Riverside 50/73676-01-007
- Golden Valley Unified/Madera 50/75580-00-003

In addition, the Board approved the staff's recommendation authorizing staff to present the Heber Elementary School District project, Application No. 50/63131-00-006, to include the general site development allowance in the consent agenda of a future SAB meeting.

SPECIALS/APPEALS***Charter Schools Facilities Program Preliminary Apportionments***

Ms. Barbara Kampmeinert, representing the SAB staff, presented the Charter Schools Facilities Program Preliminary Apportionments to the Board and Ms. Katrina Johantgen, Executive Director of the California School Finance Authority (CSFA), was available to answer questions related to the CSFA. A Board member requested staff to monitor the seven charter school projects for which the applicant reduced the project costs in order to be financially sound. In considering this item, the Board approved the staff's recommendations.

Adequacy of New Construction Grants

Mr. Ted Rozzi, Chair of the CASH organization, addressed the Board in support of the staff's recommendations. Mr. Ed Mierau, President of Association of California Construction Managers, and board member of the CASH organization, also addressed the Board in support of the staff's recommendations. In considering this item, the Board approved the staff's recommendations and requested staff to present this item on an annual basis. In addition, the Board requested staff to collect sound data in order to satisfy the need to know the costs to construct schools.

REGULATIONS***Site Sale Proceeds Regulations***

In considering this item, the Board approved the staff's recommendations. However, Senator Margett opposed the staff's recommendations.

Financial Hardship Program Regulatory Amendments

Ms. Lisa Silverman, Mr. Keith Jung, and Mr. Jason Hernandez, representing the SAB staff, presented the Financial Hardship Program Regulatory Amendments to the Board.

The following individuals addressed the Board and expressed concerns regarding this issue:

- Mr. Ted Rozzi, Chair of the CASH organization;
- Mr. Matt Pettler, representing School Facility Consultants;
- Mr. Richard Gonzalez, representing Richard Gonzalez & Associates;
- Mr. Dave Walrath, representing the Small School District Association;
- Ms. Anna Ferrera, representing the County School Facilities Consortia; and
- Mr. Mike Ricketts, representing the County Superintendents of Schools.

There was much discussion regarding this issue amongst the Board members. In considering this item, the Board requested that this issue be returned to the Implementation Committee for further discussion and requested staff to report back at a future SAB meeting. The Board requested that the following issues be addressed and/or explored:

- How are district encumbrances being accounted for and reported?
- Define "accrued revenue" and further define "State encumbrance."
- Ensure that the apportioned State grants are reflected in district revenue.
- What is a complete application as determined by the OPSC?
- What types of projects are Financial Hardship districts building?
- How does Financial Hardship impact County Offices of Education?

INFORMATION/REFERENCE***SAB Meeting Dates for the Calendar Year 2008******School Facility Program Workload List - Applications Received Through May 14, 2008******Deferred Maintenance Program Unfunded List as of April 23, 2008******Emergency Repair Program – Applications Received Through May 14, 2008******Facility Hardship/Rehabilitation Approvals Without Funding List as of April 23, 2008***

CLOSED SESSION

At 6:22 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 matters relating to personnel.

Upon conclusion of the closed session, the Board reconvened into open session at 6:37 p.m.

ADJOURNMENT

There being no further business to come before the Board, the Chair adjourned the meeting at 6:38 p.m.

ROB COOK, Executive Officer