

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CALIFORNIA STATE ALLOCATION BOARD  
SCHOOL FACILITY PROGRAM REVIEW SUBCOMMITTEE  
PUBLIC MEETING

STATE CAPITOL  
ROOM 4202  
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, OCTOBER 24, 2012

TIME: 9:05 A.M.

Reported By: Mary Clark Transcribing  
4919 H Parkway  
Sacramento, CA 95823-3413  
(916) 428-6439  
marycclark13@comcast.net

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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

1

2

3

CHAIRPERSON BUCHANAN: Call the meeting to order.

4

I was just informed that Assemblymember Hagman just arrived

5

at the airport. I guess his plane was a little bit late.

6

So he'll be joining us probably within a half an hour or so.

7

Anyway, welcome. This is the first meeting of the

8

Subcommittee that has been charged with taking a look at the

9

program itself and making any recommendations to the Board

10

and to the Legislature regarding any changes or

11

modifications we'd like to see in the program moving forward

12

as we put the 2014 bond on the ballot.

13

And what I ask that we do at our first meeting is

14

have an overview of the current program so that all of us

15

have a deeper understanding of where our money goes now,

16

what the regulations are and the guidelines that we follow

17

and then I'd like to have a -- we'll take public comment and

18

then I'd like to have member discussion here on, you know,

19

particular areas that they'd like us to drill down in deeper

20

in future meetings.

21

So with that, Lisa, do you want to begin.

22

MS. SILVERMAN: Yes. Good morning. Definitely

23

want to take advantage of this opportunity to be here early

24

morning. Before we get started, let's say go Giants.

25

CHAIRPERSON BUCHANAN: I'm wearing my good luck

1 Giants clothes here.

2 MS. SILVERMAN: Yeah. There you go. So we're  
3 going to walk through a few items today and again just to  
4 give a general overview of the program as you outlined and  
5 we'll be handing off to various members here. Juan will  
6 also cover a portion of the program along with Barbara  
7 Kampmeiner and Tracy Sharp.

8 So let's get started. Again the Board actually  
9 set up this Program Subcommittee at the last State  
10 Allocation Board meeting and again the goal was to look at  
11 the program in its entirety and see what advantages or  
12 opportunities we have to make some improvements -- or  
13 recommend some improvements potentially for our future  
14 program.

15 So back in 1998, the Greene Act actually was the  
16 catalyst for setting up the program under Proposition 1A and  
17 that actually changed the program dramatically. The prior  
18 program had a lot of State controls in place and that was  
19 the Lease-Purchase Program, but the new program was  
20 basically designed and actually created some caveats.

21 It was going to create a matching basis for the  
22 program. It actually set up the formula for pupil grants.  
23 It actually provided opportunities for supplemental grants  
24 and additional site grants and other specific cost-related  
25 grants as a basis for some of the funding.

1           With that, it actually provided a lot of  
2 flexibility. The districts actually control the scope of  
3 the project and again the goal was to have less oversight  
4 from the State.

5           Some requirements actually did move forward --  
6 actually required a couple different approvals. We had the  
7 Division of State Architect who actually had to provide an  
8 approval of the project and to ensure that it met the Field  
9 Act requirements and other requirements as outlined in law.

10           And the Department of Education also had its  
11 requirements as well. Their requirements related to the  
12 site approvals and educational adequacy.

13           The changes in the program again really focused on  
14 a lot of different structure. One of the catalysts that  
15 they emphasize is full and final apportionment. So all  
16 State grants were final.

17           Additionally if a district actually had achieved  
18 some unanticipated savings, those savings were actually kept  
19 with the district and with that they could also this money  
20 on high priority capital outlays.

21           With the maturity of the program, again  
22 Proposition 1A set out -- there as very few programs in the  
23 first bond initiative. It covered new construction,  
24 modernization, hardship, and it also covered class size  
25 reduction.

1           So the premise of the program at that time was  
2 only four programs that were covered. But as it started to  
3 mature under Proposition 47, again more programs were  
4 actually included and that also included the charter schools  
5 and the joint-use program.

6           There was actually some set-aside money for new  
7 construction and modernization and that really focused on at  
8 the time, the Board had created an infinite list. So the  
9 bond actually did grandfather in some funds to incorporate  
10 those projects.

11           And under Proposition 55, again adding some more  
12 projects, again they added the critically overcrowded  
13 schools. The premise of the program still remained the  
14 same: monies to new construction and modernization and  
15 additional funds for charter schools and joint-use.

16           And the last bond initiative was Proposition 1D  
17 and it actually added a few more boutique programs to it and  
18 we have the overcrowded relief grant program. Again the  
19 basis is new construction, modernization -- career tech  
20 educational program. More funds to the joint-use and we  
21 actually have a carve-out also under the new construction  
22 for the seismic program.

23           As -- again one of the changes -- significant  
24 changes in the program as it was maturing really occurred  
25 during the Proposition 47 phase. The basis of the program

1 for the modernization grant was an 80-20, meaning the State  
2 committed 80 percent of the funds and the district matched  
3 20 percent.

4 But that did change to a 60-40 match and so again the  
5 State's share changed to 60 percent for the mod program and the  
6 district's share was 40 percent at that time.

7 If I could draw your attention just to a pie chart on  
8 page 3, so the School Facility Program over the last 14 years -- again  
9 it just -- provide you a display there -- \$35.4 billion have been  
10 allocated to the program.

11 And if I can direct your attention to page 4, I did  
12 highlight some of the bond initiatives and how the program has matured  
13 and added additional programs.

14 Again Proposition 1A did provide \$6.7 billion;  
15 Proposition 47, 11.4 billion; Proposition 55, 10 billion; and  
16 Proposition 1D, \$7.3 billion.

17 And we've been providing the Board obviously regular  
18 updates. We still have some money in the current program under the  
19 Seismic Program. There are still funds in the various categories in  
20 Proposition 55, a little bit in Proposition 47 for new construction and  
21 modernization.

22 So with that, I would turn it over to Juan so he can give  
23 you a basis of how the application is processed.

24 MR. MIRELES: So the typical process involves two major  
25 steps. The first one is districts have to qualify, meaning that they  
26 have to determine that there's eligibility for each of the programs.  
27 Districts can apply for eligibility before or at the same time as  
28 funding. Staff reviews that eligibility, takes it to the Board for  
29 approval, and after that they generally go out and get the plans

1 approved by the different agencies.

2 This particular case, the two major ones as Ms. Silverman  
3 mentioned is the Department of Education and the Division of State  
4 Architect. Once those plans have been approved, then they can submit a  
5 funding application and then we do another review which then gets also  
6 submitted for Board approval.

7 After the Board approves it, then they can request funding  
8 which is a fund release. Once the funds have been released, then  
9 there's different expenditure reports that the districts have to submit  
10 until the closeout is performed.

11 That is a very basic general high-level of how the program  
12 works. But before we get into the mechanics of how each of them works,  
13 I wanted to give you a very high-level overview of each of the programs  
14 and put them side by side so you can see the differences between each.  
15 This is found on page 6 on Tab 2.Okay.

16 Let me go over the two bigger programs. So on this matrix,  
17 you see -- the first one is New Construction. And again there's two  
18 basic components and we're going to get into each of these for each  
19 program which is eligibility and funding.

20 For New Construction, just to give you an example, the  
21 eligibility is determined on a district-wide basis and it is basically  
22 to create funding for unhoused pupils. Districts can build classrooms  
23 to create seats for these unhoused pupils. It could be adding a couple  
24 of classrooms to an existing site or it could be building a completely  
25 new school.

Now the actual funding is based on a per pupil formula which  
again we'll get into detail a little bit later. And in addition to the  
per pupil grant amounts, there's also supplemental grants that they can  
qualify for.

Now generally speaking, there is a local match requirement,

1 but under this program, districts can apply and qualify for financial  
2 hardship, in which case they can receive up to a hundred percent State  
3 financing for the eligible cost.

4 The second one is Modernization. This one's a little  
5 different. Yes.

6 CHAIRPERSON BUCHANAN: Actually New Construction, you can  
7 either do it on a district-wide or high school attendance area; right?

8 MR. MIRELES: That's correct. That's correct.

9 CHAIRPERSON BUCHANAN: Yeah. So large school districts,  
10 if -- yeah.

11 MR. MIRELES: Yeah.

12 CHAIRPERSON BUCHANAN: Right. Okay.

13 MR. MIRELES: Thank you. Yes. Modernization is site  
14 specific and it's basically based on the age of the buildings. If you  
15 have older buildings which in this particular case means buildings that  
16 are 20 years or older, you can qualify for modernization eligibility.

17 The funding formula is very similar to New Construction in  
18 terms of providing a per pupil grant amount plus any eligible  
19 supplemental grants and it also allows for the financial hardship  
20 aspect, you know, for districts that qualify for funding.

21 Now this one is on a 60 percent State, 40 percent district  
22 basis. So that is the basic high-level comparison again in terms of  
23 eligibility and funding and whether there is financial hardship  
24 available for those programs.

25 I do want to highlight that we have a correction under the  
Joint-Use. We have stated that the financial hardship is available for  
Joint-Use. It is currently not available. So it is available on a  
50-50 basis.

And then another thing that I want to highlight is  
just the Career Technical Educational Program and the

1 Charter School Facilities Program, they do not have  
2 financial hardship available, but they can apply for a loan.

3           So again this is a very high-level overview, a  
4 side by side of each of the programs. We're going to get  
5 into the mechanics, the details of how each of those work.

