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CALIFORNIA STATE ALLOCATION BOARD
SCHOOL FACILITY PROGRAM REVIEW SUBCOMMITTEE
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

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APPEARANCES

MEMBERS OF THE SUBCOMMITTEE PRESENT:

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

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

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

P R O C E E D I N G S

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3 CHAIRPERSON BUCHANAN: Okay. I'd like to call the
4 meeting to order. And we basically have two items on the
5 agenda, talking about both the new construction funding and
6 modernization funding.

7 MS. SILVERMAN: Yes. We'll have Tracy Sharp
8 introduce the new construction item.

9 MS. SHARP: Good morning. As you know, we've
10 touched on new construction briefly when we first started the
11 meetings and did some detailed review early on of eligibility
12 for new construction and as stated, today we're going to go
13 over the funding aspects.

14 So basically the New Construction Program provides
15 funding for classrooms to house unhoused students based on
16 either a five- or ten-year projection. And districts get a
17 base grant based on a pupil grant amount plus supplemental
18 grants.

19 I'm going to go into a little bit more detail on
20 how that calculation works and the various grants they can
21 access.

22 So the basic formula for eligibility is the five-
23 or ten-year projection minus the existing capacity and then
24 the -- which gives the district their basic -- or eligibility
25 amount that they can draw from to build new classrooms.

1 There's four basic types of construction grant
2 requests that they can submit. The first two there are those
3 at the bottom of page 1.

4 And for those districts that have qualified for the
5 Financial Hardship Program, meaning they don't have
6 sufficient funds for their full 50-50 match, can access
7 funding through a design grant where they get some funding up
8 front to basically hire a design professional and draw up
9 plans, get those approved through the Division of the State
10 Architect, and begin the process of getting the state agency
11 approvals that we discussed at our last meeting.

12 They can also access funding for -- to purchase a
13 site. And basically in order to do that, what they need is a
14 preliminary plan approval from Department of Education for
15 their site and an appraisal of that site and they can request
16 funding to acquire that site.

17 There's also an option for districts where -- it's
18 called an environmental hardship separate site grant and this
19 would be applicable in a case where a site requires cleanup
20 and the Department of Toxic Substance Control has determined
21 that that's going to take more than six months to complete
22 the cleanup. So they can access funding ahead of their full
23 grant in order to get started on that site. Yes.

24 ASSEMBLYMEMBER HAGMAN: I'm sorry. Since we only
25 have two items, I'm going to interrupt you right now.

1 We talked about this last time. If someone gets
2 State funding, they have to go through DTSC for clearance.
3 They're using their own dollars. They don't have to. They
4 just have to get assurances from locals that the site is
5 clean.

6 Do you ever see a scenario where someone builds
7 their own school, then later comes back to us for hardship
8 dollars to move or something like that because of an
9 environmental situation?

10 I'm just wondering, do we put DTSC in the loop on
11 every site or not? That's my question.

12 MR. MIRELES: Even if a school district moves
13 forward with their own funding and then decides to come in
14 for State funding, they still have to come in and meet all
15 the requirements.

16 Other than that, we don't get involved, though we
17 don't know of school sites that districts pursue with local
18 funding. But if they did decide to come in for the program,
19 then all the requirements kick in.

20 ASSEMBLYMEMBER HAGMAN: So no other supplement
21 grants later.

22 MR. MIRELES: If they qualify. I mean they can
23 come in and request funding and if they meet the criteria,
24 then they can.

25 MS. SHARP: Okay. We'll keep going then. So those

1 are three types of funding that a district could get early on
2 in the project to help them move forward.

3 And then finally, there's what we call the new
4 construction adjusted grant and that's the full funding for
5 the project with the pupil base grant, number of pupil grants
6 they've requested, plus the applicable supplemental grants
7 for the project.

8 And on page 2, we have a chart that -- bottom of
9 page 2 that basically shows the required documents when
10 submitting these various types of applications for funding.
11 And these are the basic minimum requirements for what a
12 district is going to submit with their application.

13 There's other documentation that will be necessary
14 depending on which supplemental grants they qualify for and
15 are requesting.

16 And that's basically the funding application, the
17 DSA approved plans and specifications, the approvals from the
18 Department of Education. If they're requesting high
19 performance, and if they are requesting site development,
20 they'll submit a detailed spreadsheet of those requests as
21 well.

22 Then for site acquisition, the main requirement is
23 either an escrow closing statement or court order and a court
24 order is required in cases where there are condemnation
25 proceedings. And we'll see the cost of the site listed in

1 there.

2 So we have a detailed description of each of those
3 documents there on the next couple of pages. And then I'll
4 move onto page 4, the application review process.

5 Basically when a district submits their funding
6 application, which is commonly called the SAB 50-04, they are
7 processed on a first in/first out basis, basically on a date
8 order received.

9 We receive the application, ensure that it contains
10 all the basic required documents to start the funding process
11 review, and then we continue on with a detailed review of
12 that application.

13 And our review, it basically takes three -- it's a
14 three-prong review that happens concurrently. We're looking
15 closely at the funding application itself, all the elements
16 requested on there.

17 We'll do a review of the -- what we would typically
18 call the site acquisition package, all the elements of that
19 site, does it require -- does it meet all the CDE
20 requirements and the Department of Toxic Substance Control,
21 and look at those documents and determine how much their
22 supplemental grants are going to be based on the
23 documentation submitted.

24 When we review the project, it goes -- and we look
25 at it and see if there's anything that is either missing or

1 might need a change, we have what we call our 15- and 4-day
2 letter review process. And what that means is we are taking
3 a full assessment of the application, determining if there
4 are any elements that are missing or need to be corrected,
5 and send the district a letter that gives them 15 days to
6 respond with corrections and to work with us to correct those
7 elements of it.

8 And then typically a district is requesting pupil
9 grants to build classrooms and add additional capacity,
10 whether it's a brand new site or whether it's additions to an
11 existing site.

12 But there's two types of -- two other ways a
13 district can use their pupil grant eligibility listed there
14 on page 5 and we call those a use of grants.

15 And in the first example, a district is asking for
16 pupil grants that exceed the classrooms they're building and
17 what they can do with those is they could use their pupil
18 grants to build another type of facility. That would be
19 either a multipurpose room, a library, or a gym or it could
20 be a hybrid of a multipurpose room and a gym.

21 For example, say the district on -- an elementary
22 site does not have a library. They need to build a library
23 on that site. So they can -- and that's one of the
24 qualifiers for it in the regulations that either they don't
25 have that type of facility existing on the site or the one

1 they have is considered inadequate. So they can access their
2 pupil grants -- if they meet all the criteria in the reg, use
3 pupil grants to build that facility. Question?

4 ASSEMBLYMEMBER HAGMAN: Just clarification.

5 MS. SHARP: Um-hmm.

6 ASSEMBLYMEMBER HAGMAN: So these are site specific
7 pupil grants or they're districtwide pupil grants and I think
8 that's some -- I know what the answer is before I asked it,
9 but what I'm saying is if we have a projection to grow a
10 neighborhood out, 30,000 population, you need a new high
11 school, need a junior high, and it's way up.

12 MS. SHARP: Um-hmm.

13 ASSEMBLYMEMBER HAGMAN: So the current pressure
14 right now may be to build a new multipurpose room, the
15 existing -- they're replacing facilities. So they use those
16 pupil grants, even though -- you know, they have them on
17 paper, but they use them for a different facility. What
18 happens when they need them for when that neighborhood does
19 get built out?

20 MS. SHARP: Well, in the requirements for utilizing
21 that regulation for use of grants, the district is required
22 to have their local board approve that use of grants and with
23 that approval comes a plan as well for if we're going to use,
24 as our example here is, 25 K-6 pupil grants on this
25 elementary site to add a library, how are we going to house

1 those 25 pupils in the future.

2 And so that is incumbent on the district and the
3 local board to approval that plan.

4 CHAIRPERSON BUCHANAN: But you can spread grants
5 across the district --

6 MR. MIRELES: Yes.

7 MS. SHARP: Yes.

8 CHAIRPERSON BUCHANAN: -- so you could potentially
9 end up with a situation where you're using grants that are --
10 the only reason the eligibility's there is because you have
11 future development that's intended to go in when that
12 district -- and you could potentially use those grants for
13 other purposes, in which case when it comes time to build the
14 school there, you're short.

15 MR. MIRELES: Yeah, that's correct, Madam Chair.
16 The use of grants is contingent upon the district having
17 eligibility and the eligibility is either on a districtwide
18 basis --

19 CHAIRPERSON BUCHANAN: Right.

20 MR. MIRELES: -- or on a high school attendance
21 area basis and a high school attendance area, if there is
22 development within the high school attendance area, then,
23 yes, it has to be built there, but on a districtwide basis,
24 the districts can use it anywhere on any campus as they see
25 fit.

1 MS. MOORE: I don't recollect, however, any time
2 that we as a Board have had to deal with someone that had a
3 use of grants and then they were coming back saying I made a
4 mistake, you know, I don't have enough for my project over
5 here. Do you recollect any of that -- I mean I think it's
6 operated -- the flexibility of it has operated without people
7 having to come back to us saying they've made a mistake.

8 CHAIRPERSON BUCHANAN: What I would suggest is that
9 it's not a matter of coming back to the Board per se. I guess
10 you could come back for financial hardship, but the problem
11 is that you create at the district level.

12 I mean I will tell you that I have personal
13 experience with our district where they had a pilot
14 enrollment project that was approved back in the 1980s and it
15 was based on future enrollment and enrollment projections.
16 So we got grants and we spent them and the enrollment
17 projections never really came to fruition.

18 So then when we needed to expand capacity at
19 schools, we had to have it a hundred percent district
20 financed because we weren't eligible for State financing.

21 So the reality is if you don't -- I mean I believe
22 the grant should -- if we're going to allow a cohort where
23 you can have eligibility beyond your current enrollment
24 because you want to be sure schools are built when the houses
25 are built and the students arrive, then, you know, it's

1 coming in later in the parking lot item, but I would suggest
2 that it might be prudent to make sure that that eligibility
3 stays with the development because that's the only reason you
4 have it.

5 MS. MOORE: I'll look forward to that discussion,
6 but having come from a high-growth district in my other life,
7 to have tracked the growth by each school that we built would
8 have been really tough over time and the flexibility to use
9 your growth funding how you needed to use it to meet your
10 needs across the district was really important.

11 CHAIRPERSON BUCHANAN: But I would suggest though
12 that you have two elements of growth. One is in-fill growth
13 within your existing area and then -- and growth for a whole
14 new development that's coming into it, I would suggest, which
15 should be treated differently, but we can have that
16 discussion a little bit later.

17 MR. ALMANZA: So is the flexibility -- is that
18 encouraged by statute or encouraged by policy of the Board?

19 MR. MIRELES: It's in statute that it's
20 districtwide, that the enrollment -- the projection is
21 districtwide. The gross classroom inventory is districtwide
22 and once a district establishes eligibility, then the
23 district can use it on any site.

24 So it's on a districtwide basis and once a district
25 has it, they can use it on any school site.

1 CHAIRPERSON BUCHANAN: We can continue. Go ahead.

2 MS. SHARP: So there's one other type of use of
3 grants that adds flexibility to the district's use of their
4 pupil grant eligibility and that is to request grants for a
5 different grade level.

6 For example, a district needs to build some 9-12
7 classrooms, but they don't currently have any eligibility or
8 sufficient eligibility to build the number of classrooms that
9 they have. If they do have eligibility in K-6, they could
10 borrow from the K-6 grade level to add to their 9-12
11 classrooms.

12 And again that is with approval of their local
13 board and to have a plan as well in place for how they're
14 going to address the use of the eligibility.

15 So from there, I'd like to jump to the actual
16 funding application. It starts on page 15. There are a
17 number of pages of instructions, but the actual form itself
18 where districts are completing it is on page 20.

19 As I said earlier, this is the application for
20 funding and this is what a district is submitting to the
21 Office of Public School Construction that triggers their
22 request for using their eligibility and actually accessing
23 the funding that will come later.

24 You'll see that the basic information -- we've
25 highlighted the relevant sections here and this form

1 completion matches with the sample rent calculation that
2 we've included as well in order to demonstrate basically what
3 is the district submitting to us to access the funding.

4 They're giving us their district particulars.
5 They're telling us what type of application it is. In this
6 case, it's a new construction application.

7 And there -- it's for an elementary school and
8 they're requesting 500 pupil grants at the K-6 level for this
9 particular project.

10 There are a number of other questions here as we
11 move along, but they're telling us about the project. If it
12 is a use of grants, they'll tell us that. And then where is
13 this going to be located.

14 In this case, it's a new site. So the district is
15 building a new K-6 school.

16 We move on down to Item No. 3 and we're getting
17 information about the number of classrooms in the project as
18 well as information about the site.

19 This site information, the usable acres, the master
20 plan existing and proposed should match up with the
21 information that we get from the Department of Education plan
22 approval and site approval letters.

23 And moving onto page 21, this is where we'll go
24 through some of the supplemental grants. As I mentioned
25 earlier, the district has their pupil grant eligibility that

1 they're drawing on, in this case 500 pupil grants. That's
2 what makes up the base grant.

3 Then depending on their site itself and where
4 they're located, they could qualify for a number of
5 supplemental grants.

6 In this case, the first option there is for therapy
7 area. If there were special day classes in the severe
8 category and there was therapy area, they're going to get
9 additional grants for a certain amount of square footage
10 there.

11 In this case, there isn't one. It's 25 basic K-6
12 classrooms.

13 But the multilevel construction, if their site
14 meets the requirements, they could get a 12 percent increase
15 for the classrooms. In this case, it's -- 20 classrooms are
16 multistory, so they're going to get a 12 percent increase for
17 that.

18 They're a small district, less than 2,500 pupils;
19 so they would qualify potentially for -- would qualify for
20 the project assistance grant to help them out. That's a
21 base -- a standard amount that's approved each year, an
22 increase based on the annual CCI -- or I should say adjusted
23 based on the annual CCI.

24 And then there are site acquisition grants. So in
25 this case, a district will get the lesser of either

1 50 percent of the actual cost of the site or 50 percent of
2 the appraised value of the site. In this case, that's -- the
3 actual cost is 5 million; so they're getting a grant for
4 2.5 million.

5 In addition to that, they can get grants for half
6 of the relocation costs. They get a 2 percent increase on
7 that 2.5 million for the cost of appraisals, escrow, and
8 other site testing.

