

MINUTES
State Allocation Board
August 4, 2010

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 3191 of the State Capitol in Sacramento, California on August 4, 2010 at 4:00 p.m.

Members of the Board present were as follows:

- Cynthia Bryant, Chief Deputy Director, Policy, Department of Finance, designated representative for Ana Matosantos, Director, Department of Finance
- Scott Harvey, Chief Deputy Director, Department of General Services (DGS), designated representative for Ron Diedrich, Acting Director, Department of General Services
- Lyn Greene, appointee of Arnold Schwarzenegger, Governor of the State of California
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education (CDE), designated representative for Jack O'Connell, Superintendent of Public Instruction
- Senator Alan Lowenthal
- Senator Loni Hancock
- Senator Bob Huff
- Assembly Member Jean Fuller
- Assembly Member Julia Brownley
- Assembly Member Joan Buchanan

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

Lisa Silverman, Acting Executive Officer
 Lisa Kaplan, Assistant Executive Officer

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

Lisa Silverman, Acting Executive Officer
 Juan Mireles, Manager, Program Services

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

Lance Davis, Staff Counsel

With a quorum present, Ms. Bryant, Chair, called the meeting to order at 4:14 p.m. The Chair welcomed Assembly Member Joan Buchanan as the newest member of the SAB. The Chair also acknowledged former Senator Bob Margett, who was a member of the SAB for six years.

PRIOR MINUTES

A motion was made, and it was seconded, to approve the June 23, 2010 SAB meeting Minutes. The Chair called for a roll-call vote to approve the Minutes for the June 23, 2010 SAB meeting and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley			X	
Assembly Member Buchanan			X	
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	8		2	

Motion:

Carried X
 Failed

EXECUTIVE OFFICER'S STATEMENT

The Acting Executive Officer informed the Board of the following:

Priorities in Funding Apportionments

The OPSC was pleased to report that as a part of the Priorities in Funding item the Board would be taking action to make apportionments at this meeting. This was the third time staff brought forward apportionments to the SAB this calendar year.

Overcrowding Relief Grant (ORG) Program

As part of the Consent Specials agenda, the Board considered unfunded approvals for the fifth filing round under the ORG Program. The OPSC highlighted that the final filing date for the sixth filing round was last Friday, July 30, 2010. For the sixth filing round, the OPSC received nine applications requesting replacement of 90 portables with permanent classrooms with an initial estimated State share of \$39,733,478.

High Performance Incentive (HPI) Grant Projects

As part of the Consent calendar, 14 applications containing HPI grants were processed this month; six under modernization and eight under new construction for a total of \$1,080,504. Included in the 20 ORG projects presented for unfunded approval at this meeting, 11 contain HPI grants totaling \$1,246,134. Altogether, the HPI grants this month total \$2,326,638.

OPSC Tentative Workload Plan

For purposes of transparency and workload management, the OPSC attached the tentative 90-day workload plan for future SAB meeting agendas. The new format was noted, which was intended to make it easier to see items in context on the upcoming agendas. Any items added to this calendar could result in other items being postponed to a future meeting. The OPSC also included the updated Appeals and Facility Hardship requests (logs). The inclusion of these documents should continue to bring structure and transparency to these processes.

For purposes of transparency, staff will be providing quarterly reports to the SAB reporting costs being incurred to administer the programs. The first quarterly report will be presented at the August 25, 2010 SAB meeting and reflected in the 90-day workload plan as "Financial Report." In this report, the OPSC will be reporting actual costs versus budgeted costs incurred to administer the program for Fiscal Year ending 6/30/10. Follow-up reports will occur to cover the time periods ending 9/30/10, 12/31/10, etc. These quarterly reports will be scheduled and reflected in the 90-day workload plan.

The Chair thanked the OPSC staff for their continued work with the SAB to maintain a level of transparency.

CONSENT ITEMS

A motion was made, and it was seconded, to approve the Consent calendar as presented. The Chair called for a roll-call vote to approve the Consent calendar and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
 Failed

FINANCIAL REPORTS

Status of Fund Releases

The Acting Executive Officer presented this item to the Board, and the Board accepted the Status of Fund Releases report as presented.