6           So with that, I'll hand it over to  
7 Ms. Kampmeinert.

8           MS. KAMPMEINERT: Good morning. So the next --  
9 well, the first program we'd like to start with in detail is  
10 the New Construction Program. This is one of the core  
11 programs of SFP. I'm going to begin on page 7 which is  
12 behind Tab 3 and then our plan from here is to walk you  
13 through each of the individual programs and answer any  
14 questions that you may have.

15           Juan mentioned some of the components of the New  
16 Construction Program, but again this is to add classroom  
17 capacity to meet future student housing needs. So if you  
18 look at our graphics here, we've got an overcrowded  
19 classroom where we don't have any place to put the kids. So  
20 how does a district plan for that.

21           Well, under the SFP New Construction Program,  
22 districts take a look at their future enrollment needs and  
23 they project those needs either on a five- or a ten-year  
24 basis and compare that to the existing capacity that the  
25 district has available to house the students.

1           The difference between the projection of  
2 enrollment and the existing capacity becomes new  
3 construction eligibility.

4           So if you look down at the bottom of page 7 there,  
5 we've got some happy children in these little classrooms.  
6 We have seating for 27 pupils right now.

7           Well, in five years, there are six kids that are  
8 not going to be able to get into that classroom because it's  
9 full. So the eligibility under the program would be to  
10 house six students.

11           Now that's obviously a very basic example. These  
12 numbers are much higher in real life.

13           The projection of the enrollment uses what's  
14 commonly referred to as the cohort formula and it takes the  
15 historical enrollment data from the past five or ten years.  
16 Now that's not the only thing the district can use when  
17 projecting that lead.

18           We have cases where there is new development  
19 that's going on and that also needs to be accounted for. So  
20 to supplement the enrollment, a district can look at the  
21 dwelling units that are going in in the district's area and  
22 augment the enrollment projection with those dwelling units  
23 and that's to allow for adequate planning for the future so  
24 that the facilities can be built before the students  
25 actually arrive.

1           Now New construction grants can be used to build  
2 entirely new schools or they can be used to add classroom  
3 capacity to an existing school site. The grant is intended  
4 to pay for the construction costs of the classrooms as well  
5 as things like core facilities, multipurpose rooms,  
6 gymnasiums, administrative facilities, things that would go  
7 along with a new school project as well.

8           Now, the -- when the School Facility Program looks  
9 at how many students should be in a classroom, on page 8,  
10 we've got a chart here of how the classrooms are loaded and  
11 it's determined by grade level.

12           So for a K-6 classroom, the State would expect 25  
13 students in each classroom and then for 7 to 12, it's 27  
14 students per classroom and then the loading standards are  
15 adjusted for nonsevere and severe students as well because  
16 there's more space needs there.

17           And as was mentioned, the eligibility can be  
18 determined either on a district-wide or an attendance area  
19 basis.

20           We have a very basic attendance area shown on  
21 page 8. So basically this is -- this box sort of in the  
22 bottom third of the page would represent the entire  
23 district. Now, we've got it broken into four different  
24 attendance areas.

25           So where this comes into play is if there is one

1 area of the district that's experiencing tremendous growth,  
2 they may have a need for new facilities over there, while  
3 maybe the Attendance Area 4 perhaps is the older part of  
4 town and maybe it's not experiencing any sort of growth.  
5 It's a more established area and maybe you don't have a lot  
6 of children there.

7           So rather than factoring that into the  
8 district-wide eligibility which may never give you a need  
9 for any additional capacity, if you break it into attendance  
10 areas, you could generate eligibility in one of the areas  
11 but not the other. So that addresses the needs within the  
12 district when the demographics are vastly different.

13           New construction eligibility -- so the program  
14 does expire every year. So this is something that a  
15 district needs to update with current information either at  
16 the same time as submitting the funding application or on an  
17 annual basis in advance of the funding application.

18           And this is done to -- because it's a moving  
19 target. The projection -- so it might change. Things shift  
20 in the district. So the eligibility is only good for one  
21 year.

22           For small school districts, this can be locked in  
23 for three years because the changes in a small school  
24 district can have a larger impact and, you know, a couple  
25 students leaving one year could have a great impact on the

1 projections. So for small school districts, there currently  
2 is a lock available -- three-year lock so that they can plan  
3 for their projects without fearing that the eligibility is  
4 going to disappear one year and then return the next.

5           So once a district has determined eligibility,  
6 then they can come in and apply for funding. So moving over  
7 to page 9, the funding process is done on a per pupil grant  
8 basis and the New Construction Program does provide funds on  
9 a 50-50 State and local sharing basis.

10           The per pupil grant amounts -- we've listed them  
11 for the current year down at the bottom of the page. So for  
12 the K-6 grade level, for each pupil grant of eligibility  
13 that a district has, that base grant amount is worth \$9,455  
14 at the K-6 level and it increases from there from 7-8, 9-12,  
15 and then severe and nonsevere.

16           Now these grants do change every year in keeping  
17 with the Class B Construction Cost Index and they're  
18 adjusted by the State Allocation Board typically around the  
19 beginning of the year, around January.

20           And the -- there are a couple other things to  
21 highlight on this program. Right now in the funding  
22 process, the construction costs -- either the estimated or  
23 the actual construction costs must be greater to or --  
24 excuse me -- greater than or equal to 60 percent of the  
25 State share of the -- State grant plus the district's

1 matching share. So it's a 60 percent commensurate  
2 requirement.

3           And then the other thing is that a district must  
4 submit the funding application prior to occupying the new  
5 facility. So it can be done well in advance, but the last  
6 point to submit for that funding is the date when the  
7 building is occupied.

8           Let's see. And then the funding formula is shown  
9 on page 10. The basic funding formula is the pupil grants  
10 requested times the per pupil grant amount and that equals  
11 your base grant.

12           However, there are supplemental grants that can be  
13 added onto the project. Once you have the base grant and  
14 the supplemental grants, you get the total State share at  
15 50 percent and then you double that and you get the hundred  
16 percent total project cost.

17           And on page 11, we have an example of what that  
18 actually looks like and Tracy Sharp is going to walk through  
19 that example for you.

20           MS. SHARP: Good morning. Sorry. Okay. So we  
21 have an example here of a new construction project for you.  
22 And you're probably familiar with seeing these in the  
23 consent agenda.

24           Anyway, we wanted to show an example of how we get  
25 to these various grants that are listed on the funding items

1 that you would typically see in the consent agenda each  
2 month listed on there.

3           It breaks out and basically shows you the formula.  
4 Now, I will also start with letting you know that this  
5 particular example is an extreme example in some respects.  
6 We have a new construction project that is 20 classrooms at  
7 the K-6 grade level that based on the loading standard would  
8 be about -- would be 500 pupil grants. But we've also made  
9 another assumption about this site in that it's only two  
10 acres which is quite small.

11           But the purpose for doing that is to be able to  
12 show as many supplemental grants that might apply to an  
13 application to give a flavor for how they're calculated.

14           So we start with the basic base grant. You take  
15 your number of pupils per classroom and 20 classrooms and  
16 you get your base grant there. The current 2012 K-6 grant  
17 amount is 9,455.

18           And then the next two grants are for fire code  
19 requirements. These supplemental grants were the result so  
20 of SB575 and basically added new requirements. And so the  
21 supplemental grant here is to provide funding to help  
22 districts meet those new requirements in law.

23           There's a supplemental grant for multi-level  
24 construction. This project assumes that all the classrooms  
25 are multi-level and so the district would get an additional

1 12 percent of the base grant added on for every people house  
2 in a multi-level building.

3 Project assistant is added. This would be for a  
4 small district, less than 2,500 pupils. These grant  
5 amounts, I should mention, are established with that annual  
6 cost of construction index that the Board considers each  
7 year, as Barbara said, approximately in January. So that's  
8 where some of these rates are coming from and this project  
9 assistance is adjusted each year with that, and it assists  
10 districts --

11 CHAIRPERSON BUCHANAN: And what's the intent of  
12 the project assistance? To cover which cost?

13 MS. SHARP: It would assist districts in the cost  
14 of completing applications and preparing all the documents  
15 necessary to establish their eligibility and funding  
16 applications.

17 And then we move onto the next four that starts  
18 with site acquisition, relocation costs, the 2 percent  
19 amount, and DTSC fees.

20 And so under New Construction, a district can get  
21 50 percent of the lesser of either the appraised value or  
22 the actual value. In this case, we've basically said the  
23 appraised value and the actual value is \$5 million, so  
24 they're getting a 50 percent amount of that.

25 We're throwing in some relocation costs. If this

1 site went through a combination proceeding and potentially a  
2 business had to be able relocated, they can get additional  
3 grants for those costs.

4 The 2 percent amount is actually 2 percent of the  
5 value of the site and this is to assist with the appraisal,  
6 escrow, survey, site testing.

7 And DTSC fees, the districts are required to have  
8 their site reviewed by Department of Toxic Substance  
9 Control, so there's a grant here -- a supplemental grant to  
10 cover those costs and if there were any hazardous waste  
11 removal needs on this site, 50 percent of those costs.

12 And then we get into the next three which are  
13 commonly called site development as a group to cover the  
14 cost of preparing the site, adding curbs and gutters,  
15 landscaping, and utilities.

16 And then we move onto general site that's offered  
17 for new acreage and that's to cover more things inside the  
18 site: walkways, hard landscaping, sports fields.

19 This formula is a three-step formula for general  
20 site. So once I'm done going over all of these, we'll flip  
21 to the next page and we'll be able to see how exactly that  
22 is calculated.

23 We've also added a high performance incentive  
24 grant on this project. It garnered 34 points through the  
25 process and got an additional 339,000 for that.