9 And then they can get reimbursed for the cost of
10 the DTSC oversight fees when there is hazardous waste
11 removal. In this case, our example includes grants for
12 removal of hazardous waste on this site.

13 So that encompasses the site -- what we would call
14 typically the site acquisition grant are all those items.

15 Then in addition to that, they have their site
16 development grants, what's it going to cost to prep this site
17 and build on it, in three categories there for service site,
18 off-site, and utility.

19 And then there's a grant called general site that
20 is calculated based on the site size and grade level of the
21 project. That's intended to build the hard scape areas of
22 the site.

23 Moving on down, we see there's additional grants
24 for automatic fire detection and alarm, automatic sprinkler
25 systems, and those are a standard grant amount that is

1 applied based on the number of pupil grants requested.

2 And in the case where they've chosen to pursue the
3 high performance incentive grants, this case -- this district
4 acquired 34 points, so there's a percentage increase to the
5 project based on the number of points that they've earned.

6 And then we have category number 7, excessive cost
7 hardship grants. Depending on the location in the State, if
8 it's a remote area or has other issues, there could be a
9 geographic increase anywhere from 5 to 20 percent and in one
10 special case, it's hire than that.

11 And if it were a small size project, it could get
12 an increase and that's for projects that request 101 or less
13 or between -- excuse me -- 100 or less or between 101 and
14 200, they could get an increase. In this case, it's larger
15 than that, so they didn't qualify for the small size project.

16 And finally listed there is the urban security
17 impacted site grant. This is a percentage increase based on
18 the size of the site for sites that are in very small
19 spaces -- or small site size and may have restrictions on the
20 actual construction there. They might need to access
21 surrounding areas to get in and build on there. And that is,
22 as I said, based on the size to the site -- they meet the
23 qualifications.

24 So in addition to that, we're collecting some
25 additional information here on the form in Items 9 through

1 13, if they have gotten previous apportionments, was there a
2 previous design or site on the project, are they reporting
3 additional classrooms that they've built in a locally funded
4 project. We would capture that.

5 And then finally, if we turn to the next page,
6 page 22, we are asking the district for construction contract
7 dates and notice to proceed dates. That helps us to
8 determine is this going to be under a Labor Compliance
9 Program depending on when the construction contract was
10 signed or is it going to be subject to the Department of
11 Industrial Relations prevailing wage monitoring requirements.

12 And then we ask about their construction delivery
13 method whether or not this would be included -- if there's
14 any classrooms in here that would be part of a career tech
15 project.

16 And then there's some certifications that we
17 request specifically from the architect of record and they
18 are signing the form and certifying that it -- the plans and
19 specs are DSA approved and anything that wasn't reviewed by
20 DSA meets Title 24 requirements.

21 There's a second certification by the architect
22 that basically says that they certify that the cost of
23 construction is at least 60 percent of the grant -- the hard
24 construction costs.

25 Then following that, we have the district

1 certifications under Item No. 23 that start on page 22,
2 continue on page 23, and finish on page 24. All of these are
3 not a hundred percent applicable to new construction. Some
4 apply to modernization. These are the self-certifications
5 that the districts sign onto when they sign the project.

6 So with this 50-04 in Attachment C, we've provided,
7 on page 25, the calculation for this project, what -- in
8 2013, if we were to process this project today, what grants
9 based on what -- the information they've provided have they
10 qualified for as well as how to calculate those grants.

11 We had a similar example in our earlier new
12 construction presentation and this follows it. The ones that
13 are more complicated have more steps to them, the general
14 site, high performance, and urban security grants are listed
15 on the next page.

16 So as I mentioned earlier, this is part of our 15-
17 and 4-day letter review process that we go through to review
18 the application and advise the district of any
19 inconsistencies. That's what's going on during that 90 to
20 120 days of processing the application, completing it,
21 verifying those State agency reviews and approvals, verifying
22 the grants that they're eligible for.

23 At times, districts miss grants that they are
24 eligible for and we will advise them that there are
25 additional supplemental grants that they've qualified for

1 through that process.

2 So we've talked about the supplemental grants that
3 districts can qualify for. I'd like to take a step back to
4 page 7 where we have some new construction fast facts on the
5 program.

6 And basically what we've done is taken a look at
7 every new construction project that's been funded since the
8 beginning of the program and so this would include funded and
9 unfunded approvals and broken those out and said okay, how
10 much has the Board funded.

11 Well, it's been 14.5 billion just in the New
12 Construction Program and these charts show a comparison of
13 that broken out into how much was the base grant, site
14 acquisition, and then the various other supplemental grants
15 provided in the program.

16 And you'll see the amounts there, new construction
17 including the site acquisition in the first green chart, and
18 then the second one if we just take out the site acquisition
19 and compare the base grant to the supplemental grants, we see
20 the 76-24 split.

21 ASSEMBLYMEMBER HAGMAN: This is our dollars spent
22 on these projects.

23 MS. SHARP: These are the grants, yes.

24 ASSEMBLYMEMBER HAGMAN: These are the grant
25 amounts. So it's not what the district has included as well.

1 MS. SHARP: Correct.

2 ASSEMBLYMEMBER HAGMAN: I know we're kind of trying
3 to figure out those numbers, but do you have any kind of
4 representation if we're truly hitting 50 percent on average,
5 are we hitting 40 percent, are we hitting 60 percent actual
6 costs? Does anyone even know?

7 MS. SHARP: Million dollar question.

8 MR. MIRELES: That's sort of -- this is -- again
9 this is what we provided at the funding stage. The other
10 information I think, Assemblymember, that you're asking about
11 is the type of information that we capture in the Project
12 Information Worksheet because it's actual costs.

13 This is funding. So in the Project Information
14 Worksheet, we do have a total project cost for the project
15 and we start taking a look at what was funded versus what was
16 actually spent.

17 We don't have those figures for you today, but
18 that's the sort of information that's available under that --

19 ASSEMBLYMEMBER HAGMAN: Any way to -- I know you
20 can't go back and check every project nor would I want to,
21 but as we're going forward, I'm trying to see that -- I mean
22 the whole reason we're having these subcommittees is to
23 figure out if we need to make any changes for the next bond
24 program, if there's going to be another bond program.

25 So I'm at a notion that we've elected that more

1 informed than less informed. Is there any way to go back and
2 work with maybe some sample projects?

3 I was looking at the form list they're using on
4 Attachment C. You know, fire detection system, automatic
5 sprinkler system, I'm pretty much sure that's going to be
6 code, at least the fire sprinkler system.

7 You know, to figure out per person -- and you could
8 put 15 students or 30 students in a classroom versus what it
9 actually costs to build the facility makes more sense to me,
10 you know, those type of issues.

11 I'm just wondering if we have any data and I know
12 there's certain things and maybe even compare it to possibly,
13 you know, other best practices in maybe other states. That
14 may be helpful as we go forward just to say okay, are we
15 spending too much on one, not enough on the other. Is there
16 better ways to -- it seems like you can almost -- I wouldn't
17 call it double dip, but if you were in an urban setting, you
18 get paid extra. If you're in a rural setting, you get paid
19 extra. Who's the guy that's not getting paid any more. I
20 mean there's always a supplemental for one setting or the
21 other because they both can argue there's more cost, have to
22 drive materials out further, labor's further. There's also
23 probably cheaper labor.

24 Yeah. So there's all these different factors in
25 the real world. I'm just trying to figure out how does it

1 compare to when you actually cost it out.

2 MS. SILVERMAN: The information we have -- again
3 it's very -- it's going to be very limited to what the
4 district's reported. So I mean you can potentially see and
5 compare what costs that were reported, but again it's very
6 much driven by self-reported information.

7 ASSEMBLYMEMBER HAGMAN: It's self-reported, but
8 since they're a public entity, regardless if they spend their
9 own bond dollars, their own operational costs, or our
10 dollars, all that stuff should be accessible to the general
11 public, much less us, because they have to get the Board
12 approval when they sign those bills. Right? So it should be
13 agendized in some board item and it should be approved, you
14 know, somewhat, and those bills have to be submitted.

15 I'm just -- I'm not saying go investigate
16 everything. I'm just saying samples may be helpful when we
17 come up with a new form list. Thank you.

18 MS. MOORE: I would offer that through the report
19 that we did with UC Berkeley or had done through UC Berkeley
20 at the macro-macro level. It was about 70-30 split that they
21 determined and it was based upon what was expended by the
22 State, the 35 billion over time, and what was expended by the
23 locals in terms of their -- accounting for their bond
24 measures. Not an exact science by any means. It was very
25 macro.

1 ASSEMBLYMEMBER HAGMAN: Yeah. And the problem is I
2 know like my local school district went out and did bonds
3 because they didn't get any SAB dollars. So they spent a
4 bunch of bond money on buildings and built a lot of projects,
5 which is great.

6 A lot of the extra goodies that we wanted as a
7 community, pools and things like that, none of that was
8 leveraged against any State dollars, so that number could be
9 completely off depending on if they actually combined
10 projects with this or not.

11 So we need to actually look at the projects we've
12 funded -- some samples and see what that ratio looks like.

13 CHAIRPERSON BUCHANAN: And I would say my anecdotal
14 experience is usually with modernization, it falls short
15 depending on how much you -- how far you want to go with the
16 modernization, but I do think there are significant local
17 dollars that are spent on adding the multiuse rooms that were
18 never built, building the theaters that were never built, you
19 know, in addition to others.

20 So I do think it's hard to say that the State's
21 only contributing a third of the cost.

22 MS. MOORE: No. I said it was macro.

23 CHAIRPERSON BUCHANAN: Yeah.

24 MS. MOORE: And probably it would be really -- I'm
25 sorry -- it would be valuable to see individual projects --

1 how it transpired.

2 ASSEMBLYMEMBER HAGMAN: Madam Chair, just follow
3 up.

4 I don't know when we're going to get to the
5 changes, but it would be nice to have some of these things
6 kind of worked on before we get to the change part -- you
7 know, recommendations. I don't know.

8 CHAIRPERSON BUCHANAN: Well, I think we probably
9 could segue if we wanted to into page 8 which is the new
10 construction parking lot items. These are items that we've
11 tried to consolidate that have come up as we've discussed
12 new construction over the last few months.

13 We can shrink the list or grow the list or
14 whatever, but I thought today would be a good day to begin
15 that discussion in terms of, you know, trying to narrow the
16 list and have a little more direction.

17 So we can actually start in terms of the first
18 area where we group -- where facilities in terms of what is
19 a definition of the classroom and I think -- Ms. Moore, I
20 think you -- this came up in discussions that we've had and
21 also came up --

22 MS. MOORE: In order to assist with the discussion
23 today, we looked at this issue closely because it is one
24 that I have brought up over numerous occasions and just
25 looked at what are our needs as a State for our classroom,

1 our learning spaces requirements, and then what do we find
2 at the State level and is there -- are there issues around
3 that.

4 And as you can see on the first page of the
5 handout -- and hopefully there are some additional for the
6 audience -- we really looked at what needed to happen in the
7 learning spaces, particularly as we move to more
8 personalized education, the technology and connectivity,
9 what should learning spaces be, the flexibility and what are
10 the resources within those classrooms.

11 The Department of Education works with a classroom
12 definition and that is also provided in this handout. A
13 little bit different than what is funded for classrooms in
14 the sense that if someone does not meet our standard, which
15 is 1,350 for kindergarten and 960 for regular classrooms, if
16 they have an educational specification that says they need
17 something different, we accept that. I think the funding
18 program really does not.

19 And just to kind of provide an example on
20 Diagram 1, we have two types of potential learning spaces.
21 On the left-hand side, the double-loaded quarter so to
22 speak, a traditional classroom environment, which we can
23 easily count I think in our program and traditionally this
24 is what our program would fund.

25 On the right, however, is a learning studio and it

1 looks very different. It actually can house the same amount
2 of students that are on the left, but it's difficult for our
3 program to really address this because we look at only, you
4 know, what the traditional classroom looks like in order to
5 do so.

6 We've provided an additional example on Diagram 2
7 where you see kind of a suite a different types of
8 classrooms. Some might be 960 square feet. Some might be
9 1,300. Some might be 480.

10 However, in our funding programs, for instance,
11 the learning space area of 2,700 square feet would receive
12 the same amount of funding that we would for a 960 square
13 foot classroom because we're going to simply load 25
14 students into what we -- you know, what we think is a space.

15 So we see that as problematic moving forward,
16 particularly as different educational environments are
17 necessary for some districts. Some may want to have the
18 traditional classroom spaces that are in Diagram 1 on the
19 left-hand side. Some may want Diagram 2. You know,
20 Diagram 3 is an actual specific example of how we weren't
21 able to accommodate someone that really wanted to do
22 individualized learning in an independent study type
23 situation because they didn't look like classrooms.

24 And so we couldn't provide the funding for that
25 particular example here in that.

1 We've thought about what are the solutions to
2 this. One might be that you do a square footage calculation
3 and the district or local entity can use that square -- can
4 be funded on the same basis and can use it in the manner
5 that they need appropriately to arrive at their capacity.

6 You know, we think the program needs to be
7 flexible to this issue as we move forward educationally.

8 So that's what we offer to the discussion today.
9 I look forward to other Board members' thoughts on it.

10 ASSEMBLYMEMBER HAGMAN: On new construction, we
11 fund per pupil grant as it is.

12 MS. MOORE: But we loaded into a classroom. So
13 for instance, an example that was given today, there were
14 500 students housed, there were 20 classrooms. If the 20
15 classrooms had not been in the project in the manner that we
16 are used to seeing them, for instance, the left-hand
17 diagram, we wouldn't have funded them.

18 ASSEMBLYMEMBER HAGMAN: So you don't fund just by
19 numbers. You fund by structure and --

20 MS. MOORE: You don't fund by numbers. I think we
21 originally began the program like that, but then we had --
22 we adjusted it over time to be classroom based.

23 MR. ALMANZA: So is this included in the agenda
24 packet for the public too?

25 MS. MOORE: We have ones available for the public

1 as well and this was not done -- prepared by the Office of
2 Public School Construction staff. It was prepared right
3 after we received the agenda late Friday night.

4 CHAIRPERSON BUCHANAN: And my guess is we'll talk
5 about this more as we talk about eligibility, but I
6 myself -- because it not only impacts how you count it for
7 new construction, but then it impacts how you count
8 classrooms in the future based on what you have available
9 and how many students you have.

10 And so you either -- you know, if you don't use --
11 so it's an eligibility issue. When you're going to build
12 the new school and if you don't get it, then it's -- you
13 know, you have eligibility later.