Status of Funds

The Acting Executive Officer presented this item to the Board, and the Board accepted the Status of Funds report as presented.

SPECIAL CONSENT

Carlsbad Unified/San Diego 58/73551-00-001

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. Senator Hancock made a motion, and it was seconded, to approve the staff's recommendations. The Chair called to substitute the previous roll-call vote, and the motion, which was to approve the staff's recommendations, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
 Failed

SPECIAL CONSENT (cont.)***Overcrowding Relief Grant Program Funding***

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. Senator Hancock expressed concerns about the Sacramento City Unified School District's, The Met, charter school and its qualification for this Program when the District has closed four schools and has declining enrollment of 8,000 children. She stated that she did not believe that was the intent of the Program. She further stated that she would like to approve the item and have staff come back with proposed regulatory language that would tighten up the regulations. Mr. Mireles responded that the CDE determines the eligibility based on the 2006 enrollment numbers. Ms. Kathleen Moore suggested that this discussion take place at the Implementation Committee for further vetting in September. The Chair stated she would work with the Acting Executive Officer and the Assistant Executive Officer to see how this issue would fit in the Implementation Committee schedule. Senator Hancock requested a comparison and/or summary of the difference between the Critically Overcrowded Schools (COS) Program and ORG Program, along with the funds that support the programs. Assembly Member Fuller cautioned that if a charter school is sponsored/chartered under another entity not within the school district, State or county, that there are jurisdictional lines that must be observed.

The Chair asked for public comments on this issue and the following individual addressed the Board:

- Ms. Crystal Hoff, representing the Sacramento City Unified School District, addressed the Board regarding the Met Charter School and clarified that The Met is a dependent charter school, is part of the District, and that other options (such as utilizing a closed school) were considered prior to applying under the ORG Program.

A motion was made, and it was seconded, to approve the staff's recommendation. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
Failed

SPECIALS/APPEALS***Priorities in School Construction Funding Apportionments***

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. Mr. Mireles explained in detail the requirements for school districts to receive apportionments and the process the OPSC used when determining the order of the Unfunded List. He also explained that the projects were listed numerically by the project number and this system had been utilized since 2009. He further stated there would be a remaining balance of \$208,607 in Proposition 1D funding that would not be apportioned because those funds would not entirely fund the next project on the Unfunded List. Mr. Mireles stated that the remainder would be used to fund future projects.

SPECIALS/APPEALS (cont.)***Priorities in School Construction Funding Apportionments*** (cont.)

Assembly Member Buchanan questioned the sorting method and stated that it was unfair when a full date could not be funded and suggested further discussion and perhaps a random process to select projects to be funded. Mr. Mireles addressed these concerns by suggesting that they make a decision to fund the current list as is because it had been published for quite some time and then discuss options for the order of future funding rounds. Assembly Member Fuller suggested that: 1) the list remains as is; and 2) staff do some investigating and come back with options for random drawing systems for the future.

Mr. Harvey questioned if the funds transferred in the COS agenda item could be used to fund the remaining projects. The Acting Executive Officer answered that those funds could not be used due to bonding authority (bond covenants). The Chair stated that she was confident that the projects that are next on the list would be funded with the next bond sale. The Chair also reiterated that staff needs to develop a random selection process. Ms. Moore agreed with the fact that the current list had been available for a while and that it should be funded as published. Ms. Moore also thanked staff for their work on this item and she also thanked the school facilities community.

Assembly Member Fuller made a motion, and it was seconded, to approve the staff's recommendations and require that staff bring back options for random drawing systems for ordering future lists. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
Failed

Placement of Facility Hardship Projects on the Unfunded List

Ms. Barbara Kampmeiner, representing the SAB staff, presented this item to the Board. Assembly Member Buchanan questioned the reserving of funds for conceptual approvals when the projects are not ready to move forward. Ms. Moore stated her concern that once a school district has been approved for a facility hardship, it may do damage if there are no bond funds available to fund the projects. Assembly Member Buchanan stated that she did not believe it was fair to change the rules on projects that have already received conceptual approvals, but that going forward, projects should not be granted approvals if they are not ready for construction.

SPECIALS/APPEALS (cont.)***Placement of Facility Hardship Projects on the Unfunded List*** (cont.)