1           And then depending on its geographic location, in  
2 the SFP regs, there is a chart that defines what areas  
3 within the State can get an additional percentage bump,  
4 anywhere from 5 to 50 percent depending on location for cost  
5 factors based on their location.

6           And the urban/security/impacted site, this grant  
7 is based partially on the size of the site. We rely on  
8 Department of Education plan approval and site approval  
9 letters to get the recommended site size for it and if the  
10 site is 60 percent or less of the CDE recommended site size  
11 and the value per acre is 750,000 or more, they can qualify  
12 for this grant.

13           And then there's the prevailing wage monitoring  
14 grant which if your construction contract award is after  
15 January 1st, 2012, the project would be subject to  
16 monitoring by the Department of Industrial Relations and an  
17 additional grant is provided for that.

18           So that's how -- a basic overview of these grants  
19 and how they are calculated. If we want to flip to the next  
20 page, page 12, we have the specific steps and the  
21 calculation for the general site, high performance, and  
22 urban/security/impacted site grant. They're a little more  
23 complicated than just a basic percentage increase. There's  
24 multiple steps, so we have spelled those out for you.

25           Any questions about that?

1           CHAIRPERSON BUCHANAN: I have just one quick  
2 question. Does the 60 percent apply to all the items here  
3 related to construction or just the base grant?

4           MS. SHARP: The 60 percent commensurate test?

5           CHAIRPERSON BUCHANAN: Yes.

6           MS. SHARP: It applies to all.

7           CHAIRPERSON BUCHANAN: Okay.

8           MS. SHARP: We would -- sorry. I need to qualify  
9 that. We would exclude site acquisition and I believe it's  
10 LCP and prevailing wage grant are excluded from that  
11 calculation.

12           CHAIRPERSON BUCHANAN: Right. Right. Okay.  
13 Thank you.

14           MS. SHARP: Any other questions? If we're ready,  
15 we'll move onto the Modernization grants -- or the Program.

16           Okay. So for the Modernization Program, as noted  
17 funding was provided in Propositions 1A, 47, 55, and 1D.  
18 The intent is to extend the useful life of the facilities  
19 and enhance the physical environment of the school.

20           This is a very broad description and districts  
21 have a lot of choice when it comes to how they're going to  
22 use their modernization grants. Typical projects include  
23 structural upgrades, accessibility improvements on the site,  
24 air conditioning, heating, plumbing, technology, roof  
25 replacement, and on from there. Those are just some of the

1 bigger more typical things that we've included.

2           In addition under Modernization, a district could  
3 elect to demolish a facility and replace it under -- using  
4 their mod funding.

5           Similar to the New Construction Program, funding  
6 is provided on a per pupil grant basis. That is adjusted  
7 each year by the Board as mentioned earlier.

8           And if the buildings on the site are 50 years or  
9 older, they will get a higher grant amount. So that's part  
10 of the program.

11           And as well, they can get additional grants for  
12 upgrading the utilities when it's -- for 50-year-old  
13 buildings or older.

14           So eligibility -- we'll start into that now. Each  
15 school site has its own separate eligibility. It's site  
16 specific and districts can choose to establish each site at  
17 their -- at will. It doesn't have to be the whole district  
18 all at once.

19           The main eligibility factors are the age of the  
20 building. Permanent buildings 25 years or older are  
21 eligible; portable buildings, 20 years or older. And the  
22 second factor is the site enrollment by grade level at the  
23 time.

24           So when a district comes in and we look at  
25 their -- what's on the site right now, that day, when they

1 establish their eligibility, we commonly call that their  
2 snapshot. What does it look like today and that's your  
3 snapshot moving forward that stands.

4           So districts have two choices when developing --  
5 or establishing their eligibility. We commonly call it  
6 Option A or Option B. It can be on your classroom count or  
7 it can be a ratio that is square-footage comparison or  
8 number of classrooms.

9           Districts aren't locked in. They can establish at  
10 one and change it over time as it benefits them. So it's up  
11 to them to choose that.

12           They're not required to update their eligibility  
13 as with New Construction, such that it doesn't have to  
14 decrease if their enrollment at the site decreased.

15           And just look into some examples here of the  
16 eligibility calculations, starting with classroom count. So  
17 we would look at the number of eligible classrooms on the  
18 site and by eligible, I mean of age. They're at least 20 or  
19 25 years old -- multiply that by the pupil loading standard  
20 for the grand level. So for a K-6, that'd be 25 and that  
21 would give you your maximum number of pupil grants.

22           Now we're also going to compare that number of  
23 pupil grants to your CBEDS enrollment at the site for that  
24 year and it's the lesser of the two.

25           So in our example here for a K-6 school that has

1 six eligible classrooms, multiplied by 25 gives potentially  
2 150 eligible pupil grants which would become the baseline  
3 and that's the maximum that they could gain there at that  
4 site.

5 Now if we turn the page to page 14, I will walk  
6 through the second option for eligibility and this is the  
7 ratio option based on either classrooms or square footage.

8 So in our example, we have a -- on this particular  
9 site, step one would be to look at how many eligible square  
10 feet do you have. In this case, we're showing 2,000. The  
11 total square footage on the site is 4,000. Divide 2,000 by  
12 4,000, you get your ratio of .5.

13 Step two is to take then your pupil grants. If  
14 there are -- for the K-6, 100 of them, if there's -- times  
15 .5 and the result is 50 K-6 pupil grants on the baseline for  
16 that.

17 Now, you can also apply this in classroom count.  
18 So if it was four total classrooms on the site and two of  
19 them were of age, the same methodology would apply for  
20 figuring out the ratio.

21 Now we'll move onto funding. Modernization  
22 Program provides funding on a 60-40 basis as mentioned  
23 earlier. It's based on the per pupil grant amount which is  
24 then your base grant.

25 Districts -- say we had a baseline eligibility of

1 50 pupil grants, the district could use all those 50. And  
2 when -- the pupil grant amount is based on the year that  
3 they submit their application and the actual amounts for  
4 2012 are listed here for each grade level. We have not  
5 included the 50-year-old building rate, but that would be  
6 higher for them.

7           And then funding formula is very similar to New  
8 Construction. Pupil grants requested times the per pupil  
9 grant amount is your base grant and your base grant plus any  
10 supplemental grants will give you your total State share.

11           I would like to make a correction there on step  
12 three. That should be State share 60 percent, district  
13 share 40 percent. That shouldn't be 50-50.

14           And then we have an example on page 15, similar to  
15 the one provided on new construction, a potential  
16 modernization project and how the supplemental grants work.  
17 So if we had a project that requested 200 pupil grants for a  
18 modernization project at a K-6 school, you'll see some of  
19 the same supplemental grants that could apply.

20           In this case, we have our base grant, the current  
21 rate 3,600 times 200 gives you your base grant, a per pupil  
22 amount for the fire detection and alarm system. In this  
23 case, if it were a district with less than 2,500 pupils  
24 total enrollment, they would qualify for project assistance.

25           If they qualified for the high performance grant

1 with 34 points, have their total grant here. Geographic  
2 location and an additional one, small size project.

3           Since this project is 200 pupil grants or less,  
4 they are getting a 4 percent increase. If it were 101 or  
5 less, it would get a 12 percent increase on it and that's to  
6 meet economies of scale for smaller size projects, to  
7 provide an additional grant for that.

8           And then for Modernization, districts can also get  
9 an additional grant for their requirements to improve  
10 accessibility on the site and to meet current fire codes.  
11 In this case, we are showing the 3 percent of the base grant  
12 increase. Districts may also itemize out the specific costs  
13 and there's a 60 percent option for this. So they have two  
14 ways of going, a flat rate or a more detailed cost layout.

15           We've also shown the grant for a project that  
16 might be multi-level and requires an elevator to be  
17 installed. So there's an additional grant for that. We've  
18 already gone over the urban/security grant which is  
19 available to modernization projects as well and the  
20 prevailing wage monitoring grant if the construction  
21 contract was awarded after January 1st of this year.

22           And once again we have on the next page spelled  
23 out the steps for those more complicated, multi-step  
24 supplemental grants being the high performance incentive  
25 grant and the urban/security/impacted site grant.

1           For your additional information, on pages 17  
2 through 21, we have a listing of all the various  
3 supplemental grants that a district could get. We weren't  
4 able to include all of them in the examples we provided but  
5 as many as possible. This gives you some background as to  
6 what districts -- what the grant is for and how it's  
7 calculated.

8           Any questions on any of that?

9           MS. MOORE: Is the high performance grant  
10 different for Modernization than New Construction or is it  
11 the same calculation and the same way to calculate points?

12           MS. SHARP: It's slightly different. The scales  
13 are different. And we will get into that a little bit more  
14 when we go into the high performance. It changes slightly.

15           And then for your reference as well, on page 22,  
16 we have a matrix of the programs across the top and the  
17 various supplemental grants down the side so you can get an  
18 overview by program of which supplemental grants could apply  
19 to each program.

20           And I will turn it over to Barbara to continue on  
21 with the Critically Overcrowded Schools Program, if there  
22 are no other questions.

23           MS. KAMPMEINERT: So now we've covered the two  
24 main components of the School Facility Program, but that  
25 only covers a portion of the programs that are actually

1 available to districts under this umbrella program. So the  
2 next step is we'll go through some of the more specialized  
3 programs that districts have had an opportunity to take  
4 advantage of in the past or are currently participating in.

5           And we're going to begin on page 23 with the  
6 Critically Overcrowded Schools Program. And before I get  
7 into that, I would like to say that authority within this  
8 program is exhausted. There is currently no provision for  
9 any future funding and the bond sources for this program  
10 were Proposition 47 and 55. We did not see this program  
11 continued on Proposition 1D.