14 So I actually don't mind having an alternate where
15 you would take a look at square footage per student. You
16 know, my only issue would be this -- because we did an
17 experiment like this back in the '70s that didn't work out
18 too well.

19 And that is if they -- if a school wants to plan a
20 different kind of program, you know, based on technology or
21 whatever and wants to create a different learning space, you
22 know, I don't mind funding the square -- you know, a square
23 footage per student and letting them configure differently.

24 My only issue would then be, one, if it doesn't
25 work that we don't pay to reconfigure or we don't pay when

1 it comes time for modernization and it's not working, we
2 don't pay to replace that school.

3 I mean I know in our district we actually replaced
4 three schools that were built under these kinds of concepts
5 that just didn't work. Now in a future concept, they may,
6 and, you know, obviously it was pre-technology era, but, you
7 know, if you're going to make that local decision and they
8 can run an effective program that way, I think it's fine.

9 I don't think we should dictate at that level
10 because the whole intent of the program was we're going to
11 give you grant money and we're going to give you
12 flexibility. I just think we have to be clear though that
13 that's also not -- we're not going to spend money twice in
14 the future.

15 MS. MOORE: No. I completely understand that. I
16 am not talking about moving back to open classrooms. What I
17 am talking about is the flexibility to design large group
18 instruction, small group instruction, different types of
19 delivery models for education which are happening right
20 today and not be constrained only to the traditional model.

21 CHAIRPERSON BUCHANAN: Right.

22 MS. MOORE: I'm not saying the traditional model
23 isn't appropriate as well. It's providing that flexibility
24 in a manner that's acceptable to folks and it's accountable,
25 but it's still providing that local entity with how they

1 need to deliver their educational models.

2 CHAIRPERSON BUCHANAN: And I wasn't trying to
3 suggest you were suggesting open classrooms. I was just
4 using that as an example --

5 MS. MOORE: Right.

6 CHAIRPERSON BUCHANAN: -- to say, you know, if the
7 model changes 20 years down the road, I don't think the
8 State should have to pay to reconfigure or replace that
9 school.

10 MS. MOORE: Well, we can talk a little bit about
11 that --

12 CHAIRPERSON BUCHANAN: You know.

13 MS. MOORE: -- but I mean look at our malls. They
14 change every ten years. I'm not -- I think that education
15 is not that static We have to be flexible for future
16 changes that might -- that we haven't even conceived of yet
17 but not be too flexible that it's unusable space.

18 ASSEMBLYMEMBER HAGMAN: Well, that -- and I
19 brought this up a couple meetings ago too, where we've
20 used -- you know, I see the bigger warehouses going up as
21 tilt-ups and then all the interiors are built out --

22 CHAIRPERSON BUCHANAN: Right.

23 ASSEMBLYMEMBER HAGMAN: -- to suit which are not
24 load bearing. They're not, you know, anything like that
25 which is much easier to reconfigure as you change purposes.

1 You may go from as a -- a community agency doesn't have as
2 many kindergartners coming in and so they may want to
3 upgrade some of those lower classrooms, or -- you know, or
4 change them out to bigger classrooms or labs or, you know,
5 multipurpose rooms.

6 But the initial way we've been building is these
7 are support bearing structural walls. We can't do without
8 major reconstruction and I think that's something that we
9 probably should hear from our State Architects about how you
10 can a 300,000 to a half million square foot without much
11 load in the middle at all and that way give you complete
12 flexibility as you go forward and use for a whole bunch of
13 different purpose and I hope that we encourage that kind of
14 future thinking when we do these buildings.

15 MR. ALMANZA: So has design flexibility been a
16 problem in funding?

17 MR. MIRELES: And just if I could provide a little
18 more background. There's I think two issues here.

19 One, the Green Act provides specificity in terms
20 of what to count in the gross classroom inventory. In the
21 statute, there is a -- it's further defined regulations and
22 it's for the purposes of determining what is eligible.

23 When we're just talking about eligibility, we look
24 at projected enrollment. We compare that to the existing
25 classroom capacity.

1 There's regulations that define what is a
2 classroom. For example, spaces that are less than 700
3 square feet currently in the regulations are not counted as
4 a classroom.

5 So there are definitions on what is a classroom
6 for purposes of determining the classroom inventory and that
7 gets used to establish eligibility.

8 We're talking right now about funding which we've
9 tried to use the same consistent approach that's in
10 regulations about what is a classroom and fund the same
11 thing. So there's two things.

12 And I think this -- this is a very important issue
13 because there's been differences in the past and I think
14 it's due to a couple of things. One is that there's
15 different guiding statutes, one under the Green Act, one
16 under Title 5, and that they may not be consistent.

17 Two is that sometimes we may not be looking at the
18 same set of plans and there's been situations in the past
19 when we take a look at -- we always take a look at the DSA
20 plan approvals.

21 Sometimes districts submit preliminary plans to
22 the Department of Education and before they get the final
23 DSA approval, there are changes. So we may be looking at a
24 different plan.

25 And then another issue that's come up is sometimes

1 for us when we read the plans that the classroom labeling
2 may not be clear. It may be just, you know, it says
3 exercise room or something of that nature and we don't have
4 the background that the Department of Ed has.

5 So these are some of the issues that have come up
6 in the past where we've seen, you know, these classroom kind
7 of discrepancies.

8 But we do have right now in regulation in terms of
9 the gross classroom inventory and there does -- there has
10 been issues with this in the past in terms of trying to come
11 up with the same definition that the Department of Ed
12 identifies as a classroom.

13 ASSEMBLYMEMBER HAGMAN: So if you took the example
14 we used earlier of 500 K through 6 -- I forgot what it was.

15 CHAIRPERSON BUCHANAN: Yeah. On the handout,
16 we've got diagram on the left, traditional classroom,
17 diagram on the right, a new, how would count that.

18 ASSEMBLYMEMBER HAGMAN: No. I mean could you --
19 what would you have to change for that school to say we have
20 all our students housed, but we're still paying the same
21 amount. We're still doing per pupil grant.

22 MR. MIRELES: Well, it's based on the 20
23 classrooms that are being built on that campus and it's
24 based on the loading standard.

25 25 is an elementary, so it's 25 students per

1 classroom. That's how you get to the 500 pupil grants the
2 district can request.

3 So you have 20 classrooms. I think Ms. Moore's
4 talking about some square footage that would also equate to
5 that number.

6 We haven't taken a look at that. I don't know how
7 that could work.

8 CHAIRPERSON BUCHANAN: In today's world, you've
9 got the diagram on the left and the right. So in today's
10 world for the diagram on the right, would we count that as
11 classrooms? Do you need --

12 MR. SAVIDGE: My understanding of what we're
13 talking about is it would be a square footage of learning
14 area, not the square footage of the school, but --

15 CHAIRPERSON BUCHANAN: But I want to -- how do we
16 count it today?

17 MR. SAVIDGE: We don't count it in that way. We
18 count it based on the classroom definition of 960 square
19 feet.

20 MR. MIRELES: Yeah. We normally -- I mean we take
21 a look at -- well, on the right-hand side, the only example
22 that I can come up with right now is in cases where you have
23 a woodshop and you have the working area, but you have a
24 separate classroom, a teaching station on the side, and that
25 for us would be one classroom.

1 CHAIRPERSON BUCHANAN: Right. So I guess the
2 point is under today's rules, we take that -- the square
3 footage on the left. There's ten classrooms. So we'd say
4 that is -- we'd expect 250 students at a loading of 25 to 1.

5 But on the diagram on the right, even though that
6 area, same square footage, was intended to provide learning
7 stations or instructional space for 250 students, we would
8 not count that as instructional space or classroom space
9 because of the way it's configured.

10 ASSEMBLYMEMBER HAGMAN: And this would be 250;
11 that'd be 150 -- number of spaces.

12 CHAIRPERSON BUCHANAN: Well, actually I don't
13 think these count --

14 MS. MOORE: These are under 700 --

15 CHAIRPERSON BUCHANAN: Counts as 125. So it
16 counts as -- you just take the big one, so --

17 MR. ALMANZA: So have we ever had a request like
18 this come in that we had a problem with?

19 MR. MIRELES: We have. We have. Over the years,
20 there's been several issues where we had a difference
21 between funding and missing plan approval letter.

22 MS. MOORE: And part of the issue I think too is
23 overall in our program because it's so well known that
24 this -- the funding example on the left and how it works
25 you're going to get less people that will come forward with

1 any type of different design because they know it's not
2 going to be accepted.

3 So we head it off -- we don't allow for that
4 without a lot, a lot, a lot, a lot of extra work that
5 someone would have to go through to try and see if that's
6 possible.

7 And, for instance, the configuration in Diagram 3
8 was one that was not -- we could not come to resolution
9 about and they were not able to design the school in the
10 manner that they wanted to and that they believe was
11 educationally appropriate.

12 So -- and it's not a personnel issue or a CDE
13 versus OPSC issue. It's just how the funding program is set
14 up right now to be classroom -- a 960 box classroom based.

15 And what we need to do is figure out a way that we
16 can provide for that flexibility for all districts to be
17 able to configure in a way that they need to and have the
18 assurances I think, as Assemblymember Buchanan said, that,
19 you know, somebody two years later isn't going to come back
20 and go like, you know, I don't want that anymore.

21 And it's just -- it's providing flexibility and we
22 thought, you know, what is the solution. Why bring a
23 problem forward if we don't have a solution and we looked
24 at, well, you could do it by square footage and that way
25 it's -- you know, it's quantifiable for folks both at OPSC

1 and CDE to be able to deal with.

2 ASSEMBLYMEMBER HAGMAN: If someone proposes the
3 standard 960 square feet design and they qualify and we fund
4 them at that level -- I'm trying to figure out -- I don't
5 know that we hold them accountable for what they build
6 anyway. Just they don't have any more eligibility.

7 So that particular box is 80 by 120. If they
8 reconfigured it the way they wanted to after they qualified
9 and say we can't house these 250 students based on these
10 number of classrooms, do we go back after they build it and
11 say if you actually 20 classroom or are they providing
12 educational services for 250 people -- students.

13 MR. MIRELES: Yeah. We take a look at the plans
14 once they -- DSA and that's when we fund. We don't go back
15 and --

16 CHAIRPERSON BUCHANAN: And if you were to audit,
17 you'd have a problem.

18 So is there any consensus that we'd like to staff
19 to come up with potential alternatives on -- when we take a
20 look at eligibility as to whether or not we can create
21 eligibility where we take a look at classrooms or
22 instructional space per student?

23 MS. MOORE: And we'd love to assist with that as
24 well and then I think as Juan points out, I think then
25 our -- you know, CDE and OPSC should be consistent in how we

1 look at it. So if we need to change our Title 5 accordingly
2 so that we don't have conflicting standards for districts.

3 CHAIRPERSON BUCHANAN: Yeah. Well, I think it's
4 both in terms of what we allow for construction, right,
5 because they can still build, and, two, how do we then deal
6 with that eligibility not only today but going forward so
7 you don't end up with a -- paying twice.

8 ASSEMBLYMEMBER HAGMAN: -- covered the portable
9 versus permanent?

10 CHAIRPERSON BUCHANAN: No, but that's our next
11 one. Would you like to start there, Mr. Hagman?

12 ASSEMBLYMEMBER HAGMAN: Well, I just -- I think
13 it's kind of obvious that portables don't quite last as long
14 as a permanent structure. I'm totally for the flexibility
15 of that permanent structure. Like I said, I think there
16 should be more large load-bearing walls on the outside and
17 everything else in between movable, but I believe we had
18 problems with portable construction in the past -- whole
19 length of time lasting as long as our bond payments are on
20 those bonds that we paid to build them.

21 And so therefore I think we should at least
22 require that the life span of the structure lasts as long as
23 our bond takes to pay off.

24 CHAIRPERSON BUCHANAN: I would question to what
25 extent we should even be funding portables out of the State

1 schools building fund because, you know, if -- to build a
2 portable school and then to pay to replace it later on to me
3 doesn't make any sense.

4 Now, if we were to -- I mean the other option
5 would be to fund portables at a much lower rate, but when
6 you fund portables and they're eligible for modernization
7 after 20 years instead of 25 years, you know, you're
8 incurring modernization costs sooner.

9 But this is -- I mean I look at the program as
10 being able to provide permanent -- additional new permanent
11 capacity for students and what do we want to modernize -- or
12 incentivize and I think we want to incentivize new
13 construction and construction that's going to last decades,
14 you know, because we do want it so that you can -- and I've
15 never seen anyone who's really done a great job modernizing
16 portables.

17 Now, having said that, I think if we were to shift
18 our direction, we also have to account for the fact that we
19 still have or we replaced -- do we know what percentage of
20 the portables out there we have replaced because districts
21 got caught between a rock and a hard spot back when class
22 size reduction was implemented in 1997.

23 I think we still have to find a way to finish
24 replacing the existing portables that are there, whether we
25 don't count them or what we do.

1 But I do think we should be incentivizing
2 permanent construction. And I do agree with Mr. Hagman that
3 to the extent our -- we can't dictate this, but to the
4 extent architects can make exterior walls the weight-bearing
5 walls and do things like that which fundamentally make
6 sense, that gives all schools much more flexibility over
7 time.

8 MR. ALMANZA: I'm trying to understand why schools
9 choose to do the portables in the first place. I'm
10 assuming, you know, it produces some savings on their
11 financial assistance that they're receiving.

12 MR. SAVIDGE: I think for most districts that I've
13 been involved in and I've worked with, districts put in
14 portables because they can't afford to build new
15 construction -- hard construction in general or typically
16 portables are also used for temporary housing and swing
17 space during construction. That's probably the best use for
18 them frankly, but that's not something that the State
19 program funds. Districts pay for that on their own.

20 That's an allowable expense, but there's no money
21 provided by the State for that.

22 So it's -- to be honest with you, most districts
23 do it because they can't afford to build hard construction
24 and it may create savings on the back end savings, but they
25 go into it trying to maximize the number of spaces that they

1 can build with the little bit of funding they have.

2 CHAIRPERSON BUCHANAN: But wouldn't it create
3 savings on the front end and costs on the back end?

4 MR. SAVIDGE: Well, it does have some life cycle
5 cost implications, I would say, yes.

6 ASSEMBLYMEMBER HAGMAN: And I would think, you
7 know, when you have a migration of students -- neighborhoods
8 that, you know, grow older and such, you have the K through
9 6s that have less students -- I've seen bubbles in the
10 communities I've lived in where they kind of -- students go
11 from K through 6 to junior high to high and then all of a
12 sudden, you have an older community where you don't need as
13 many facilities. They allow them to adjust kind of the
14 sites with where the new families are moving into.