Mr. Harvey made a motion and it was seconded, to approve the staff's Recommendation No. 1, which was to accept the recommendation of the Sub-Committee that Facility Hardship projects with an Unfunded Approval should be placed at the top of the cumulative Unfunded List at all times, with the placement among Facility Hardship projects determined first by SAB approval date and then by date order received. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal				X
Senator Hancock	X			
Senator Huff				X
Assembly Member Fuller				X
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	7			3

Motion:

Carried X
Failed —

Site Sale Proceeds

Mr. Rick Asbell, representing the SAB staff, presented this item to the Board. The Chair asked for public comments on this issue and the following individual addressed the Board:

- Mr. David Hutt, Superintendent for the San Bruno Park Elementary School District, addressed the Board and expressed his gratitude to the Board and staff for the work done on this item.

Assembly Member Brownley asked where would the balance of funds for the school districts go? The Acting Executive Officer responded that the school districts could apply the remaining dollars into their general fund.

A motion was made, and it was seconded, to approve the staff's recommendations. The Chair called for a roll-call vote, and the motion, which was to approve the staff's recommendations, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
Failed —

SPECIALS/APPEALS (cont.)***Transfer of Critically Overcrowded Schools Program Funds***

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. The Chair asked for public comments on this issue and the following individuals addressed the Board:

- Ms. Margaret Brown, representing the Los Angeles Unified School District (LAUSD), addressed the Board and stated that the LAUSD is in support of this transfer as long as there are no additional transfers made until all five school districts have converted their preliminary apportionments and the (33) projects have been closed-out.
- Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH) organization, reminded the SAB of a letter that was signed by the CASH organization, the LAUSD, and the California Building Industry Association, and submitted a year ago recognizing these school districts needed additional funding.

Ms. Moore inquired as to when the conversions and close-outs would be completed, and suggested that the item come back in December for an update on these projects. Mr. Harvey was in support of Ms. Moore's concern and request to have an item come back at the December 2010 SAB meeting. Ms. Brown was in agreement to come back with data to the December 2010 SAB meeting regarding the bid climate and the status of the projects for the five school districts.

Assembly Member Buchanan made a motion, and it was seconded, to approve the staff's recommendation. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Scott Harvey	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
Failed ___

High Performance Incentive Grant Funding

Mr. David Thorman, State Architect, Division of the State Architect (DSA), presented this item to the Board. The Chair explained that the DSA and the Collaborative for High Performance Schools (CHPS) were meeting on a weekly basis and that she was confident a solution would be agreed upon by both parties by the next SAB meeting. The Chair also expressed that both parties have discussed two options; Option #1: the DSA would provide established High Performance Incentive (HPI) plan reviews for items in the High Performance Rating Criteria (HPRC) on all projects requesting HPI grant funding and provide CHPS with the scorecard information for those projects also desiring CHPS verification, with school districts being charged a reduced fee by the CHPS; and Option #2: the DSA would provide the reviews noted in Option #1, plus the DSA would provide reviews for the remaining CHPS non-HPRC items for design only. The Chair expressed support for Option #2. Mr. Harvey asked about fiscal costs and the Chair responded that the costs would be split between the DGS and the DSA, and would result in lower fees for school districts. Senator Hancock expressed her appreciation for the Chair's and the related parties' leadership and collaboration on this topic. The Board accepted the report.

SPECIALS/APPEALS (cont.)***High Performance Incentive Grant Funding*** (cont.)

The Chair asked for public comments on this issue and the following individual addressed the Board:

- Mr. Bill Orr, Executive Director for the CHPS, addressed the Board and stated that the CHPS is working for the schools by assisting in developing a better process to construct better schools and be more cost-effective.

REPORTS***School Facility Program Joint-Use Projects***

Mr. Brian LaPask, representing the SAB staff, presented this item to the Board. Assembly Member Brownley questioned whether the transfer of other funds, specifically the State Relocatable Classroom Program funds, could be utilized to fund these projects. The Acting Executive Officer responded that the staff will collectively assess all of the available funds and bring an item back for further discussion at the August 25, 2010 SAB meeting. The Board accepted the report.