12           But the Critically Overcrowded Schools Program  
13 provided funding equivalent to New Construction funding to  
14 relieve overcrowding at school sites with a high pupil  
15 density.

16           And this program allowed for the construction both  
17 of new schools or additions to existing school sites.

18           The application structure in this program was a  
19 little bit unique under the School Facility Program in that  
20 a district did not have to be ready to go with DSA approved  
21 plans and CDE approved plans in order to submit an  
22 application for funding. They could come in for what was  
23 called a preliminary apportionment.

24           You'll hear that term both in the Critically  
25 Overcrowded Schools Program and in the Charter Schools

1 Facility Program.

2           A preliminary apportionment is basically a  
3 reservation of bond authority based on an estimated project.  
4 Districts would determine what they thought they wanted to  
5 do under the program and make a request for the preliminary  
6 apportionment and they then had a four-year time frame with  
7 a possible one-year extension to go ahead and get that  
8 project to a final apportionment stage.

9           And a final apportionment looks much like a  
10 regular New Construction/Modernization type application  
11 where the plans have been designed. They've gone through  
12 all the processes through CDE, DSA, DTSC, and any other  
13 agency that needed to be involved and they're ready to go  
14 forward and receive funds from the State Allocation Board.

15           So it gave districts a little bit of an  
16 opportunity to go ahead and plan and get things moving,  
17 knowing that the bond authority was there in reserve for  
18 them.

19           The eligibility under the Critically Overcrowded  
20 Schools Program was also a little bit different than for a  
21 regular New construction project. Eligibility was checked  
22 at both the preliminary apportionment stage and the final  
23 apportionment stage.

24           Eligibility could be based on several things and  
25 this changed as the program evolved, but districts could use

1 just the typical cohort projection that we discussed in New  
2 Construction. Districts could use current enrollment. They  
3 could use current residency or a projection of residency  
4 data when justifying the need for the project.

5           The other factors for eligibility, the school that  
6 the pupils were being drawn from that was considered  
7 overcrowded needed to be identified as a qualifying school  
8 site and CDE kept a source school list for districts, so it  
9 was -- if you were on that list, you were eligible to  
10 participate.

11           Qualifying sites were based on a site density and  
12 also the source schools drove the new project. So when you  
13 were planning your project, you needed to be within a  
14 certain distance of the source school so that you were  
15 actually relieving overcrowding. So you couldn't have a  
16 source school here and then ten miles away build your new  
17 elementary school and expect that to relieve overcrowding at  
18 the school that generated the eligibility.

19           So there was a certain radius -- a one to three  
20 mile radius depending on the grade level of the students  
21 that you could draw your project from.

22           So the funding for the Critically Overcrowded  
23 Schools Program once it got to the stage of a final  
24 apportionment basically followed the same path as the  
25 regular New Construction application. So the main

1 difference here was the application structure and how you  
2 generated eligibility for the program, but then it switched  
3 over to pupil grants in effect at the time. Supplemental  
4 grants were allowed as was site acquisition -- the costs  
5 associated with that acquisition and things like that.

6           And -- let's see. Also this was a 50-50 program  
7 because it was a New Construction type program. And --  
8 let's see.

9           There was a reserve account of 15 percent that was  
10 set aside so that when projects converted over to final  
11 apportionment, there may have been some funds there to  
12 account for unknown costs. Any of the funds that were not  
13 used for final apportionment reverted back to the New  
14 Construction account at the end of the program and that's  
15 what the Board has done, gosh, a year -- a little more  
16 than -- maybe year, two years ago. All the funds that were  
17 in the COS program that were not for final apportionments  
18 were moved into the New Construction account.

19           I think that's that program. Any questions on  
20 that program before we move to the Overcrowding Relief Grant  
21 Program?

22           Okay. So moving onto page 25, the Overcrowding  
23 Relief Grant Program is the opposite of COS. It was not in  
24 Propositions 47 and 55. This program was created and funded  
25 through Proposition 1D and this program also addressed

1 overcrowded school sites though in a slightly different way.

2           The Overcrowding Relief Grant Program replaces  
3 portable classrooms with permanent classrooms on overcrowded  
4 sites. Now, some of the requirements in this program are  
5 that the project must increase the usable outdoor space and  
6 that would include things such as play areas, green spaces,  
7 outdoor lunch areas.

8           So if you can imagine a school site where a  
9 district has had to take portable classrooms and drop them  
10 on the athletics fields or on the blacktop on the basketball  
11 court, so the problem here was that there are schools where  
12 you have classrooms, but the whole campus has portables on  
13 it, so the kids have nowhere to have a proper PE program or  
14 to play or eat lunch.

15           So the concept behind it is that this program  
16 would allow you to get rid of those portables and either  
17 reconfigure your existing school site possibly into a  
18 multi-story configuration so that you can free up some of  
19 the outdoor space for the students or you also had the  
20 opportunity to use your ORG eligibility and build an  
21 entirely new school.

22           So what we've seen some districts do in the past  
23 is combine eligibility from different sites, take a little  
24 from each school, and then build a new school in an area  
25 that would work for the students that they were trying to

1 serve.

2           And actually before we get into eligibility, if I  
3 can ask you to flip to page 26, we have a before and after  
4 picture for an ORG project down there. So you'll see that  
5 this is -- this was one of the better photos we could get  
6 where you see the portables are taking up some of the  
7 blacktop space there, not a lot of green space, and then  
8 you're able to get a field and a playground into the project  
9 at the end.

10           So moving back to page 25, the funding for an ORG  
11 project, again this is a New Construction type of funding  
12 concept because you're on a 50-50 State and local match  
13 basis. It uses the same grant amount as the New  
14 Construction Program does, so we've got the 2012 amounts  
15 listed down there. So if you come in for ORG in 2012,  
16 that's what your pupil grants are going to be based on.

17           And the -- one of the unique things about this  
18 program is that the eligibility is not necessarily tied to  
19 the grade level served by the portables. So districts will  
20 generate both a district-wide bank of eligibility and then  
21 eligibility at each site and if you have K-6 pupil grants  
22 generated under this program, you don't have to match that  
23 up to the exact project.

24           So you can request your funding at whatever grade  
25 level you have overall eligibility for. So that's a little

1 bit unique in the program.

2 CHAIRPERSON BUCHANAN: But do you have to use it  
3 where you have the overcrowding?

4 MS. KAMPMEINERT: You have to relieve overcrowded  
5 school sites. So the next step, once you've done the  
6 project, is you have to remove the portables from that  
7 campus. So you can't generate the eligibility and then  
8 leave that portable and keep running the pupils in there.  
9 You have to actually remove that classroom from K-12 usage  
10 in the district.

11 So you might be able to put it somewhere for  
12 storage, but we ideally would like to see demolition --

13 CHAIRPERSON BUCHANAN: So is there a way of  
14 identifying the school that just has two portables and they  
15 still have the blacktop versus one that has 20 portables and  
16 doesn't have the blacktop anymore and making sure that  
17 you're replacing the portables where there's no place for  
18 the kids to play?

19 MS. KAMPMEINERT: Well, I wouldn't -- and I don't  
20 know for sure, but I wouldn't think that the school with two  
21 portables is going to qualify for the density. So in order  
22 to generate eligibility, you have to meet a density standard  
23 of 175 percent I believe of what CDE recommends.

24 So the two portables, depending on the site, I  
25 don't think that's going to qualify. So in order for that

1 school site to qualify, there's a certain threshold. So it  
2 is the ones that are truly overcrowded.

3 CHAIRPERSON BUCHANAN: So you have district-wide  
4 eligibility, but it's based on just those schools that have  
5 been identified as --

6 MS. KAMPMEINERT: Right.

7 CHAIRPERSON BUCHANAN: -- having the need.

8 MS. KAMPMEINERT: Right. Okay. Also under ORG,  
9 there are -- there is a possibility to hybrid a project. So  
10 we've seen some districts come in that are doing either a  
11 new construction or a modernization project and they've been  
12 able to incorporate an ORG project as well. So they might  
13 be addressing unhoused students that they're projecting for  
14 the future as well as relieving overcrowding from an  
15 existing school site.

16 And while the funding streams are completely  
17 separate and it requires separate project accounting, that  
18 type of project will work. We can take a look at the plans  
19 and figure out which portion should fall under the New  
20 Construction Program or Modernization Program and which  
21 portion should fall under ORG.

22 So there is some flexibility for districts in  
23 designing their projects that way.

24 And then just kind of a current status of where  
25 we're at. We are -- we have cycled ten projects in OPSC for

1 processing. That round of ORG funding closed at the end of  
2 July and after the cycle ten projects go to the State  
3 Allocation Board, there will be about \$103 million estimated  
4 left in bond authority for the program.

5 And recently the Board approved cycles 11 and 12  
6 for this program.

7 Any questions on that one? Okay. Then moving  
8 onto page 27, we have the Charter School Facilities Program  
9 and this program has been around in Proposition 47,  
10 Prop. 55, and also 1D.

11 And this program has certainly evolved with each  
12 bond and changed quite a bit, so we'll give you the high  
13 level of that. We I think could give you a week's worth of  
14 information on how this program has changed, but the Charter  
15 School Facilities Program in its current state allows for  
16 both new construction or rehabilitation.

17 Now, in general what this program does is it  
18 allows charter schools to construct new facilities or it  
19 allows them to use existing district facilities that are  
20 least 15 years old and they can rehabilitate them to meet  
21 the needs of their program.