15 But I think you could do that flexibility better
16 long term with, you know, maybe some traditional spaces like
17 we saw on Drawing 1 and then some of those bigger spaces
18 with the portable walls in the middle that when you need
19 them for classrooms, you build them out for classrooms for,
20 you know, eight years, ten years, whatever, and then as the
21 school ages, you don't have as many students coming in, you
22 can open it up and now it's a multipurpose room or a larger
23 library or a community room that you can use for something
24 else.

25 So you still have that permanent structure that

1 could be useful in inventory past 15 years after you build
2 the facility, but you don't have -- basically these
3 portables are not usable after about 15 or so years and they
4 just kind of -- I mean I've seen some horrible ones come
5 walking into my local district and I think that's what I
6 want to avoid is paying 30-year bond money on something
7 that's going to last them 10 or 15 years and cost the school
8 district more money.

9 But I think you allow that flexibility in that
10 design originally for that site so that these buildings can
11 be retasked -- repurposed.

12 I mean if it's a joint venture or a joint use even
13 with the city or something like that, that school only needs
14 half its size anymore because the student population has
15 decreased, but now you have a whole other field.

16 Now you can use that larger facility for indoor
17 programs at the school. You can use the fields for, you
18 know, athletics. There's a lot of different retasking you
19 could do to help pay for them as you go, but I think you
20 kind of have to allow that in design structure and -- at
21 that building when you get those grants out originally.

22 But I don't see -- I don't really see a reason why
23 you need portables anymore at this point, except for maybe
24 temporary housing while you build and then you're going to
25 rent them or lease them anyway.

1 CHAIRPERSON BUCHANAN: Neighborhoods -- if you
2 have a brand new development and you have a big bubble that
3 goes through, right? And then you're right, the kids
4 graduate from high school, the parents stay in the home, and
5 so enrollment goes down.

6 But then what happens is the parents decide
7 they're going to move. They don't need the big house
8 anymore and the neighborhood recycles and your enrollment
9 goes up again. So you end up with a cycle.

10 So it's not where you just, you know, can move a
11 portable from one area to another. I mean it's usually
12 those neighborhoods recycle and you may have some classrooms
13 empty for a period of time, but then the kids come back.

14 MS. MOORE: I think -- I mean prior to 1998 we had
15 a statewide policy that said 30 percent of your classroom
16 space will be in portables and it for the very reason that
17 folks believed that there would be those high growth
18 periods; then when they diminished, those buildings could
19 move off and you could have a community center or something
20 else perhaps.

21 We didn't see it as readily, but that is why you
22 have the -- also why you have a lot of the amount of
23 portables that exist out there today because we had a state
24 policy that required them at that -- you know, prior to 12
25 years ago.

1 CHAIRPERSON BUCHANAN: It was portables or
2 relocatables as I recall.

3 MS. MOORE: Right. It was --

4 CHAIRPERSON BUCHANAN: Right. Because there's a
5 difference between the --

6 MS. MOORE: And I will say -- I mean the high
7 growth --

8 CHAIRPERSON BUCHANAN: -- construction.

9 MS. MOORE: -- districts, you did relocate
10 portable -- you did relocate buildings periodically.

11 CHAIRPERSON BUCHANAN: Well, some portables if you
12 were caught, but the relocatables were essentially there
13 permanent. And I know we go the gentleman from Saramark
14 here, you've got steel framing and everything, you don't
15 really relocate those -- they're called relocatables, but
16 you don't really relocate them because the cost of
17 relocating is too expensive.

18 MR. MIRELES: One other thing to add, Madam Chair,
19 is that under the SFP, school districts that have over
20 25 percent of portables compared to the permanent
21 structures, we don't count those portables -- whatever's
22 above the 25 percent are not counted as classrooms
23 available.

24 But they have those in terms of eligibility to
25 replace them. So they have sort of an additional

1 eligibility to replace those portables.

2 But this is only in cases where there's over
3 25 percent of the portables -- 25 percent of the permanent
4 buildings again -- and those don't get counted as far as the
5 classroom because again the classroom capacity, we take a
6 look at what do you have available to house students, but if
7 you have a certain amount -- a lot of portables, they don't
8 get counted and this is -- could have extra eligibility to
9 replace them.

10 It's the only case in new construction that you
11 replace portables with new permanent buildings aside from
12 the overcrowded relief grant.

13 ASSEMBLYMEMBER HAGMAN: Have you seen a lot of
14 usage of those in the last five years or so? Are people
15 still utilizing portables?

16 MR. MIRELES: I think we do see large projects --

17 MR. SAVIDGE: The figures that OPSC has from the
18 PIW, about 5 percent of the square footage built statewide
19 since 2008 is in portables and there's another about 6 or
20 7 percent in what's called modular building.

21 So modular buildings are panelized or construction
22 off site and then assembled on the site so -- in concrete or
23 steel frame and portables are any building that can be
24 relocated that has a floor attached to it is part of the
25 definition and can be transported over a public street and

1 then that's set. That's a portable or relocatable.

2 Modular buildings are site built using
3 prefabricated components.

4 ASSEMBLYMEMBER HAGMAN: And I know we always have
5 to -- like to see the architect themes go through schools
6 and such, but, yeah, I guess one of the questions I would
7 have as we go out and looking at 2014, how much is out
8 there, how much is there a need to replace. Is there -- you
9 know, almost like a separate funding mechanism for that and
10 would you do it in conjunction -- because again I think
11 there are life cycles of schools.

12 Those schools that don't need it today may need it
13 in ten years when those older families move out and younger
14 ones move back in and those who have the need today may not
15 use it ten years from now because those families move on.

16 So that flexibility may be a special thing just
17 for a certain percentage, 20 percent, 10 percent of the
18 school that is more like that retaskable room. Instead of
19 portables now, there'd be a retaskable, you know -- I don't
20 know how large, but that you can turn into community use
21 later and maybe be created for that.

22 Can you do joint ventures with the local community
23 for it. So they may not have it now, you know, but they
24 want to replace portables with permanent construction or
25 structures. They can use this as a community center until

1 it rotates out, but we still leave it on our books as
2 eligible classroom space and that would be their decision.

3 So they can't say, well, I'm using it for
4 community building now and now I have, you know, ten more
5 classrooms coming in. I don't know. Let's be creative on
6 that --

7 CHAIRPERSON BUCHANAN: I think there are two
8 issues here. One is do we want to fund the truly portable
9 classrooms, you know, the ones you wheel on and that last --
10 they may be eligible for modernization after 20 years, but
11 I've been in some that have been there for five years that
12 don't look very good.

13 So do we want to incentivize portable classrooms.
14 I personally say no. I think the program should be
15 incentivizing new construction.

16 ASSEMBLYMEMBER HAGMAN: I don't you could justify
17 spending 30-year bond money on something that's not going to
18 last 30 years.

19 CHAIRPERSON BUCHANAN: Right. So I think -- I
20 guess we've got consensus on that.

21 Secondly, we're going to have to deal with
22 eligibility for existing portables because, you know, why
23 you -- how you count a school with 25 percent versus a
24 school with 10 percent, ultimately the portables you have,
25 if we want to have permanent construction, are going to have

1 to be replaced.

2 And the third issue that Assemblymember Hagman
3 brings up is design and I'm not sure that's a portable
4 issue. I think that may be more of a getting back to the
5 eligibility question we talked about first in terms of how
6 we count classroom space because if a school district does
7 utilize -- you know, design so you've got outside
8 weight-bearing walls and enrollment goes down and it uses it
9 for other purposes, that still should be counted in terms of
10 eligibility as classroom space the longer term.

11 So if the neighborhood, you know, turns over again
12 and enrollment increases, that should be classroom space
13 that stays in the eligibility count. So --

14 MS. MOORE: And wouldn't we also roll in the issue
15 of modernization of portable buildings into the --

16 CHAIRPERSON BUCHANAN: Yeah. Right. That --

17 MS. MOORE: -- talk about that at modernization
18 because I think that's another topic that --

19 CHAIRPERSON BUCHANAN: Right.

20 MS. MOORE: -- we should be --

21 CHAIRPERSON BUCHANAN: Okay. So moving along
22 here, I think -- we've got two questions down here in
23 eligibility. How can the current method for determining
24 eligibility and projecting needs for school facilities be
25 improved? Should the baseline eligibility be reestablished?

1 I think we've talked a little bit about the first
2 part of that question.

3 The baseline eligibility be reestablished, I had
4 that on here and I actually believe that we should, with new
5 bond, reestablish -- we'll take questions when we finish, if
6 that's okay.

7 I do believe with the new bond we should be
8 reestablishing eligibility.

9 MS. MOORE: And we -- are you suggesting through
10 an inventory system that we would do that?

11 CHAIRPERSON BUCHANAN: That's exactly right and
12 the reason -- there's two reasons. One is I do believe we
13 should have an inventory. It's crazy a state like
14 California doesn't.

15 And secondly, you know, we now have -- we
16 established well over a decade ago, we went through the
17 largest housing bubble in history. We've got eligibility
18 that's, you know, established based on some housing projects
19 that may or may not -- I mean they still have tentative
20 maps, may or may not be here, but I think myself it would
21 make sense to establish a new baseline.

22 And I also believe that if eligibility is strictly
23 due to a new area -- okay -- not in-fill, you know, where I
24 think I would agree with you, Ms. Moore, in terms of in-fill
25 where you spend you eligibility I mean ties in with how

1 you're going to design school boundaries and everything
2 else.

3 So I think you should have complete flexibility
4 there, but if you have eligibility just for a new 10,000
5 home development that's going in, I think that eligibility
6 needs to stay with that development.

7 MS. MOORE: We can talk about that further.

8 CHAIRPERSON BUCHANAN: Right.

9 MS. MOORE: I would just say that I think it --
10 it's very difficult in districts to manage school
11 construction by development. You cobble together numerous
12 developments to produce a high school, a middle school,
13 sometimes an elementary school.

14 It's much easier on an elementary school basis,
15 but I would be very -- I think we should be very careful
16 about aligning the school construction to particular
17 developments.

18 What happens when --

19 CHAIRPERSON BUCHANAN: But --

20 MS. MOORE: -- only 200 students come out of a
21 development and where do they get to go to school if you
22 can't create another school for them.

23 CHAIRPERSON BUCHANAN: Now, I think the question
24 is should the eligibility should follow those students so
25 that you're using the eligibility to house the students in

1 the new development when you're talking about new
2 developments versus when you're talking about the in-fill
3 kind of eligibility that you have.

4 MS. MOORE: I'm would be open to obviously --

5 CHAIRPERSON BUCHANAN: Right. Yeah. Right.

6 MS. MOORE: -- discussing it further. I'm just
7 saying you start limiting what districts can do to
8 development, it becomes a very -- a much more complex issue.

9 Now, we're not having the growth that we had
10 during our last, you know, ten years of -- or probably 20
11 years of extreme growth in areas in California, but it's
12 just that that can be -- that's starting to put money on
13 student and following it to the -- to a specific site and we
14 don't do that at the State level right now with what we
15 provide out to school districts.

16 We don't follow that money necessarily always to
17 the exact specific site we let them determine eligibility
18 districtwide.

19 CHAIRPERSON BUCHANAN: So how would you respond to
20 a parent, if you were a school board member, and you had a
21 development that generated 2,000 new students and they've
22 got to transport their kids five or ten miles to overcrowded
23 schools, going to maybe five or six different schools, and
24 they say, well, wait a minute, you know, we paid our
25 developer fees, we have eligibility, and you say, well, we

1 used it to build multiuse rooms in these three schools.

2 MS. MOORE: Well, I'd like -- is that happening?

3 CHAIRPERSON BUCHANAN: Yeah. I -- you know, it's
4 very -- I think it's very -- you know --

5 ASSEMBLYMEMBER HAGMAN: And it's -- I'd say from
6 local example from my district, I have two cities where they
7 projected a much larger growth than what they actually got.

8 So they actually built the school, but only maybe
9 one-tenth of the housing came in. Those residents who
10 bought into those houses said we want to a new school opened
11 because that's what you promised us when we bought the
12 house, even though 90 percent of them were not built.

13 So they ended up shutting down two other schools
14 in a different city and busing some of those students to a
15 new school, which is newer facilities, but now they're
16 actually traveling quite a bit further -- more students are
17 just to keep those new residents happy.

18 It is an issue and then we basically two or three
19 facilities vacant even though we built the brand new one,
20 you know, because of the migration, but that's where the
21 management system comes in. Were they eligible? Should it
22 be that way? Maybe the population has increased, but it's
23 moving. All the different questions are there, but then it
24 comes back -- we have one adult day class in it. Now the
25 facility's used, but it's really not being used.

1 MS. MOORE: Completely agree that there were
2 situations I think that we were all caught off guard when --
3 you know, with the declining economy and declining amount of
4 housing that occurred and some of the perspective planning.

5 So there's probably some schools out there that
6 are not at maximum capacity and/or closed. Hopefully
7 they'll come back within the next round of growth that we
8 experience in the state.

9 And, you know, I think we could talk with folks
10 that have dealt with this issue and get a better idea. It's
11 a little bit like the Mello Roos I would say in my mind
12 where, you know, the money just stays in that Mello Roos
13 district only for those houses that happen in that Mello
14 Roos district perhaps that are created around a development.

15 But in terms of a -- for a school district, it's
16 very hard to manage at that micro level. Students just
17 don't show up 30 per classroom easily out of developments
18 that create these schools.

19 So open to how it might work, but cautionary on
20 it.

21 CHAIRPERSON BUCHANAN: Okay. So on that, I'm
22 hearing there's consensus on reestablishing eligibility and
23 in terms of dedicating eligibility to new development, we
24 want to take a look at that, but we want to know what the
25 options are and I guess ultimately have more discussions on

1 that.

2 MR. ALMANZA: So in regard to dedicating an
3 eligibility to certain developments, is that a legislative
4 issue or is that something that we at the Allocation Board
5 could resolve?

6 MS. MOORE: Legislative?

7 MS. SILVERMAN: Yeah.

8 CHAIRPERSON BUCHANAN: And then the other question
9 was just a current method of including dwelling units and
10 eligibility projection work, how can it be improved so -- I
11 think most would probably agree that it works, but are there
12 any suggestions? I don't know if anyone -- does anyone have
13 any comments on that question? No?