The Chair asked for public comments on this issue and the following individual addressed the Board:

- Mr. Stephen Castellanos addressed the Board in support of funding School Facility Program Joint-Use projects.

OPSC/DSA Program Review

Mr. Steven Amos, Chief Deputy Director of the DGS, presented this item to the Board. Mr. Amos discussed the creation of his action plan and the steps to be taken to decide the direction of the OPSC. Mr. Amos stated that the 90-day action plan included an expert working group and six working groups and that the plan would be concluded on October 1, 2010 and will then be presented to the SAB. Assembly Member Brownley shared her appreciation and support of the process and the need for customer support, and also requested a deeper look at all of the issues that arise with these processes to reach a long-term, sustainable, customer supportive structure. Assembly Member Buchanan suggested that not only should a vertical look be taken, but also a larger picture so that changes are not made that would down the road create more issues. Senator Hancock expressed concern that bond funds as well as staff time would be inappropriately used to conduct these working groups. Mr. Amos responded that bond funds would not be used. Senator Lowenthal followed-up on Senator Hancock's comments and stated his opinion that the Office of Statewide Audits and Evaluations' audit and the SAB sub-committees (Audit and Rules/Procedures) should precede the DGS work plan, and that it is not appropriate while looking at other issues. The Chair stated her support of the DGS work plan. Mr. Harvey stated that this work plan was the beginning of a journey that will be a long process. Assembly Member Fuller stated that she supports the work plan as a means for getting feedback from the stakeholders and field.

The Chair asked for public comments on this issue and the following individuals addressed the Board:

- Mr. Stuart Drown, Executive Director of the Little Hoover Commission, addressed the Board to encourage engagement in this process.
- Mr. Eric Bakke, representing the LAUSD, expressed his support of the work plan and the LAUSD's involvement.
- Ms. Anna Ferrera, representing the County School Facilities Consortia, addressed the Board with concerns that there are no County Offices of Education that are financial hardship represented on the work group committees. She also stated that in terms of transparency, she has not seen any material regarding the 90-day work plan.

REPORTS (cont.)***OPSC/DSA Program Review*** (cont.)

- Mr. Tom Duffy, representing the CASH organization, expressed concerns that when these changes are made, a new Board may not sustain the efforts of the work plan committee.

Ms. Moore affirmed her appreciation of vice-chairing the committee and hopes that the SAB sub-committees would be able to co-exist with the work plan committee. The Chair confirmed that Mr. Amos would be providing updates to the SAB throughout the process, and it was the Board's hope that it leaves a legacy of sustainability. Assembly Member Buchanan discussed her concern that there is a need for communication with all stakeholders, not just the stakeholders involved in the working groups. Assembly Member Brownley requested that in order to provide transparency regarding the 90-day work plan that staff make available on the OPSC's Website all documentation relating to the 90-day work plan including any minutes from the Program Review working groups.

CLOSED SESSION

At 5:45 p.m. and in accordance with Government Code Section 11126(a) (1), the Board convened into closed session to consider evaluation of personnel. The Chair announced that the closed session was over and the Board reconvened into public session at 6:30 p.m. In addition, the Chair announced that a Personnel Sub-Committee had been established and it would be co-chaired by Assembly Members Fuller and Buchanan and will also include Ms. Moore and Ms. Bryant.

MISCELLANEOUS

The Chair announced that she would be working with staff on the length of time for meetings to accommodate the legislative members' schedules, and suggested the possibility of rescheduling the September 22, 2010 SAB meeting to October 6, 2010 to further accommodate the SAB members and to ensure that the SAB would receive a complete review of the OPSC/DSA work plan.

INFORMATION/REFERENCE

State Allocation Board Meeting Dates for the 2010 Calendar Year

School Facility Program Unfunded List as of June 23, 2010

School Facility Program Workload List of Applications Received Through July 22, 2010

Emergency Repair Program Unfunded List as of June 23, 2010

Emergency Repair Program Workload List of Applications Received Through June 29, 2010

Facility Hardship/Rehabilitation Approvals Without Funding as of June 23, 2010

ADJOURNMENT

There being no further business to come before the Board, the Chair adjourned the meeting at 7:43 p.m.



LISA SILVERMAN, Acting Executive Officer