22 Now, it can be charter schools on their own that  
23 are applying or it can be a district on behalf of a charter  
24 school, either an independently operated charter school or a  
25 district charter school.

1           The eligibility process for this program is a bit  
2 different as it relates to both New Construction and  
3 Modernization. So when you're looking at a new construction  
4 project under the Charter School Facilities Program, the  
5 eligibility calculation that I went over earlier in New  
6 Construction, it applies but not in the same way.

7           There doesn't need to be positive New Construction  
8 eligibility for a charter school to move forward under this  
9 program. What they have to do is the school district must  
10 have established new construction eligibility and then what  
11 the school district will do is submit a certification from  
12 the school board as to the number of unhoused pupils that  
13 the project will serve.

14           If the district indicates that the project will  
15 serve 100 pupils, then that amount is deducted from the  
16 district's baseline eligibility. If the district determines  
17 that the project will not serve any of its pupils for  
18 various reasons, then there is no eligibility deduction from  
19 the district's new construction eligibility.

20           The rehabilitation -- I'm sorry. Is there a  
21 question?

22           MS. MOORE: I'm sorry. How could that be if there  
23 was no -- nothing to deduct, there wouldn't be a project,  
24 would there?

25           MS. KAMPMEINERT: There can still be a project

1 under the Charter School Program.

2 MS. MOORE: How?

3 MS. KAMPMEINERT: So the district is coming up  
4 with the certification. It's -- they're not married.  
5 Basically the eligibility is not driving the new  
6 construction for the charter school project because in  
7 theory what the district is certifying to OPSC and to the  
8 Board is that, yes, the charter school is creating this  
9 facility; however, it is not serving any of our unhoused  
10 students.

11 So I guess the basic example might be the charter  
12 school has a need in the north section of town because  
13 that's the population base they want to serve. All of the  
14 district students -- all the unhoused students may be coming  
15 from the south section of town. That is something that  
16 we've seen in the program is that this project is not  
17 serving any of our unhoused students because as a district  
18 we don't have a need in the north section of town. Our need  
19 is over here. So -- but the --

20 CHAIRPERSON BUCHANAN: What do you do in the  
21 situation where the charter school is serving a significant  
22 number of nondistrict students?

23 MS. KAMPMEINERT: That --

24 CHAIRPERSON BUCHANAN: I mean the district you're  
25 saying could potentially lose eligibility, but what about

1 those other districts where the students are coming from?

2 MS. KAMPMEINERT: Well, the -- there's a couple  
3 different ways to account for that. I'm not sure how much  
4 detail we want to go into here, but the preference points --  
5 when charter schools are selected to receive a preliminary  
6 apportionment, typically the pot of funding that's available  
7 to them is not enough to cover all the applicants.

8 The preference points for relieving -- for serving  
9 unhoused students in the district is factored in. So if a  
10 district certifies that they're -- the project is serving  
11 their students, then they would get a higher preference than  
12 a school that is not.

13 The -- on the eligibility calculation for new  
14 construction, when a school district is counting charter  
15 school enrollment, there's different ways to account for  
16 that. Each district needs to look at the charter schools  
17 that are in their boundaries and also the students that are  
18 going either from their district to District B or the kids  
19 that they're absorbing, so you can still account for your  
20 kids.

21 So there's different factors that are done to try  
22 to address that, but that piece of it comes into play also  
23 in the preference points in the program. I don't think we  
24 have -- we didn't go too much into preference points in the  
25 funding of this program though.

1           CHAIRPERSON BUCHANAN: Okay.

2           MS. KAMPMEINERT: And then similar to the new  
3 construction component, the rehabilitation has a little bit  
4 different criteria. Under Modernization, as Tracy mentioned  
5 earlier, when you're modernizing portables, they need to be  
6 20 years old and when you're modernizing permanent  
7 facilities, they need to be 25 years old.

8                     For the charter school rehabilitation component,  
9 the facility needs to only be 15 years old and district  
10 owned.

11           CHAIRPERSON BUCHANAN: So could you give me an  
12 example for an education component? I mean when any school  
13 does modernization, it's -- I mean there -- you've got an  
14 education component. So can you give me an example?

15           MS. KAMPMEINERT: I think -- well, I think we're  
16 seeing that the -- what we're seeing on some of the  
17 applications -- rehabilitation is new, so we haven't had a  
18 ton of rehabilitation applications go through the program.

19                     But the facility that the district may have  
20 available may be a, say, K-6 facility and the charter school  
21 needs 9-12 facilities, but maybe the building's in a perfect  
22 location. So maybe they need to account for science labs.  
23 So they can reconfigure the inside of the building.

24                     We have seen things that look more like  
25 modernization. We have seen entire campuses that were used

1 for charter school purposes. The district was able to make  
2 an entire campus available. That one looked very much like  
3 a modernization project. A lot of the components are very  
4 similar.

5 So rehabilitation and modernization, it's not --  
6 there's not a lot of distinction between the two.

7 ASSEMBLYMEMBER HAGMAN: I was going to wait till  
8 the end, we go through all these charts, but I keep seeing  
9 these little examples of the bathroom or the grant amount  
10 per student and they vary greatly and I'm trying to get some  
11 context of that. You've given, you know, certain amounts,  
12 3,600 for one type of construction, 9,000 for the other, but  
13 the buildings to me are pretty much the same, so how did we  
14 come up with the figures there?

15 MS. KAMPMEINERT: The new construction pupil grant  
16 in addition to just the base classrooms, that's also  
17 intended to cover things like your core facilities. So some  
18 of that's going towards building a multipurpose room or a  
19 gymnasium, admin facilities, the extra things that are just  
20 above and beyond just the one classroom on the -- and then  
21 there's also site things that need to be done that don't  
22 necessarily fall under the site development categories as  
23 well.

24 So new construction, when you look at the base  
25 grant, even without the supplemental grants, it's designed

1 to cover more perhaps than a Modernization grant would. So  
2 I believe those are the two that you're looking at.

3 The 3,600 is for modernizing, so you don't need to  
4 start from scratch there. In most cases, you can choose to  
5 do a like for like replacement in which case it does look a  
6 lot like a new construction project because you're  
7 demolishing a building and replacing it.

8 That is a local decision and, yes, you are working  
9 with a different funding source there. But in general, the  
10 Modernization grants are lower because you're not actually  
11 constructing a brand new facility. You're enhancing the  
12 existing facility.

13 ASSEMBLYMEMBER HAGMAN: Thank you.

14 MS. KAMPMEINERT: Okay. So back to the Charter  
15 School Program, the funding concept is similar to the  
16 Critically Overcrowded Schools Program where there's a  
17 preliminary apportionment made and then that's based on a  
18 concept and then the schools move forward and they have four  
19 years with a possible one-year extension to bring it to a  
20 final apportionment stage which is when they have the full  
21 project ready, the complete DSA approved plans, CDE approved  
22 plans. They've got the site identified and are ready to go.  
23 And that is the final apportionment stage.

24 The -- there are some other unique components in  
25 this in that the matching share, as Juan mentioned earlier,

1 this -- they do not qualify for financial hardship, but  
2 there is a loan component available as frequently charter  
3 schools will not have any facilities funds to draw from.  
4 They don't have bonding capacity available to them. So the  
5 way that they pay their facilities cost is through their  
6 general fund.

7           So the option for them under this program is to  
8 take out a loan for up to the full 50 percent matching share  
9 requirement and that loan involves another State agency, the  
10 California School Finance Authority, that evaluates whether  
11 or not the charter school is financially sound to pay back  
12 the loan to the State over a period of up to 30 years.

13           So the matching share can be done on a loan basis.

14           Also the Charter School Facility Program requires  
15 agreements between the charter school, the State, and the  
16 school district. And title to the project facilities can be  
17 held by somebody other than the school district depending on  
18 the circumstances. It can be held by the charter school  
19 themselves or by the local governmental entity and you will  
20 see those requests on occasion in a State Allocation Board  
21 agenda as those do go before the Board if anybody other than  
22 the school district is opting to hold title to these  
23 projects.

24           And the program agreements outline what happens to  
25 the facility in the event that the charter school should

1 ever cease to use the facilities for charter school  
2 purposes.

3 MS. MOORE: Barbara, could you summarize those  
4 projects that are based on -- that the project has to be  
5 completed before they come in -- through all approvals  
6 before they come in versus those that have a reservation of  
7 funds?

8 MS. KAMPMEINERT: Sure. For the preliminary  
9 apportionments, what you have is an idea -- paper napkin  
10 idea for lack of a better term. So you know that you have a  
11 need for maybe ten classrooms -- based on what you've been  
12 seeing in your charter school area, you think you need ten  
13 new classrooms.

14 And you'd like to put it in School District B over  
15 here because that's where your charter petition is  
16 authorized and that's where your kids are. So you'd like to  
17 build it here. You don't know exactly where but within the  
18 six-mile radius. So you have kind of a concept.

19 You can submit the preliminary apportionment  
20 application which asks basically for an idea. Give us an  
21 estimate of what you think this project is going to be. So  
22 you don't have CDE approval of the site yet necessarily.  
23 Some people do, but in most cases, the concept is that you  
24 don't have approval of the site because you may not know  
25 what site you're using.

1           You haven't gone through DSA because you haven't  
2 started to design your building yet. In fact you don't  
3 necessarily even know how many kids you're ultimately going  
4 to build for. That piece is the one thing that stays the  
5 most constant because you cannot increase the number of  
6 pupil grants that you request on this application.

7           So probably the one constant is how many kids  
8 you're going to build for. It can go down, but the program  
9 doesn't allow for it to increase.