14 Okay. Moving on, is the current method of
15 calculating the grants which is the per pupil plus the
16 supplemental grants working and I think part of this came up
17 because when you take a look at the example that you have,
18 which I know the example sort of throws in everything
19 including the kitchen sink that you don't always have --
20 page 25.

21 The question there is can we eliminate or simplify
22 some of the -- or consolidate some of the programs. I mean
23 if there are supplemental grants that clearly are now
24 required by code and all schools have to have them, then it
25 would certainly make sense to me just to have -- roll it

1 into the base grant.

2 If there are some that are unique and, you know,
3 low incidence more occurring, then it wouldn't make sense, I
4 don't think, to have them in.

5 But I think what we'd like to do -- the
6 discussions we've had is try and consolidate as much as
7 possible.

8 ASSEMBLYMEMBER HAGMAN: Well, and quantify it. I
9 mean I would really like to see -- I guess as we get more
10 PIWs filled out, we'll be able to grab more of the cost, but
11 the original cost per square foot that we're seeing just
12 some very simple things are horrendous. I mean really, up
13 to close to \$500 a square foot.

14 You don't see that anywhere. So I would like to
15 even try to go further and say is that regulation, bring up
16 those costs. Is it materials; is it location? You know,
17 and that's not counting site work.

18 So, you know, can we at least understand that
19 portion of it too, but how do you say all these fees should
20 or shouldn't be in there unless you could actually attribute
21 to the actual costs and see what's fair, but -- that's why
22 I'd love to just get -- you know, get ten samples up and
23 down the state, north, central, and, you know, southern
24 California and say, okay, let's actually pull the records,
25 independently look at and do audit on them.

1 How much are we paying; is it going to cover these
2 costs; is it too little, too much. Where's the expense
3 going to. Can we streamline anything to help get, you know,
4 better.

5 I think I saw somewhere where the numbers were
6 like half that rate in other states. Now, whether or not
7 they have the same earthquake proof or hurricane proof or
8 things like that, I don't know, but it's hard to compare
9 apples and oranges if we don't have something down there,
10 but we don't even have the description of what these costs
11 really are going to, just a number.

12 MS. MOORE: Well, I certainly would agree to
13 consolidation and I think some of these came incrementally
14 over time as codes change, like, for instance, sprinklers,
15 so that if there's things that we could move into the base
16 grant and make it easier for folks, I think that's a good
17 idea.

18 CHAIRPERSON BUCHANAN: So we have consensus and
19 you can look at that and I have that and I've got to flip
20 back here to page 8 again.

21 And then miscellaneous, and this we've talked. As
22 we're winding down the current program, but bond authority
23 being reserved for a project at the time and unfunded
24 approval is granted, we've got current regulations that say,
25 you know, you use it or lose it type. I guess whether we

1 want to continue with that.

2 The second bullet, Mr. Hagman, I think is how long
3 this funding been provided through the program for real
4 property that's -- or facilities that are no longer being
5 used or were never developed and then the third bullet being
6 the database. So --

7 ASSEMBLYMEMBER HAGMAN: -- a discussion about
8 those.

9 I do have a bill -- see how far it goes --
10 basically says that if the State is either a 50 percent or
11 more investor in the last ten years of a piece of property
12 or a facility and that facility no longer is needed and that
13 it's either sold or leased out for a noneducation function
14 that brings income, which I fully encourage school districts
15 to do that, then treat us like equity partners.

16 We should be getting part of that money back into
17 the bond system.

18 I don't want to discourage the use of these sites,
19 but at the same time, if we're paying on these things for 30
20 years in bond dollars and they're not being fully utilized
21 for the purpose of what we paid for or -- that's why we kind
22 of need to inventory a little bit to know what's out there
23 and how it's being utilized.

24 Then I'd like to see the State gets part of its
25 money back and encourage them to lease it out, use it,

1 whatever the case may be.

2 MS. MOORE: The third bullet is the inventory;
3 right?

4 CHAIRPERSON BUCHANAN: Right. The third bullet is
5 the inventory which --

6 MS. MOORE: So we've kind of discussed that;
7 right?

8 CHAIRPERSON BUCHANAN: We started the third. Are
9 we all in agreement that we'd like to have a statewide
10 database inventory?

11 MR. ALMANZA: Well, it's a good idea, but are we
12 suggesting that it be housed at OPSC and --

13 ASSEMBLYMEMBER HAGMAN: Been pushing that for a
14 long time. It makes sense.

15 CHAIRPERSON BUCHANAN: It would -- I think it
16 would make sense to me to have it at OPSC.

17 MR. ALMANZA: So that would require some
18 additional funding.

19 ASSEMBLYMEMBER HAGMAN: Can you utilize any of the
20 funds right now for that purpose, with Board direction?

21 MS. SILVERMAN: Well, I mean you obviously to
22 develop an FSR which is a feasibility study to determine
23 what the plan years would have to be in order to capture
24 data and do an inventory system. I know community colleges
25 have established an inventory system. That took ten years

1 to put together.

2 We can learn from other folks and what the
3 challenges have been and we have had conversations with
4 them.

5 I know costs have been -- we've been -- touched on
6 some costs. We've heard costs could be somewhere around
7 \$20 million as a base.

8 So it all depends. I know part of our system is
9 we have to be able to have and establish that inventory and
10 create a system where we can feed it.

11 ASSEMBLYMEMBER HAGMAN: Well -- and I seen this
12 before. Anything like this for monitoring purposes
13 shouldn't be punitive to districts. It should be something
14 that -- to augment the districts, to help the districts, you
15 know, something they would want to use and utilize to help
16 their facilities maintenance and scheduling program.

17 The community college system that we've been
18 shown, I don't believe cost that much and it was done
19 outside of the community college system with private
20 donations, I know, but it shouldn't take that much money or
21 that much time to actually build this -- not that much put
22 into it.

23 But it's a system that maybe can be a basic system
24 to start off with and then add modules and maybe the
25 districts can, you know, put in their wish list of what

1 they'd like to see for those modules as they go forward.

2 But in order to say, hey, you have seven vacant
3 pieces of property within your district and you have this
4 many, you know, actual sites and they're at this capacity
5 each and they're this old, I mean some really basic
6 information so we can come up with some kind of direction
7 where we want to go (a) policy wise, (b) you know, what bond
8 amounts, where we should put those funds.

9 I mean right now if someone asked do you want to
10 put a bond, go yes. I would like to see the program go
11 forward.

12 I have no educated guess as to what the amounts of
13 the bonds should be -- even what categories to put them in.
14 You know, there's no data for that to even get started.

15 So I mean to have some of this basic information
16 should be mandatory to say the least, but how are we
17 supposed to make educated decisions as legislators or
18 advocate for one thing or the other unless we have some of
19 this basic data.

20 Is there something you can put together just a
21 scope and then it out and let's get some private bids even
22 and just so we even know what realm it would be as far as
23 cost.

24 MS. SILVERMAN: A lot of the system that we built
25 internally is something we've done with our in-house folks.

1 You're talking about a whole statewide data system which
2 will encompass over 10,000 facilities.

3 So I mean there is a way that we can capture data
4 and we do that intuitively with the Project Information
5 Worksheet. So we obviously have to build beyond that
6 because you're going to have to create set criteria in order
7 to ensure that we're all using and feeding the beast the
8 same way.

9 So again that's something that we could establish
10 internally as a focal point for discussion, but you're
11 right, it's going to involve a lot more discussion.

12 MR. ALMANZA: And it depends at what level of data
13 detail we would want about the facilities, whether it's a
14 very high level, you know, number of buildings, age.

15 CHAIRPERSON BUCHANAN: It seems to me -- the
16 community college system would be ideal because the way
17 they've added on with modules, I mean it -- you could really
18 figure out what your cost of maintenance is and everything
19 else because they're very detailed in terms of they get down
20 to electrical outlets and everything else.

21 I think we need to start out with something high
22 level. I mean we -- when people take a look at the data
23 that we have, we really don't even know how many classrooms
24 we have and how old the classrooms are and it seems to me
25 that we ought to start out with some sort of inventory that

1 is high level that makes sense so we know what we have.

2 And if you think about the fact that we spent over
3 a hundred billion dollars between local and State funds over
4 the last, you know, 12 or 14 years and we spent that money
5 and we don't have the information, it just doesn't make
6 sense to me.

7 MS. MOORE: I know -- oh.

8 ASSEMBLYMEMBER HAGMAN: And I -- oh, I'm sorry. I
9 was going to say my idea for Prop. 39 didn't make it
10 through, but there is a reporting requirement on them.
11 There's an initial assessment. There's what you do with
12 that money and then the final outcome with that, how did you
13 work that. That is a requirement by the bond.

14 I'd hate to see two separate systems. There's got
15 to be a way to coordinate this stuff into one, make it easy,
16 simple, utilize some of those resources in Prop. 39.

17 I believe they were in our bill, then taken back
18 out, but I know the administration has a lot to input on
19 this as well, especially the next week or so. I would hope
20 they would consider at least combining those efforts, if
21 nothing else, to make sure we're not having multiple systems
22 and multiple different State agencies trying to track
23 different things and driving everybody else crazy.

24 Have one database system that can be a module of
25 Prop. 39 dollars and upgrades being modular of the facility,

1 you know, base.

2 So, you know, I hope they would consider that as
3 things go forward.

4 MR. ALMANZA: Yeah. Another consideration is that
5 if this is something we really do want, there would have to
6 be a condition of funding built into law. It's not
7 something that we could just ask for because, you know --

8 CHAIRPERSON BUCHANAN: No. I think if we thought
9 it's important, we should create it as part of the new bond.
10 I mean I don't think we want to -- I don't think we'd go
11 back and do it now, but I do believe that it would make
12 sense for us to know -- have an accurate account.

13 ASSEMBLYMEMBER HAGMAN: And again it shouldn't be
14 punitive. It should be something that districts want to use
15 because it helps their organization. It helps their
16 existence and management of their own facilities.

17 And so if you don't make those user friendly
18 things for them, no one's going to want to do it. You want
19 to make them want to do it.

20 MR. ALMANZA: And it would have to be very high
21 level because most of these large school districts I've got
22 to believe already have --

23 ASSEMBLYMEMBER HAGMAN: And maybe we can --

24 MR. ALMANZA: -- systems and --

25 ASSEMBLYMEMBER HAGMAN: -- some of their software

1 programs --

2 MR. ALMANZA: -- and different platforms and --

3 CHAIRPERSON BUCHANAN: Are you nodding, Eric?

4 Which way, up and down or sideways? Yeah.

5 ASSEMBLYMEMBER HAGMAN: Maybe we could use theirs

6 to start off with. We don't have to reinvent the wheel.

7 Just use the same wheel they have.

8 MR. ALMANZA: Well, there's probably a hundred

9 different wheels.

10 CHAIRPERSON BUCHANAN: Well, I would say start off

11 simple. If people find it useful, then they'll want to add

12 modules. You won't have to have each district buying its

13 own, but we should have some kind of accurate inventory.

14 MR. DIAZ: I think Assemblymember Hagman has a

15 really good point and think that when you're looking at

16 ESCOs and a lot of the assessments that are happening right

17 now through power purchase agreements, there is an

18 assessment of different facilities.

19 Private companies do have that information.

20 Perhaps they're sharing it with school districts. If you're

21 going to integrate, you know, the two, that's key

22 information that can be very helpful when you're getting

23 this together as one study rather than duplicating efforts.

24 I think it would be sort of an addition to

25 statutory requirements for those ESCOs to share some of the

1 assessments in what's going on with those facilities.

2 ASSEMBLYMEMBER HAGMAN: Well, I mean there's no
3 board -- local school board that would be doing these -- all
4 the information we're asking for already, it's there. It's
5 just uploading into a standardized format.

6 I mean I'm not going to be on a school board and
7 say, yeah, I agree with this project or not unless I'm
8 looking at this stuff in much more detail than we are. So
9 hopefully not creating too much extra stuff. It's just
10 having the one centralized database so we can actually look
11 at trends.

12 I mean that 70-30 ratio, I don't have any faith
13 whatsoever in that. But I don't know what the ratio is. I
14 have no clue. So -- and then what's the need? Can anyone
15 say really what -- anybody in this room say what the need is
16 besides their own district statewide?

17 And so how are you supposed to make informed
18 decisions on where to go on this? So again I hope that the
19 Prop. 39 discussions, discussion of the budget coming up is
20 considered into that database solution or at least can be
21 upgraded eventually into the bigger picture, but I think
22 it's something we should look into.

23 MS. MOORE: I would just offer three things. I
24 think also it should be accessible or inputtable by all the
25 agencies so that it's no longer three separate agency work

1 and that it should be able to be tagged for work like the
2 energy work so that it's all consolidated.

3 Secondly, other states have done this, the largest
4 of which I think is Florida, could possibly provide examples
5 for us as well to look at.

6 And thirdly, that we had a working group that
7 worked with best practices around this issue, particularly
8 across the nation with the Council for Educational
9 Facilities International and we arrived at those big data
10 points as you talk about, you know, which -- what are they,
11 a list of about 20 and we gave that work over to Bill
12 Savidge as well.

13 So he has our initial work on that and you can
14 build with that with stakeholders I think and others to look
15 at what the data points are.

16 ASSEMBLYMEMBER HAGMAN: Do you want to set up a
17 little committee of the --

18 CHAIRPERSON BUCHANAN: Yeah.

19 ASSEMBLYMEMBER HAGMAN: -- of the people out there
20 to figure it out? Come back with suggestions?

21 CHAIRPERSON BUCHANAN: Well, yeah. I think we --
22 yeah. I think we're going to try and -- I don't think we
23 can all do the leg work. We're ensuring full employment for
24 staff here, so they can answer these questions for us and,
25 you know, make sure because I -- again I think there's a

1 consensus.

2 I think what you're hearing is we're happy
3 starting out with a high level that, you know, we -- since
4 we have multiple agencies that are involved with the school
5 construction process, it would be great if there were some
6 commonality here so that you don't have one count and CDE
7 another count and DSA another count.

8 So -- and that we recognize that we're not going
9 to do it today, that it's going to have to be part of a new
10 bond proposal, so -- in terms of what we can do.

11 I think -- I know I agree with Senator Hagman in
12 terms of if we -- if a school district came to us and we
13 gave them 50 percent to buy -- for land acquisition and then
14 they sell that land and don't build the school, I do think
15 that money should come back to the program.