10           So you have an idea and then you don't necessarily  
11 go forward with your idea and move into full construction  
12 mode because the funding for the program is very limited. I  
13 think we had -- in the last round, we maybe were able to  
14 provide preliminary apportionments to half of the applicants  
15 that requested it. I could be off on the numbers. It's  
16 been a while.

17           So you don't know if you're going to get any funds  
18 to do this project. So a lot of the charter schools don't  
19 want to move forward until they know they have the matching  
20 share reserved for them and bond authority from the State  
21 because they don't have any other way of paying for this  
22 project.

23           That's compared to four years down the road or any  
24 time up to that four years down the road where they know  
25 they've got the bond authority that's set aside for them.

1 Now they go out and they find the site. They work with CDE  
2 and determine, okay, yes, the site on the corner of 5th and  
3 N is going to be where we're going to locate the school.

4           They've got an appraisal for the school site.  
5 They have determined whether or not it needs any sort of  
6 cleanup for hazardous materials. So they've gone through  
7 and done testing. They've looked at it. They might even  
8 have purchased it at that point. There's options for doing  
9 that.

10           So once they determine the site, that can help  
11 shape the design of the building. So now they can start  
12 figuring out, okay, well, we wanted to add ten classrooms.  
13 Are they going to be -- you know, what's the configuration  
14 going to be, what else can we afford to put on there. So  
15 they actually work with an architect and they go through the  
16 Division of the State Architect to make sure that the plans  
17 that they're designing have met all the requirements under  
18 the Field Act and that DSA will approve the plans.

19           So they've got CDE approval for the site. They've  
20 got DSA approval for the plans. Hopefully they've been  
21 working with CDE at the same time to get the plan approval  
22 to make sure that the buildings that they're designing are  
23 going to meet the requirements of the education program that  
24 they're going to be providing.

25           So now they're down to these stages. Once they

1 get all the plan approvals necessary, then they are at that  
2 stage where they can submit to the State Allocation Board  
3 for final apportionment or in these days, an unfunded  
4 approval.

5           So in the very beginning, it's just an idea. It's  
6 a reservation of funds so that you can fully develop the  
7 actual project while knowing that there is State matching  
8 funds available for you when you actually get to the stage  
9 of being able to submit to the State Allocation Board.

10           MR. DIAZ: Could you tell me how many of these  
11 have not been converted yet?

12           MS. KAMPMEINERT: Most of them are still within  
13 their time frame. So with Proposition 47, it was about  
14 50 percent conversion rate. There were only six projects to  
15 work from though.

16           The timelines on these projects were stopped  
17 during the fiscal crisis because there was no guarantee of  
18 funding to go forward. So the Board took several actions to  
19 try to not harm those people that were participating in the  
20 program.

21           So I think we should know more. We've got some  
22 deadlines coming up I think for the next round of projects  
23 from Proposition 55 pretty soon, but it's a little early to  
24 tell on some of them.

25           MS. MOORE: So, Barbara, in summary, then the

1 Charter School Program and the Career Technical Education  
2 Program, Overcrowding Relief Grant Program, and Critically  
3 Overcrowded Schools Program were all a reservation program;  
4 is that correct?

5 MS. KAMPMEINERT: Career Tech, I believe they had  
6 an option for reservation of funds, but they could also be  
7 ready to go forward.

8 MS. MOORE: And then the remaining projects were  
9 all you must have all approvals prior to --

10 MS. KAMPMEINERT: Did you mention ORG in your  
11 first --

12 MS. MOORE: I did. ORG, Critically Overcrowded  
13 Schools --

14 MS. KAMPMEINERT: No. ORG you need to be ready to  
15 go. Just the Critically Overcrowded Schools, Charter, and  
16 then it was option under the Career Technical.

17 MS. MOORE: So ORG still has to have final  
18 approvals before accessing.

19 MS. KAMPMEINERT: Yes.

20 MS. MOORE: Okay. Thank you.

21 MS. KAMPMEINERT: Um-hmm. Okay. So I think just  
22 in summary on the Charter School Program, on page 28, we've  
23 got the funding formulas there for rehabilitation and new  
24 construction. With new construction, once you actually get  
25 the final apportionment stage, it looks almost exactly the

1 same as the regular. SFP new construction application,  
2 that's based on pupil grants, the same pupil grants that are  
3 used for new construction projects.

4           And then rehabilitation is done on a  
5 square-footage basis. And that is different than  
6 Modernization because there are no pupil grants associated  
7 with the calculation. So we're looking at the square  
8 footage of the area that's going to be rehabilitated and  
9 that actually can change from preliminary to final because  
10 sometimes the project changes, but we look at the final  
11 project. what is it that you're actually going to  
12 rehabilitate, and then apply the square-footage calculations  
13 to the amount of toilet square footage and other facility  
14 square footage and it's just based on a square-footage  
15 amount.

16           Any questions on Charter before I turn it back  
17 over to Tracy for High Performance? Okay.

18           MS. SHARP: Okay. So High Performance Incentive  
19 Program was a result of Proposition 1D and the purpose of  
20 this program is actually an incentive grant that attaches to  
21 the other programs such as New Construction, Modernization,  
22 Overcrowding Relief Grant, Critically Overcrowded Schools,  
23 Charter, and CTE projects very recently were added to this  
24 as well.

25           And it provides additional grants to districts to

1 incentivize green components in their projects -- or high  
2 performance attributes is a more accurate term.

3           And so this high performance attributes include in  
4 the design that promote energy and water efficiency,  
5 maximize natural lighting, improve the inner air quality,  
6 utilizing recycled materials and materials that emit less --  
7 a minimum of toxic substances and to employ acoustics that  
8 are conducive to teaching and learning.

9           Eligibility for the program is based on a high  
10 performance rating criteria. Basically the project is  
11 designed with these criteria in mind and then reviewed by  
12 the Division of the State Architect to determine their  
13 actual number of points achieved.

14           And what -- the high performance rating criteria  
15 was modeled after the collaborative for high performance  
16 schools criteria, but it was adjusted slightly to focus on  
17 the facility component of high performance.

18           And so we have the adopted high performance rating  
19 criteria that include five basic categories that are there  
20 on page 29: sustainable site selection; reduced water  
21 usage; energy efficiency; use of sustainable, renewable,  
22 and/or recycled materials; and indoor environmental quality.

23           Since the regulations were first approved and  
24 adopted, they've been updated a couple of times to account  
25 for updates in the collaborative for high performance

1 criteria and as well as California Green Code requirements  
2 and then there were also some changes that increased the  
3 percentages of the grant that a district would get based on  
4 their points.

5           So since it was first adopted, there have been a  
6 couple of changes to the program.

7           For the funding requirements, basically as I  
8 mentioned, the district is going to design with these  
9 components in mind and then the plans will be reviewed by  
10 DSA to determine their final points value that they've  
11 achieved.

12           They must hit each -- some requisites in each of  
13 these categories and then some of the next things we'll go  
14 over hopefully will address some of your questions,  
15 Ms. Moore, about the differences in funding between  
16 modernization and new construction.

17           So for a new construction project on a new school  
18 site, the minimum points that must be obtained is 27 for a  
19 maximum of 88 and at least four of those have to be in the  
20 category of superior energy performance and alternate energy  
21 sources.

22           And if we go to page 30, there's a description of  
23 the minimum points required for additions to sites -- new  
24 construction additions and modernization. And for those  
25 projects, the minimum points is slightly less. It's 20 and

1 the maximum is 84.

2           So if we move down to the funding formula for  
3 this, we have a chart here that shows what the percentage  
4 increase will be for a project depending on how many points  
5 it's achieved from the minimum of 20 all the way up to the  
6 maximum of 84.

7           Now this scale here applies to all of the  
8 projects, both the new construction, additions, and -- or  
9 excuse me. I'm sorry. I misspoke. It's just the  
10 modernization. Sorry. I'm -- and it covers additions.  
11 I've lost my train of thought on the new construction  
12 projects. I apologize.

13           So, for example, on a modernization project that  
14 has 46 points, the project base grant being -- is 500,000,  
15 the HP base incentive grant is 250,000. And so looking at  
16 this project, if it got 46 points and at the scale there, we  
17 take our project increase of 500,000 times the 8.32 percent  
18 and you get your total grant of 41,600.

19           Each site is eligible for the base incentive grant  
20 one time. For a new school, it would be 150,000 and for a  
21 modernization project or an existing site -- or an addition  
22 to an existing site, it would be 250,000.

23           MS. MOORE: So, Tracy, is it fair to say that for  
24 high performance incentives we have established between 2  
25 and 11 percent additional cost -- or additional amount that

1 we would provide to a project?

2 MR. SAVIDGE: Plus the base grant. The table  
3 there shows the percentage increase on the --

4 MS. MOORE: On the base grant.

5 MR. SAVIDGE: -- on the base grant plus there's  
6 the high performance incentive grant.

7 MS. MOORE: Correct. So again we are -- for  
8 incentive only, we are -- we've established between 2 and  
9 11 percent additional cost per project.

10 MR. SAVIDGE: That's right.

11 MS. MOORE: Thank you.

12 CHAIRPERSON BUCHANAN: And now we move to energy  
13 efficiency which should be part of green performance too;  
14 right? Aren't they tied together?

15 MS. SHARP: Energy efficiency's just a little bit  
16 different in that it was a result of -- or was included in  
17 Propositions 47 and 55. At this point, the funding is  
18 exhausted for it. It's all been accounted for and is no  
19 longer available.

20 But it was a supplemental grant that basically  
21 preceded HPI and similar in nature except that it focused on  
22 energy cost savings only.