16 So -- and he said a ten-year time frame. I think
17 the ten-year time frame is reasonable, so I would like to
18 explore that. I'm getting nods. We've got consensus there.

19 And then the first question I guess is -- I don't
20 know if there's consensus there or not, but I do think even
21 though we went to the -- you know, you have two
22 opportunities and then you move off the list or move to
23 the -- you could be moved to the bottom of the list, but I
24 mean we did that now because we're running out -- near the
25 end of the bond, but even if we're not near the end of the

1 bond, I mean I do believe that if you're on the list it
2 should be because you're ready to build.

3 And so I would very much support our having -- if
4 we don't have the exact same policy going forward in the
5 next bond, we do something very similar in terms of, you
6 know, you're on the list because you want to build not
7 because we're going to take up authority for long periods of
8 time.

9 MS. MOORE: So are you saying -- finalize what has
10 been a temporary kind of system that we've been under --

11 CHAIRPERSON BUCHANAN: Yeah. And there may be
12 some nuances or something in a new program that we need to
13 consider on top of that, but I do believe that, you know --
14 like again you sell a bond. You don't want to reserve that
15 money and have it sit there. You want it to go out to
16 projects.

17 So that pretty much is all we have on the parking
18 lot items for new construction. Is there anything else that
19 anyone wants to bring up?

20 ASSEMBLYMEMBER HAGMAN: Comment on --

21 CHAIRPERSON BUCHANAN: Yeah. Well, I was going to
22 maybe do it on both, but -- I think I'm going to wait.
23 Let's go through modernization and then we'll do public
24 comment because we have an hour until session starts.

25 And so on modernization, maybe if we can go

1 through it quickly and get to the parking lot items, that
2 would be good.

3 MS. KAMPMEINERT: Okay. I guess the nice part
4 about modernization is that you've heard much of the process
5 in the new construction piece, so I'll try to hit the
6 highlights that are unique to the program.

7 So the modernization section, we're talking about
8 our funding process and we beginning on page 27. And in
9 some of our past meetings, we've already discussed that this
10 is a 60-40 matching program and that the eligibility
11 requirements are that the buildings be at least 25 years old
12 for permanent and 20 for portable and that the eligibility
13 is generated on a per pupil grant basis.

14 So the funding -- again the grants are used to
15 extend the useful life or enhance the physical environment
16 of the school. That's a good starting point there, but I'll
17 jump into the two types of funding and we have the design
18 apportionment, which is on -- and on page 28, you can see
19 the two types.

20 We've got the design apportionment. Like new
21 construction, this is funds provided in the beginning so
22 that a district that has financial hardship status can hire
23 design professionals and prepare their plans and
24 specifications for the necessary State approvals.

25 And then we have the adjusted grant which is the

1 full funding application piece of it.

2 And the chart on page 28 shows the documents that
3 are necessary for each type of funding application and there
4 are many similarities between this program and what Tracy
5 went over with on the New Construction Program.

6 But I did want to call your attention to one thing
7 that is unique to modernization and that is the architect's
8 estimate for site development if the district is requesting
9 funding for a 50-year-old building and that is necessary if
10 the district is requesting costs to modernize the utilities
11 for those buildings because that does provide an additional
12 grant amount and sometimes you really need to get in there
13 and start fresh with the utilities if the building hasn't
14 been touched in 50 years. And that is done with the cost
15 estimate basis much like site development might be looked at
16 for a new construction project.

17 And the application process is also like new
18 construction where we do fund on a first in/first out basis
19 and do the concurrent reviews of the eligible grants looking
20 at the funding application and if there is 50-year-old
21 building request, then we would be looking at those costs at
22 the same time as well.

23 And the 15- and 4-day letter process is used for
24 modernization as well.

25 The funding formula is shown on page 30 and 31.

1 We've got the current year pupil grant amounts there.

2 We've listed supplemental grants that may apply to
3 modernization projects and then I'd like to bring you to
4 page 42. We'll jump into the form briefly and show you some
5 of the different areas that the school district would be
6 filling out to request the unique types of modernization
7 grants as well.

8 So again this is the funding application. This is
9 how the district is requesting the funding. The yellow
10 highlight are the areas that apply to modernization. This
11 is a multipurpose form that covers many of the different
12 School Facility Programs.

13 So some of the areas that a district fills out are
14 going to be the same, such as the basic information, type of
15 project, things like that.

16 And then we get down into -- I'm on page 42 and
17 you still fill out the section about what type of school it
18 is on modernization projects. Oftentimes you're going to be
19 answering no to many of the questions there, but we need to
20 know things like where the site is being located, is there
21 additional acreage being required because modernization
22 funds cannot actually be used for the additional acreage.

23 So actually in Section No. 3, you'll see an
24 opportunity for a 15-day letter there because on our sample,
25 we've indicated that there are two proposed acres. This is

1 something that OPSC would check for. Can't have proposed
2 acres for modernization funding because statute doesn't
3 allow the program to pay for it. So we would send the
4 district a 15-day letter there and say did you mean these
5 are the -- that you have existing acres available -- two
6 existing acres. That's an opportunity for a 15-day letter
7 there.

8 Also on page 43, we get into the supplemental
9 grants and that is actually down on No. 6. So it's going to
10 be separate from the section where Tracy was showing you the
11 new construction grants, but there are fewer supplemental
12 grants for the modernization program.

13 And they would be requested either with additional
14 grants from things like the project assistance which relates
15 to the small schools. That's still eligible in this
16 program.

17 You've got your fire detection and alarm system
18 and then the high performance incentive points are also
19 available here and that works the same way for new
20 construction. They generate points. It's on a different
21 scale, but it's still applied on a percentage basis to the
22 project.

23 And then looking at the right hand column there
24 where No. 7 continues there, there's a section for excessive
25 cost hardship grant that relates only to the Modernization

1 Program and charter school rehabilitation which is similar
2 type work.

3 And it's -- a few different ones here. The
4 geographic percent factor is similar. If they're in a
5 difficult location to access, that still applies.

6 Accessibility and fire code receives either a
7 3 percent increase to the base grant amount or if a school
8 district submits documentation outlining their actual
9 costs -- excuse me -- the actual work in the plans, then
10 there are -- there's a 60 percent of the minimum work
11 required and that's done on a cost estimate basis. So that
12 can be provided.

13 And in addition, if elevators need to be installed
14 to meet access compliance issues, then the district can
15 indicate the number of elevators and they get funds for that
16 in addition to the additional stops, in case it's more than
17 one story.

18 Small size project and urban are also applied to
19 this amount. The urban grant is calculated slightly
20 differently, but it's still for the same purposes and those
21 sites that are maybe a little bit more difficult to
22 construct on or to do a modernization project on.

23 And then moving through the form, the
24 certifications beginning on page 44, the same sections are
25 filled out related to the construction contracts, things

1 that we would use to look at the prevailing wage or the LCP
2 grant.

3 And then the architect of record certifies in a
4 separate section on page 44 down in Section No. 21. There
5 are different certifications that apply for new construction
6 and modernization. So the district's architect's going to
7 take a look at those things.

8 One thing to highlight there is in a modernization
9 project, the district's architect will certify whether
10 there's been a change in the number of classrooms due to the
11 modernization work and that gets reported whether it's an
12 increase or a decrease in the number of classrooms in case
13 things have been reconfigured and now there's three extra
14 classrooms or two fewer. So that gets reported there.

15 And then several pages of certifications. Like
16 Tracy mentioned, it's going to be specific to the different
17 types of project funding that you're requesting here, but
18 it's important to take a look at all those certifications.

19 And then I need to bring you back to page 31.
20 We'll talk about the program statistics, but while we're
21 getting there, one of the other things I wanted to point out
22 is in addition to what you think of as your tradition
23 modernization project, there is also an opportunity for a
24 school district to do a replacement of building area of like
25 kind where you can go a little bit deeper and if the

1 facility's not meeting your needs, actually demolish and
2 replace the structure.

3 And that is -- it's allowable under the program,
4 but the funding calculation doesn't change. So it's an
5 option for districts, but it's still pupil grant based.
6 There are supplemental grants that can go into it, but the
7 actual type of project becomes a district choice.

8 And then on page 31, we've got to the project data
9 related to the supplemental grants versus the base grants in
10 modernization and there is no site acquisition to include on
11 this chart, of course, since it's modernization, but looking
12 at the top pie chart there, the split for where the State
13 grant funds have gone is 79 percent have gone to the base
14 grant with 21 percent going to the supplemental grant.

15 And then in the second pie chart down below, it
16 goes clockwise with the most frequently -- with the most
17 funding provided for the supplemental grants in order
18 from -- well, clockwise basically. So the 50-year-old
19 buildings, those are large grants. So you'll see an
20 increase in the pupil grants for those, which is due to
21 those pupils receiving a higher base grant amount.

22 And then the next highest would be urban and then
23 the accessibility and fire code requirements and then so on
24 from there.

25 CHAIRPERSON BUCHANAN: Okay.

1 MS. KAMPMEINERT: If there are questions, I can
2 answer those.

3 CHAIRPERSON BUCHANAN: Anyone have any questions
4 because if not, we're going to move onto parking lot items,
5 which are on page 32.

6 And the first category under facilities, is there
7 an allowance for modernization of portables -- or there is
8 an allowance for modernization of portables and does it
9 work.

10 And I think from the new construction conversation
11 we had, what we want staff to do is to take a look at how
12 we -- if we want to incentivize permanent construction, how
13 we deal with replacing the portables going forward. So
14 options are there.

15 And then there's a current method of calculation
16 modernization eligibility work and what are the challenges.
17 And my comment or issue there -- and I don't know if I was
18 the one that put it on the parking lot list or who did --
19 and that is this.

20 You know, we give the modernization grants on a
21 per student basis and if a school is underutilized, then you
22 potentially have a situation where -- and I know we're doing
23 it districtwide, but say a school has three wings, does it
24 really make sense to modernize two of them and not the
25 third, you know, or depending on how many special day

1 students you have, it costs the same to modernize whether
2 you have ten students or whatever the maximum number of
3 students are.

4 So I don't want to open up the flood gates, but,
5 you know, at the same time, I do think there is some
6 efficiency if you're going to modernize a school to go in
7 and completely modernize that school.

8 So -- and I know you can use eligibility across
9 schools, so that complicates the issue, but the question is,
10 is there -- you know, what should we be doing there.

11 MR. MIRELES: Madam Chair, just to clarify. Under
12 the Modernization Program, it is site specific.

13 CHAIRPERSON BUCHANAN: Okay. That's true. You're
14 right.

15 MS. MOORE: Well, not to throw a wrench into it
16 all, however, having lived this a long time, I'm not so sure
17 that our criteria of 25 years is really the indicative
18 criteria for -- there can be a 25-year-old building that has
19 been well maintained and is in great shape and the district
20 is satisfied with it and there can be a 25-year-old building
21 that's in very poor shape and the district is not satisfied
22 at all with it -- with both the systems and the educational
23 environment.

24 We don't look at this program as a systems and
25 educational program. We have granted great flexibility to

1 districts to utilize whatever the ADA amount is to the site.

2 And I'm not so sure if that's the best approach.

3 It could be, but I'd love to hear from others about that
4 approach.

5 You know, there's other ways to fund modernization
6 work and that's actually funding what is necessary. If the
7 roof's gone, if the boiler's gone, what's the cost of that,
8 what's the State willing to pay for their side of it, and
9 what -- you know, what can you move forward on -- or other
10 approaches that other types -- other entities utilize.

11 We just received a report about indoor air quality
12 being poor in school facilities statewide, and, you know,
13 that's a real modernization issue. That's -- how is the air
14 flow working in the learning spaces. And, you know, other
15 entities are saying it's not working well.

16 Should we address that issue? It's an educational
17 issue and maybe it needs to be addressed before other issues
18 are addressed on a campus.

19 So I think modernization could have a lot of looks
20 at what's eligible and what do we fund.

21 MR. ALMANZA: And we have to also remember that,
22 you know, we have limited resources, limited dollars to
23 distribute and so we haven't fully funded needs and we're
24 not going to. So, you know, it does have to be an allowance
25 or a calculation that allows the money to be extended as

1 wide as possible and, you know, you get to the point where
2 you -- that you have to fully fund a need, that's that many
3 fewer projects that get funded. So --

4 CHAIRPERSON BUCHANAN: See, my issue is this.
5 When a school district decides to build a school, then it
6 makes certain decisions. And to come back 25 years later
7 and say, well, we really wish we would have designed it this
8 way instead of that way because it'll better meet our
9 educational needs, to what extent should the State be on the
10 hook for those decisions. You know, so --

11 MS. MOORE: But educational program changed in the
12 25 years and the State changed it. So I think that there is
13 some -- and whether --

14 CHAIRPERSON BUCHANAN: Well --

15 MS. MOORE: -- whether people believe that we
16 should use our modernization dollars to educationally
17 reconfigure is one piece and whether we utilize it for good
18 indoor air quality is another piece and --

19 CHAIRPERSON BUCHANAN: Well -- right. I guess
20 where I'm going though is that I believe ultimately
21 facilities are the responsibility of the local school
22 districts and communities and not the responsibility of the
23 State and the program is here to help the State be a partner
24 with the local communities.

25 But ultimately the decisions in terms of what

1 you're building, the quality, and everything else rests with
2 the local communities.

3 And, you know, the reason that I like
4 incentivizing permanent construction is because I think it's
5 a good decision, so we can talk about what we incentivize.

6 But I think you're opening a huge Pandora's box if
7 we just say a district can say, you know, educationally we'd
8 like to move from 960 square foot classrooms to the other,
9 so we're going to tear it down and build a new building.

10 I just don't know how you do that and work within
11 the economics of a program and -- you know, so there was a
12 time when -- because I know our district was caught in this.
13 Bill's district may have been caught as well -- where if you
14 did want to tear down a building -- you know, we had one
15 that was an old pod-shaped building that was horrible -- and
16 build a new building, you had to pay back any funding you
17 got from the State to build it even if it were 50 or 60
18 years ago, and then you couldn't receive modernization
19 funding.

20 And then those rules changed so that you can --
21 you know, you replace and you can get the modernization
22 funding, whatever you would get, you just -- you know, you
23 just end up with eligibility for new construction.

24 So I think there's some flexibility there. I just
25 don't know how you -- yeah -- how you deal with that.

1 ASSEMBLYMEMBER HAGMAN: And can I bring up one
2 more thing to the question too.

3 CHAIRPERSON BUCHANAN: Sure.

4 ASSEMBLYMEMBER HAGMAN: Especially the last few
5 years have been budget tightening and giving more
6 flexibility to the districts and the proposal right now to
7 giving more flexibility. At what level do you hold the
8 local district for maintaining the current load you have?