23 So for a modernization project, the project had to  
24 demonstrate that it was exceeding energy efficiency  
25 standards by at least 10 percent and for a new construction

1 project, by at least 15 percent.

2           And the components are listed there:  
3 conservation, load reduction technology, peak load shifting,  
4 solar water heating technology, ground source heating and  
5 cooling, photovoltaics, and other technologies that meet  
6 emerging technology.

7           And once again in the case of energy efficiency,  
8 it was reviewed by the Division of the State Architect to  
9 basically determine the final points and then an increase up  
10 to 5 percent was provided based on the points a district  
11 achieved on that.

12           If there are no questions, we'll move onto Career  
13 Tech.

14           So the Career Technical Education Facilities  
15 Program as well was a result of Proposition 1D. It provides  
16 funding for a local education agency which could be a school  
17 district or a joint powers authority to build new CTE  
18 facilities or modernize existing ones.

19           Districts had two options for requesting funding.  
20 They could come in with a project, as we mentioned earlier,  
21 fully planned -- DSA approved plans done and get an  
22 apportionment for that right away or they could have a plan  
23 that was approved through the approval process at Department  
24 of Education and not quite have their DSA plans ready to go  
25 and request a reservation of funds.

1           The CTE program also offers funding for equipment  
2 as part of the facilities and grants for new construction  
3 are maximized at \$3 million State share and new construction  
4 maximized -- and this was in statute -- at 1.5 million.

5           Now the Career Tech Program did not allow for  
6 financial hardship. So districts could ask for a loan to  
7 cover their 50 percent share.

8           Under the program, the first step which was  
9 actually part of the requirements was to go through an  
10 approval process with the Division of the State Architect.  
11 Districts would submit their plan -- their career technical  
12 education plan to the CDE during an open filing period and  
13 get their plan reviewed and scored and once they got a  
14 minimum score, they would then submit their application and  
15 filing rounds to the -- to OPSC and projects would be ranked  
16 based on their score and their local, urban, suburban, or  
17 rural, to ensure distribution of the program funds.

18           So some of the -- the CTE plan was to be scored by  
19 the Department of Education and some of the components there  
20 were spelled out in the statute. Basically the course of  
21 study had to be within one of the 15 approved industry  
22 sectors. It would offer enrollment -- or include enrollment  
23 projections, identify the feeder schools and industry  
24 partners, accountability, and coordination with other area  
25 schools.

1           And as I said, once they received a minimum score,  
2 they could apply for funding.

3           The Career Tech Program is a 50-50 program for  
4 both the modernization and the new construction portion.  
5 It's based on construction costs, site development cost, and  
6 equipment.

7           And a project could consist entirely of equipment  
8 if they so chose since career tech programs can be equipment  
9 intensive.

10           So when I move to page 33, you can see --

11           MR. DIAZ: Excuse me. I have a question --

12           MS. SHARP: Yes.

13           MR. DIAZ: -- about the career tech. Do you know  
14 the -- sort of the ratio between new construction or a new  
15 program or modernization of an existing program or just  
16 equipment?

17           MS. SHARP: I don't think we have those specifics.  
18 We have a fast facts, but I don't know off the top of my  
19 head the -- how many were just equipment versus -- let me  
20 quick here. On page 48, we have some fast facts about the  
21 program and we have 470 total projects that were approved --  
22 472 approved by the Board, but I'd have to get back to you  
23 with specifics on new construction, mod, and equipment only.

24           MR. DIAZ: Okay. Thank you.

25           MS. SHARP: But it was definitely something that

1 was accessed in the program there. There were definitely  
2 equipment only requests.

3 MS. MOORE: The other piece of information that we  
4 have as well is how many of the different sectors it was --  
5 what was applied by sector that I think would be of interest  
6 to the Board as well on that and just a comment that this is  
7 the only program that we have that really -- it was unique  
8 and new and it was a collaboration of it had to be an  
9 education -- it was based on the educational plan first.  
10 That was the scoring method Department of Ed did. If you  
11 met a certain threshold and then it was funded as a project.

12 So it was clearly educationally program driven.

13 MS. SHARP: I'd like to add to that. I think one  
14 of the reasons that the reservation of funds component was  
15 added to this program was specifically for that. Districts  
16 were -- didn't know if they would get funding right away and  
17 there was a desire to get this funding out there.

18 So if they went through that intensive review of  
19 developing their plan and submitting it to the Department of  
20 Education, there was an expectation that this was going to  
21 be a very competitive program.

22 So that's where the reservation of funds component  
23 came in. They got that minimum score and then could make a  
24 determination, okay, I want to move forward and then after  
25 they got their SAB apportionment and found out that, yes,

1 they would be funded, they would have 12 months to submit  
2 their final approved plans to OPSC to then qualify for a  
3 fund release for the project.

4           Okay. And just a quick example of the funding  
5 formula is there on page 33, that the -- the funding formula  
6 is, like I said, a 50-50 program, so 50 percent of the  
7 construction cost plus -- and that would include site  
8 development, any applicable equipment, and then there are  
9 some supplemental grants that can be added to a career tech  
10 project, but there is, as I mentioned, a cap within the  
11 statute that it couldn't go over \$3 million.

12           So those supplemental grants must still be within  
13 the 3 million except for if they qualify for a high  
14 performance incentive grant on the project, that's coming  
15 from a different fund source. So that could be added to the  
16 cap.

17           CHAIRPERSON BUCHANAN: So if a -- on the one hand,  
18 I'm trying to hold all the questions on all these to the  
19 end, but -- so if a district is building a new high school,  
20 you would get your per pupil grants plus the CTE and that  
21 doesn't diminish the per pupil grants that you get.

22           MS. SHARP: I'll explain that a little bit  
23 further. There is an option for a standalone project that  
24 basically would be separate from a new construction or mod  
25 application, but districts would have the option of

1 submitting a joint -- basically a combined application or  
2 two applications. So if I had in my new high school five  
3 career tech classrooms and I requested pupil grants for  
4 them, so the base cost of the classroom is there, I could  
5 also submit a career tech application to cover the excess  
6 costs over and above that -- those five classrooms and it  
7 might be separate applications to cover equipment and any  
8 other excess costs for that.

9           And how we account for that is we look at the  
10 current year chart, the current replacement cost for a basic  
11 960-square foot classroom, subtract that from the total cost  
12 of the career tech project that's being submitted and the  
13 number -- based on number of classrooms to get the career  
14 tech grant.

15           CHAIRPERSON BUCHANAN: So you're paying the  
16 marginal cost of having -- of building a career tech versus  
17 a regular classroom in essence.

18           MS. SHARP: Yeah, getting additional grants for  
19 that.

20           CHAIRPERSON BUCHANAN: Right. And if you're  
21 adding a career tech building to an existing school that  
22 maybe doesn't have new construction eligibility to add a new  
23 career tech classroom, then they would -- this would -- the  
24 basic funding mechanism you describe here would apply.

25           MS. SHARP: Um-hmm. And it doesn't require any

1 new construction or modernization eligibility and won't  
2 affect modernization eligibility on your existing snapshot  
3 or your existing eligibility baselines for either one.

4 CHAIRPERSON BUCHANAN: And I have a couple pages  
5 of questions actually. Let's -- I promise I'll hold my  
6 questions since we're almost to the end here. So let's --  
7 we have just -- joint-use, seismic -- actually we have --  
8 and financial hardship, so --

9 MS. SHARP: Okay. For the Joint-Use Program, this  
10 program provides funding for facilities that a district  
11 might not otherwise be able to build due to financial --  
12 lack of financial resources on their own. So they might  
13 want to partner with another government agency, higher  
14 education provider, or a nonprofit organization to build a  
15 facility such as a gymnasium or a library or a multipurpose  
16 room, for example.

17 There's two types of projects. There's a type one  
18 project where a district can increase the size of a current  
19 facility, gymnasium, child care facility, library, or  
20 teacher education facility, and this would also -- would be  
21 part of a new construction application.

22 There's type two, which could be a standalone  
23 facility or part of a modernization project. And basically  
24 one of the requirements for type two is that they don't  
25 already have this type of facility or it's considered

1 inadequate.

2 Funding for a joint-use project is provided on a  
3 50-50 State and local share. The joint-use partner must  
4 provide up to 25 percent of the contribution. There is an  
5 allowance for that. If -- the district can elect to cover  
6 the entire amount if it is specifically allowed for in their  
7 local bond. The district could cover that 25 percent for  
8 their partner.

9 The funding is based on a square-footage basis but  
10 is maxed out by grade level. K-6, the maximum joint-use  
11 grant is 1 million. For middle school, it's 1.5 million and  
12 for a high school, it's 2 million.

13 And on the following page, page 35, we have a  
14 chart there to reflect the current 2012 grant amounts per  
15 square foot and basically for toilet facilities and anything  
16 non-toilet.

17 So the funding formula is to take the proposed  
18 square footage of the project times the applicable square  
19 footage amount above and that gives you your base grant,  
20 plus in step two, there can be some extra costs allowed  
21 under type one and whatever supplemental grants they might  
22 qualify for, and then it's a 50-50.

23 As Juan mentioned earlier, there is no financial  
24 hardship allowance for this program and there is not a loan  
25 component either.

1 MS. KAMPMEINERT: And that brings us to the next  
2 program which is the Facility Hardship Program and we have  
3 this broken into two pieces, facility hardship and seismic,  
4 but in actuality, both those programs -- well, both those  
5 projects fall under the Facility Hardship Program. Seismic  
6 is a subset of facility hardship.