9 If a building's supposed to last 40 years and it's
10 falling apart in 15 because no one replaced the roof or did
11 something like that, is that something we should be
12 responsible for?

13 MS. MOORE: I would love to revisit our
14 requirement that we had to maintain 3 percent for deferred
15 maintenance --

16 ASSEMBLYMEMBER HAGMAN: But is 3 percent even
17 enough?

18 CHAIRPERSON BUCHANAN: No.

19 MS. MOORE: But we eliminated it and so -- I mean
20 not we, the collective we during the budget process, and I
21 think that it will have a consequence for school districts
22 and because it was, so to speak, categorical, it went for
23 that use.

24 Now it's flexed, so it can or cannot go for that
25 use.

1 ASSEMBLYMEMBER HAGMAN: And even if you don't
2 categorize it -- let's say the new proposal go through.
3 There is no categories even for maintenance, which I think
4 would be a mistake, but I don't have a lot of say in the
5 budget -- again you're paying 30-year bond money.

6 Should we step in at all in that first three
7 years. We'll build a facility now and in 20 years, it needs
8 something. Are we responsible for that at all? We're still
9 paying on that first mortgage payment on that bond -- before
10 we can start doing it.

11 So is the 20-year, 25-year-old -- you know, what
12 level of that increase is there and do the districts have
13 enough to maintain those buildings and facilities.

14 When I was on the council, we built a brand new
15 city hall. We started that year putting away replacement
16 dollars 40 years from now to replace it. And we do that for
17 our vehicles, all the rest of it, and so we're able to do
18 that in our budget.

19 So I know the school districts have been really
20 tight, but are we going to set a line in the sand, so to
21 speak -- or what happens if a school district comes in and
22 the building's only 20 years old and it's either -- just
23 really bad weather, you know, termites coming in, you know,
24 something that wasn't maintained, all of a sudden, that roof
25 is now a public safety issue. Do we still step -- I mean

1 those are the questions I have.

2 I mean, you know, it's easy to say it all should
3 fit in one category, but it's not and how much do you hold
4 the school -- versus how much we protect those students who
5 actually need a good school environment.

6 MR. MIRELES: In the cases where they do have a
7 health and safety, Assemblymember, they come in under the
8 Facility Hardship Program.

9 There has been questions on those type of projects
10 and whether maintenance could have prevented the issue, but
11 if there is a health and safety, they come in for funding
12 now under that separate program, even if they don't qualify
13 for modernization, if the buildings are under 20 or 25 years
14 old.

15 ASSEMBLYMEMBER HAGMAN: But it seems like if
16 you're going to spend a hundred billion dollars on
17 construction in ten years and you don't have a database to
18 know what's out there in the first place and no oversight to
19 know if those buildings are being maintained and the full
20 open end under the mercy grant relief, basically
21 unlimited -- you know, not unlimited, but potentially
22 unlimited need because we're not -- wouldn't that be wise to
23 at least assess it every now and then to make sure that your
24 investment that you doing, the hundred million dollar campus
25 you put together or something like that, you know, in five

1 years -- maybe every five or ten years -- and 99.99 percent
2 of the school districts will do a great job. It's that
3 .01 percent that we may have a problem with.

4 Maybe they don't have the personnel, they don't
5 have the resources to watch and maintain it and not do
6 the -- you know, not have the board support to spend those
7 kind of funds on maintenance and all of a sudden that big
8 investment now is not there.

9 What's our responsibility -- what's our role
10 CHAIRPERSON BUCHANAN: This is the problem and
11 certainly requiring the 3 percent contribution of a district
12 helps.

13 But we built a high school in our school district.
14 It cost us about \$120 million. If you put 2 percent a year
15 away for maintenance which is the rule of thumb, then you
16 put 2.4 million into a sinking fund every year so you could
17 maintain the school.

18 If it were 1 percent, it would be 1.2 million.
19 Our school district general fund budget is roughly
20 \$200 million. There are four high schools. There are I
21 forget how many middle schools and all your elementary
22 schools. There is no way you can put away 1 or 2 percent a
23 year out of your general fund budget and still have teachers
24 in the classroom.

25 It's just -- you know, if you just take a strict

1 look at the math, it just doesn't work.

2 So what happens is, you know, by the time the
3 schools are 25 years old, I mean chances are the AC is
4 working -- it's limping along because it probably should
5 have been replaced -- I don't know. You probably know
6 better than I do -- after 15 years, but the district didn't
7 have the money to replace it.

8 You should be -- whether you do stucco or whether
9 you do wood, you should be repainting every so many years to
10 maintain the water seal on your buildings, but just -- back
11 when I was on the board -- it's a while ago -- I mean at
12 that point in time, to paint an elementary school was around
13 60-, \$65,000.

14 So when you take a look at what it costs to
15 maintain and you take a look at the district's budget, I
16 don't think it's that districts don't want to do a better
17 job and put more money into it. It's that they can't and
18 I'm not sure the State is able to fully do that either.

19 So my proposal would be that districts be -- and I
20 don't think routine maintenance should be funded through
21 general obligation bonds because then you're paying for 25
22 years for work that lasts a much shorter period of time and
23 that's not a smart way to finance either.

24 My own belief -- and I don't know where we get
25 here because there's a whole lot of people to talk to, but

1 we ought to be considering as a separate measure expanding
2 the 55 percent authority for parcel taxes strictly for
3 school maintenance, not -- you know, if we can't get it for
4 everything, which the polling doesn't look great, but if we
5 had the ability to pass a parcel tax for maintenance, then
6 we could do a much better job of protecting the taxpayers'
7 investments in its schools and ultimately we would reduce
8 our modernization costs when the schools turn 25 years old
9 because we wouldn't have the dry rot in the framing because
10 we couldn't afford to fix the roof.

11 So, you know, I really do think that we're going
12 to have to take a look at a different model if we want to do
13 the kind of job we need to do maintaining.

14 MR. SAVIDGE: Well, we -- in Berkeley where I
15 live, we have a parcel tax dedicated to maintenance that we
16 passed with a two-thirds majority and it has made a huge
17 difference in the quality of the schools, in the ability to
18 provide vehicles and tools for the workers. I mean it
19 just -- it's critical. So I think that's a great idea to
20 look at for making this happen.

21 CHAIRPERSON BUCHANAN: So if we go back with
22 eligibility, my question is that I'd like you to take a look
23 at and give us some numbers -- okay -- because we -- you
24 corrected me. Eligibility follows the school, follows the
25 students in the school.

1 But when the eligibility and the classroom count
2 don't match, you know, should we, you know, have some kind
3 of eligibility where we go in, we actually modernize the
4 whole school.

5 Now, if you're only using half of it, I don't
6 know. I don't know what the threshold would be, but one of
7 the things we do do is we penalize schools if they're not at
8 full capacity even though it costs the same to modernize and
9 I think if you're going in, you want to actually get the job
10 done for the whole school. So --

11 MS. MOORE: I would agree with you wholeheartedly.
12 So if you're asking for that, I second that.

13 CHAIRPERSON BUCHANAN: I mean just as an option.
14 I don't know how much more it would cost or whatever, but I
15 do think -- you know, it doesn't make sense to me.

16 MR. DIAZ: You're looking at an assessment to do a
17 whole facility modernization like a retrofit?

18 CHAIRPERSON BUCHANAN: Well, yeah. I'm saying if
19 you go in and say your school has capacity for 720 students,
20 but your current enrollment is 650. You know, two years
21 down the road, you could have 720, but you're going embark
22 on a modernization project today and you're going to do that
23 much less work because you're not at capacity today.

24 And so I don't think we want to have a
25 disincentive to do the work that we need because it costs

1 the same amount of money.

2 ASSEMBLYMEMBER HAGMAN: One more thing, again back
3 to the Prop. 39 dollars. What happens if you're doing part
4 of that Prop. 39 energy efficiency, how do you connect that
5 to some of these dollars?

6 Least example, if you want to put solar on the
7 roof but all of a sudden, the roof's not supportive enough
8 for construction of that, Prop. 39 will pay for the
9 rebuilding of the roof, but you probably should because at
10 the same time you're going to modernize that roof, modernize
11 the facility.

12 And that's the problem. You start having multiple
13 agencies give out multiple different funding grants, you
14 cannot coordinate them as well and so I would definitely
15 encourage again administration to look at the possibility of
16 trying to run all these through one agency so you can do
17 economy of scale when you do projects.

18 MR. ALMANZA: So you're suggesting that the
19 calculation be based not on pupils but on square footage?

20 CHAIRPERSON BUCHANAN: And I don't know -- I mean,
21 yeah, up to -- I mean it could -- if you're only using half
22 the school and you're leasing, whatever, I mean I don't know
23 if -- what the right -- where the sweet spot is there, but I
24 do believe that when you go out and you put out a contract,
25 I mean if you're going to modernize, you should modernize

1 all the classrooms.

2 You shouldn't have a separate contract, you know,
3 down the road. I mean we should be upgrading the entire
4 school.

5 And maybe it's not feasible, I don't know, but
6 I --

7 MR. ALMANZA: Sounds expensive.

8 CHAIRPERSON BUCHANAN: Well, it may or may not be,
9 but it's -- I think it's -- over time it's cost effective.
10 And maybe there's limitations in terms of how you're going
11 to do this, but I would at least like us to look at it. We
12 may reject it, but I'd like us to look at it.

13 And then the funding we have, the percentage of
14 modernization grants provided that are used for hard
15 construction grants, what percentage, and is the current per
16 pupil funding grant model still appropriate, and I think
17 that was a little bit covered in my eligibility question.

18 But -- is there any comment on either of those?

19 MS. MOORE: I would still comment and if there is
20 interest by the Board, I mean we have a per ADA model again
21 for modernization and in some cases, a square footage for --
22 you can make choice, right, between doing it by student and
23 by square footage; is that correct?

24 MR. MIRELES: To calculate the eligibility, yes.

25 MS. MOORE: Oh, eligibility. Okay.

1 MR. MIRELES: Yes.

2 MS. MOORE: But is there any desire to really know
3 what the systems are that need to be updated or that are at
4 their life cycle cost and cost that and whatever
5 percentage -- I mean I'm not -- I realize the State -- part
6 of the State having limited resources, but it's one thing to
7 do per ADA without any kind of needs analysis for what that
8 particular site might need to do to bring their systems up
9 to current day or do we simply stay with the per ADA amount
10 and give, you know, the flexibility to the district to
11 determine where they want to spend that funding.

12 CHAIRPERSON BUCHANAN: Well, maybe you can come up
13 with an example for us. I don't know how you cost something
14 like that out, especially with the database we don't have.

15 MS. MOORE: Well, it's -- I can give you example
16 of the Department of Defense. They went in. They analyzed
17 every site. They determine what the cost was on the -- what
18 the life cycle cost of the systems were, what the cost would
19 be to update those systems.

20 They looked at whether they were meeting
21 educational requirements, for instance, if they had no
22 multipurpose room which I know is probably beyond where we
23 are, but they looked at that.

24 They arrived at a cost figure and because of their
25 particular program, you know, they look for a 20 percent

1 match from the State or from locals. But they actually were
2 funding actual work and --

3 CHAIRPERSON BUCHANAN: Right.

4 MS. MOORE: -- and it was -- and it differed every
5 site because different sites had different needs.

6 CHAIRPERSON BUCHANAN: But, one, we don't have
7 standards. I mean --

8 ASSEMBLYMEMBER HAGMAN: It takes away all the
9 flexibility.

10 CHAIRPERSON BUCHANAN: Yeah. And, two, we rely on
11 locals to develop their own local standards and we give them
12 the flexibility under new construction to make decisions.
13 So you got to ask yourself how much managing we want to
14 do --

15 MS. MOORE: Right.

16 CHAIRPERSON BUCHANAN: -- at the State level and
17 what we want to spend money on and -- but I'm open to -- if
18 there are any -- if there's any way to -- we can
19 certainly --

20 MS. MOORE: Well, maybe we can look at this and --

21 CHAIRPERSON BUCHANAN: -- talking about it more.

22 MS. MOORE: -- bring back --

23 CHAIRPERSON BUCHANAN: yeah.

24 MS. MOORE: -- any possibility around there.

25 CHAIRPERSON BUCHANAN: Right.

1 MS. MOORE: The one piece that I -- I mean I
2 continue to think about is that when we have reports that
3 come out and say indoor air quality is poor, you know,
4 should we be addressing indoor air quality first of all. I
5 mean how do you learn in an environment that has poor indoor
6 air quality. How do you learn in an environment that has
7 poor lighting. How do you learn in an environment, you
8 know, that is cold or hot. And those are systems issues.
9 So --

10 CHAIRPERSON BUCHANAN: Right.

11 MS. MOORE: -- we can certainly look at that and
12 provide information to the Board.

13 CHAIRPERSON BUCHANAN: Okay. I think that's it
14 unless there's something else anyone wants to bring up under
15 modernization.

16 Okay. So we'll take questions and we'd -- I'd
17 like to ask you to -- we have both the California Small
18 Business Association luncheon where the two of us need to be
19 over to the Convention Center and we have session that
20 starts at noon.

21 So we'd like to take public comment and --

22 MR. NEFF: Madam Chairman, members of the Board --

23 CHAIRPERSON BUCHANAN: You need to speak into the
24 mic so it can be -- yeah. If you sit down in the chair and
25 speak into the mic, that'd be great.

1 MR. NEFF: Okay. Am I on? Okay. All right.
2 Good morning. My name is Michael Neff. I am the Chief
3 Operating Officer of Saramark Incorporated.

4 Saramark is a constructor of learning
5 environments. We build with a 50-year design life.

6 But I'm here today as Chairman of the School
7 Facilities Manufacturers Association and with the Board's
8 indulgence, I'd like to take just a few minutes to talk
9 about the state of the construction industry in school
10 construction.

11 CHAIRPERSON BUCHANAN: If you could be as brief as
12 possible and then you can always provide us with a follow-up
13 letter, that would be great because I'm sure there are other
14 people in the audience who also have comments.

15 MR. NEFF: I will be brief.

16 CHAIRPERSON BUCHANAN: Thank you.

17 MR. NEFF: I want to talk about the perceptions of
18 portables versus where the industry is and I think the term
19 portables comes from the experience that many of us have had
20 directly or our children have had in what were portable
21 buildings -- portable classrooms constructed during the '70s
22 and '80s in particular when we had such a boom.

23 The industry has really evolved beyond that and
24 there is a whole gamut of types of facilities that are
25 constructed for schools.

1 Yes, there are still portables and portables are a
2 mobile home type of manufacturing. They are not really
3 meant to be permanent and indeed they are portable.

4 But that's a small part of the industry today.

5 The next evolution and it evolved from portables
6 is what the industry would call modular. These facilities
7 are built to be permanent, although they are brought to a
8 construction site having been fabricated in a factory, put
9 on a truck, and trucked out.

10 Could they be moved? Yes. Are they meant to be
11 moved? No.

12 The next gamut up is kind of what is called
13 panelized and prefabricated, which is what Saramark does.
14 These are permanent facilities meant to be permanent, but a
15 portion of them are constructed in a factory as well and
16 brought to a site.

17 And finally there is what everybody is familiar
18 with, the stick-built approach.

19 The continuum of types of facilities also has a
20 continuum of costs. Each one is slightly more expensive
21 than the next -- or slightly less expensive than the next
22 one up.

23 So the term portables which is used because of
24 our -- I think all of our personal experiences growing up,
25 when applied to the industry as a whole and all those

1 different types of construction is really inaccurate and I
2 want to just take this brief time to bring that to the
3 Board's attention as to, you know, when we're starting to
4 write regulations that we take into account there is an
5 evolving construction industry which continues to improve
6 the ability to provide learning environments to schools.

7 CHAIRPERSON BUCHANAN: Yeah. Thank you. And I
8 think we're all familiar with the difference between the
9 types that you discuss, so --

10 MR. NEFF: Okay.

11 CHAIRPERSON BUCHANAN: Thank you. Is there any
12 other comment?

13 MS. ALLEN: Good morning. I'm Cathy Allen. I'm
14 the Assistant Superintendent of Facilities for Sac. City
15 Unified School District.

16 Just another little comment about the concept of,
17 you know, our 3 percent match contribution that went away.
18 You know, it's very frustrating to have to tell somebody --
19 a principal, that, you know, I can't fix your roof right
20 now, but if it falls down on you, then I'll be happy to
21 replace it with my bond money.

22 And then 55 percent parcel tax would be an awesome
23 thing, but again I don't think it's equal all the way across
24 the board. So I think you're going to find some districts
25 that will embrace that wholeheartedly and you'll find some

1 districts that will never pass a 55 percent parcel tax to
2 fix schools.

3 And you're always going to be pitted against
4 teachers and teacher salaries and in the classroom. So --

5 CHAIRPERSON BUCHANAN: You know that that doesn't
6 come out -- I mean that would be dedicated. It wouldn't be
7 teacher salaries.

8 MS. ALLEN: Right. But I mean if you have two
9 things on a ballot and one of them is for teacher salaries
10 and one of them is to maintain your schools, I mean I guess
11 it depends on where you're at, but one's probably going to
12 do better than the other one.

13 I just think that if there was a way to equitably
14 assure that districts are making some kind of commitment to
15 their maintenance and operations and then anything on top of
16 that, such as a parcel tax that would be dedicated for
17 additional funds, that would be wonderful.

18 But that -- maybe that baseline would be
19 preferable.

20 And then one other little comment about indoor air
21 quality, Ms. Moore, because you brought it up. You know, we
22 have a lot of project green things at Sac. City which we're
23 very fortunate to be able to do.

24 But a good example of where it doesn't work quite
25 like we think it would, you know, we were getting ready to

1 replace windows in one school site and because they were
2 operable windows, all of a sudden, you know, a lot of other
3 mandates kicked in, ADA compliance, so we had the choice of
4 changing them to nonoperable windows, which we didn't really
5 want to do because indoor air quality issues, so now we're
6 only going to do half the windows in the school and
7 hopefully we'll find some money to do the other half a
8 little bit later.

9 But I just wanted to piggyback on that because
10 there was a good article in the paper and it didn't bring up
11 a lot of topics that I think we need to address as we move
12 forward. Thanks.

13 CHAIRPERSON BUCHANAN: Thank you.

14 MR. BAKKE: Eric Bakke of the Los Angeles Unified
15 School District. This has been a great discussion. I think
16 we're actually really starting to get into the meat and
17 potatoes of, you know, what a future bond program should
18 look like. I really do.

19 I think there's a lot of work that we still have
20 to go forward. I appreciate, Kathleen, your comments about
21 flexibility.

22 School construction isn't black and white. I
23 think funding a school based on a set criteria I think from
24 some perspective makes sense from a minimum standard from a
25 State perspective, but it doesn't really translate into

1 actually being able to fund the school that you need.

2 And I think for so long now schools have designed
3 their programs based on what the funding can provide you.

4 When there's -- as the examples that were shared
5 today show that there are some great ways you can design and
6 structure your school sites and the funding could make that
7 happen and make that more of a reality throughout the State.
8 So I think that's great and I appreciate that.

9 As far as the facility condition assessments or
10 State data inventory, our district wholeheartedly agrees
11 with that. We're in the middle of that and I just wanted to
12 come and offer any information that we have put together to
13 the State and to OPSC as well.

14 We're in the middle of doing that ourselves, both
15 from an energy standpoint as well as a condition assessment
16 standpoint and we've just completed all of our high schools.

17 CHAIRPERSON BUCHANAN: So do you have -- are you
18 using a program you created? Did you buy a canned program?
19 What did you do for that?

20 MR. BAKKE: It's something internal we've
21 developed ourselves. I think there is some outside
22 collaboration and stuff. We'd be happy to share that
23 information and --

24 ASSEMBLYMEMBER HAGMAN: You want to give it to us
25 for free?

1 MR. BAKKE: We can talk. We can talk.

2 CHAIRPERSON BUCHANAN: Yeah. Well, maybe Bill and
3 Lisa and Juan, maybe --

4 ASSEMBLYMEMBER HAGMAN: We've given you so much
5 the last ten years -- probably used our dollars to pay
6 for --

7 CHAIRPERSON BUCHANAN: It'd be great for the staff
8 to be able to take a look at that.

9 MR. BAKKE: We would love that, for you guys to
10 come down and see what we've done, how we put it together,
11 what we're looking at. I think Assemblyman Hagman made a
12 reference that we want to make it usable for schools and get
13 them to participate in it and I think from our standpoint
14 this is important for us to know what our needs are going
15 forward.

16 I think a lot of our conversation lately has
17 always been about, you know, the PIW and what we've done,
18 but it doesn't tell you anything about what we need going
19 forward.

20 CHAIRPERSON BUCHANAN: Right.

21 MR. BAKKE: It's kind of a wasted conversation in
22 our opinion. I think what we need to do is figure out
23 generally where school districts up and down the State, what
24 their priorities are --

25 CHAIRPERSON BUCHANAN: Right.

1 MR. BAKKE: -- what their focus is going to be and
2 then how do we go about achieving that and helping them
3 through some sort of assistance.

4 But absent that conversation, we're really not
5 going to get very far.

6 CHAIRPERSON BUCHANAN: Right.

7 MR. BAKKE: So -- but we'd be happy to help try to
8 move that conversation forward. Any information we have,
9 we'd be happy to share. So I just want to share that.

10 CHAIRPERSON BUCHANAN: Any other comments?

11 MR. NICHOLS: Good morning. My name's John
12 Nichols. I'm a principal and practice leader Agency
13 Architects. We do a lot of work with school districts all
14 over the State.

15 I applaud the conversation that's going on around
16 here and it's good discussion.

17 One of the things that I wanted to comment on and
18 applauding your talk this morning about educational
19 flexibility and the need that school districts are should be
20 provided time to look at that in the funding concept.

21 I think one of the things that I wanted to say,
22 Ms. Buchanan, with regard districts getting in line for
23 funding -- one of the things that I've seen working over the
24 past few decades is that whenever there's a carrot for a
25 district to get in line for State funding that is triggered

1 by DSA plan approval in recent case, it motivates and
2 incentivizes shortcuts to be taken.

3 So these creative engagements of educators and
4 community members to think of different ways of delivering
5 instruction is inhibited by the rush to get in line for
6 funding -- get your approval from DSA, and get in line for
7 funding.

8 So it's interesting discussion to want to provide
9 that extra flexibility, but when you place that carrot out
10 there that motivates districts to rush to get in, they're
11 motivated not to take that time to engage their academic
12 folks and the community to explore the different types of
13 instructional delivery --

14 CHAIRPERSON BUCHANAN: But we're talking about
15 once you've been through all of that and you have all your
16 approvals, then you come us for funding and you're on the
17 list.

18 The question is, is how long do you stay on the
19 list.

20 MR. NICHOLS: Absolutely. That's an excellent
21 question. It's before you get to that point to get on the
22 list, you have to get through DSA right now.

23 And in order to get through DSA, you have to -- we
24 have to expedite what we do as architects to get in line for
25 that. And we're -- I'm seeing shortcuts being taken by

1 districts that want to plan, want to engage broader
2 constituencies and what their learning spaces should look
3 like, but they don't because they need to get in line.

4 So I mean just -- I know that we want to create
5 jobs, but I know in this era energy efficiency, operational
6 efficiency is critical as well as getting the maximum
7 return -- investment for academic outcomes.

8 And it's taking more time with our users to come
9 to that consensus within the community to decide what really
10 a facility should look like to deliver education to their
11 kids and the rush to get in line to DSA inhibits that in
12 some way.

13 MS. MOORE: Mr. Nichols, do you have a suggestion
14 about what -- I mean I guess what I hear too is how we fund
15 say charter schools or some of the other programs where we
16 provide the reservation up front and then they have a period
17 of time to perfect it, that we don't do in new construction
18 or modernization. Is that what you're suggesting?

19 MR. NICHOLS: Yeah. Anything, Kathleen, that
20 could be done to give a district a defined period of time
21 that they could start a process and they knew when they
22 needed to complete it would allow them and us to create a
23 road map to get the steps completed.

24 But anytime where faster is better, no matter how
25 much you intend to want to plan, if that carrot's out there,

1 the quicker you get in, especially when funds start to
2 diminish, that you're going to be more likely to get the
3 State funding, you're going to take shortcuts.

4 So anything that would define a planning and
5 execution period that was defined and a district could count
6 on, the team could develop the road map to go through the
7 right steps. That would be what I would encourage.

8 CHAIRPERSON BUCHANAN: Yeah. I probably look a
9 little perplexed because for most districts -- I mean I --
10 it's a district choice in terms of what process they want to
11 use and in terms of the architect you hire and your ability
12 to have your site and master plan committees that involve
13 parents and teachers, it can be a very efficient process
14 where you get that input or it can be an architect that
15 says, well, let's meet back again in two months, in which
16 case, you know, it's not really the process that's holding
17 it up, it's the fact the architect might be a little bit
18 overcommitted and can't meet frequently enough.

19 Because I've seen tremendous input go into
20 projects that are designed and get DSA approval in a very
21 short period of time and I've seen other projects that get
22 dragged out.

23 So to a large extent, it's -- the district is
24 making a decision there that's outside of our hands and I
25 can understand they want to get it to DSA quickly if you are

1 where you are in the program right now and you're running
2 out of funds, but still the district has got to work -- we
3 can't avoid the fact that we might, you know, run out of
4 funds with a bond in the future.

5 But the district itself has to determine what
6 process it wants to use with all of its stakeholders.

7 MR. NICHOLS: One of the things that's symbolic to
8 me that I've heard districts talk about in the last couple
9 of years -- year or two is that they've made statements
10 like, well, now that our assessed valuation is depressed and
11 we can't issue bonds and now that the State's out of money,
12 we might as well do planning. We might as well think ahead.

13 CHAIRPERSON BUCHANAN: Well, there were some --

14 ASSEMBLYMEMBER HAGMAN: So the architect biz is
15 good now.

16 CHAIRPERSON BUCHANAN: There are some districts
17 that have been planning all along.

18 MR. NICHOLS: That is true, but there are a lot of
19 districts that the only reason they're choosing to do the
20 planning is because they really have limited funding to do
21 anything else.

22 I'm just concerned that when, you know, local
23 bonds and assessed valuations start to go up and they're
24 able -- and when the State does have whatever funding they
25 do that we'll return to -o-

1 CHAIRPERSON BUCHANAN: That's a local decision
2 though. They should have been planning all along. They
3 should plan again. I don't know how we force a district to
4 do better planning.

5 MR. NICHOLS: Just give them a defined period to
6 allow it to happen.

7 CHAIRPERSON BUCHANAN: Well --

8 ASSEMBLYMEMBER HAGMAN: Just a quick question for
9 everybody here too -- or just something to think about.

10 We have fire sprinklers, we have alarms, how about
11 IT. You have it on your list. I mean we have to have
12 computers at least get started next year. Is that something
13 we're going to allow to put in what little money they've got
14 left (a), and (b) how does that go forward for not the
15 tablets and computers the students use but the actual
16 infrastructure, the wireless, the T100 lines, whatever the
17 case may be to get that to the school sites.

18 CHAIRPERSON BUCHANAN: Well, I think the current
19 bond -- but I guess the question is, is there any way of
20 assessing what our IT needs are.

21 You know, in the old -- and even the regulations,
22 maybe this isn't your domain. Maybe we should be -- but,
23 you know, we used to require -- it was -- what was it, six
24 drops. I mean now you use wireless, so I don't know even in
25 terms of what we require, if we should be doing --

1 ASSEMBLYMEMBER HAGMAN: And the flexibility as
2 technology --

3 MS. MOORE: I think there's been some surveys with
4 the Smarter Balance Assessment component and readiness for
5 that and I'll check into see if that's available to provide
6 to the Board.

7 CHAIRPERSON BUCHANAN: We had a presentation in my
8 committee. I think they are still -- over half the
9 districts haven't responded and it's not even clear exactly
10 with the information they have exactly what they're
11 counting, but hopefully we will have more info on that.

12 But it's -- but that survey was primarily counting
13 computers and I don't remember to what extent they were
14 taking a look at -- and the bandwidth. I mean, you know,
15 what happens when half your students are on the computer at
16 the same time.

17 ASSEMBLYMEMBER HAGMAN: Thank you.

18 CHAIRPERSON BUCHANAN: All right. Look forward to
19 more discussions. Thank you very much.

20 (Whereupon, at 11:50 a.m. the proceedings were
21 recessed.)

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REPORTER'S CERTIFICATE

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) ss.
COUNTY OF SACRAMENTO)

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