7 But the Facility Hardship Program -- the purpose  
8 of this program is to address the projects that are the  
9 health and safety issues. So if a district has determined  
10 that they have a critical need for housing pupils either  
11 because of the current condition of the facilities or  
12 because of lack of facilities, they can apply for the  
13 Facility Hardship Program.

14 Now the Facility Hardship Program does not require  
15 new construction eligibility or modernization eligibility.  
16 However, if a project is -- a building is replaced under  
17 facility hardship, then it does reset the clock to determine  
18 modernization eligibility at that facility later on.

19 But to meet the criteria for the Facility Hardship  
20 Program, a district needs to go through several steps. They  
21 need to determine what their problem is. When they submit  
22 the application, we need to see a report from an industry  
23 specialist identifying what the problem is and the minimum  
24 work necessary to mitigate the program.

25 Once they have that report, they take it to the

1 appropriate governmental entity that can concur both with  
2 the health and safety threat as well as the minimum work  
3 required for the fix.

4           And the governmental entity that they take this to  
5 can be different depending on what the problem is. Might be  
6 the public health department. In structural cases, that  
7 would be the Division of the State Architect. Just depends  
8 on what the -- sometimes it's the water department if  
9 there's an issue with something related to the water.

10           So it just depends on what the problem is which  
11 governmental entity the school district needs to contact.

12           Now, the -- once they have those pieces, they can  
13 submit to OPSC for processing to the State Allocation Board.  
14 One of the things that OPSC will check is if there is a  
15 continuing need for the facility, so we look at enrollment.  
16 No sense replacing a closed school that the district doesn't  
17 have a need for right now. So that is something that is  
18 looked at.

19           And then the funding determination, the  
20 district -- under facility hardship, there is -- it's not  
21 really an option, but there is either a replacement project  
22 or a rehabilitation project or repair project. So the  
23 district and OPSC look at how much it's going to cost to  
24 solve the problem and there's a 50 percent threshold.

25           So basically if the cost to fix the problem is

1 less than 50 percent of the cost to replace the facility,  
2 then you are under a repair component. So it's cheaper to  
3 repair it than it is to replace it.

4 If you exceed that 50 percent threshold, if it's  
5 going to cost more than 50 percent of what it would cost you  
6 to just replace the building, then you end up into a  
7 replacement project. And that determination, repair versus  
8 replacement, determines how you're funded.

9 If it's a repair project, it's considered part of  
10 the modernization fund, so you receive a 60-40 split where  
11 the State is paying 60 percent and the district is paying  
12 40 percent of the project. Under replacement, it's 50-50  
13 because that comes from our new construction funds.

14 Now -- let's see. In advance of going forward  
15 with the project, the school district can choose to submit  
16 what's considered a conceptual approval for consideration by  
17 the State Allocation Board.

18 And what this approval does is it looks at the  
19 health and safety threat before the district has the DSA  
20 approved plans to fix the problem. So they are coming  
21 forward to the Board and asking whether or not the health  
22 and safety threat that they have is going to be acceptable  
23 under the program and once they get approval for that  
24 conceptual approval, then they can go forward with  
25 confidence knowing that it qualifies for funding under the

1 program and they can go and develop their plans to fix the  
2 problem.

3           The funding formula, it varies depending on  
4 whether it is a replacement or a repair project. And also  
5 there is the concept where sometimes you don't need to  
6 replace an entire school. You might just be replacing one  
7 building on the school site.

8           So there are different ways to look at these  
9 projects when funding, but if it's a replacement project, it  
10 uses the new construction pupil grants just like regular new  
11 construction. So you're building the same thing. It's a  
12 brand-new facility, so the same new construction grants  
13 apply minus of course you're not always doing the core  
14 facilities, but when you're doing a new campus, then you  
15 have the same needs as you would with a new construction  
16 project.

17           If you're in a replacement situation, then we fund  
18 on the square-footage basis.

19           And -- let's see. The -- for rehabilitation, when  
20 we're looking at the funding, we're also looking at cost  
21 estimates as the Facility Hardship Program is only designed  
22 to cover the minimum work necessary to mitigate the problem.  
23 So facility hardship fixes what the current problem is, but  
24 it doesn't necessarily modernize your facility unless of  
25 course you're in the full replacement mode.

1           So in the event where you're not replacing, you  
2 may still need modernization down the line.

3           Also State funding for facility hardship is  
4 reduced as the district does receive things such as  
5 insurance proceeds for the issue, perhaps litigation  
6 proceeds, any type of settlement funds. So all those things  
7 are offset from the amount that the State provides for the  
8 facility hardship projects.

9           And then I'm going to just move right into the  
10 Seismic Program. Pretty much everything I just said there  
11 applies to seismic as well with the except that under  
12 seismic, we're dealing with a separate pot of funding.

13           So the seismic funding -- everything under seismic  
14 is 50-50 because of where the funds came from. They came  
15 out of new construction.

16           So even if you are just doing a repair project  
17 under seismic, it's a 50-50 local and State matching share.

18           And then the eligibility changes just a little bit  
19 too because you need to have a qualifying building. And on  
20 page 38 under eligibility, we've got some different criteria  
21 here.

22           The facility has to be identified by DSA as a  
23 qualifying Category 2 building and it has to be designed for  
24 occupancy by students and staff. The minimum work  
25 necessary, that's the same as facility hardship.

1            DSA will provide a concurrence with the structural  
2 engineer's report that identifies the structural  
3 deficiencies and then also there are other issues that could  
4 come up on the site. You could have things with the soils,  
5 either faulting or liquefaction issues, potentially  
6 landslides.

7            If you have any of those issues and that's what  
8 you're applying for, then the California Geological Survey  
9 must also concur with your geologic analysis and that  
10 corresponds to the governmental concurrence that you see for  
11 other issues and the Facility Hardship Program.

12            And for these projects, the construction contract,  
13 if there already is one, needs to have been executed on or  
14 after May 20th, 2006, and again like with the other program,  
15 you do not need new construction or modernization  
16 eligibility to participate in this project -- excuse me --  
17 program.

18            They can still request a conceptual approval and  
19 the funding formulas are similar to those that we discussed  
20 in the Facility Hardship Program.

21            And with that -- oh, Jason's up here. Financial  
22 Hardship.

23            MR. HERNANDEZ: Okay. And I will go over the last  
24 program, starting on page 40, the Financial Hardship  
25 Program.

1            Basically the SFP Financial Hardship Programs  
2 assist districts and county offices of education that cannot  
3 provide their full matching share for their SFP new  
4 construction or modernization projects.

5            You can see right there in the eligibility  
6 section, it gives a table that has the basic eligibility  
7 criteria for a financial hardship project.

8            In order to qualify for the program, you have to  
9 be levying the maximum developer fees justified under law,  
10 and meet one of the following criteria. The district has a  
11 total bonding indebtedness of at least 60 percent of their  
12 total bonding capacity or they've passed a successful  
13 Prop. 39 bond within the previous two years and are using  
14 the proceeds on SFP projects, or if it's a county office of  
15 education, then they qualify. If the district's bonding  
16 capacity for smaller districts is less than \$5 million, they  
17 also qualify.

18            If they don't meet one of those four basic  
19 criteria, then they do have the option to come to the Board  
20 and present other evidence of reasonable effort.

21            Once the district or COE has met that basic  
22 eligibility requirement, then the OPSC will review the  
23 district's financial records and make a determination of any  
24 available funds the district would have to contribute to  
25 their SFP projects.

1           Only after both the review of the eligibility and  
2 the review of the district's financial records to determine  
3 what available funds they have can the district qualify for  
4 financial hardship status.

5           If the district meets those basic eligibility  
6 requirements and the local funds are less than the required  
7 contribution, then the State will make up the difference  
8 under this program.

9           They have a real basic example here. If the  
10 project cost was \$100, under the basic program, it's \$50 for  
11 the State's share and \$50 for the local match. In this  
12 example, when we did the financial hardship review, it was  
13 determined that the district had \$30 available towards their  
14 SFP projects.

15           Therefore then the total financing to the district  
16 would be the \$50 State share, the \$20 for financial hardship  
17 apportionment for a total State contribution of \$70, and  
18 then the other \$30 to make the project complete would be  
19 made up by the district's local match.

20           The funding continued on page 41: One thing that  
21 the financial hardship districts have are the added  
22 flexibility to come in for a requested separate site or  
23 design grant prior to requesting their full adjusted grant.

24           Once a district has been granted financial  
25 hardship status, their expenditures within the capital

1 facility funds that we review are limited to the verifiable  
2 contracts and encumbrances that were entered into and  
3 approve by OPSC prior to their initial financial hardship  
4 application.

5 Anything spent beyond those initial encumbrances  
6 or those initial approved expenditures will be treated as  
7 district contribution will be deducted from the financial  
8 hardship apportionments.

9 Financial hardship project savings is treated a  
10 little bit different than a regular 50-50 project. That  
11 savings needs to be either, one, returned to the State or to  
12 be used to offset a future financial hardship project within  
13 the next three years.

14 If after those three years, the complete savings  
15 has not been spent by the district, then it must be returned  
16 to the State with any applicable interest.

17 Once a district is approved for financial hardship  
18 status, they have 180 days or six months to submit their  
19 application for funding. If they have not come in for that  
20 application or if they have additional phases to come in for  
21 for a particular project, then they will have to resubmit  
22 and try to reestablish their financial hardship eligibility  
23 at that time.

24 If a project is on the unfunded list for more than  
25 180 days, then the district's financial records will undergo

1 a re-review to determine if there's any additional funds to  
2 apply to those projects on the unfunded list before they  
3 receive an apportionment, but it will not be reviewed to  
4 check their eligibility again. It's only reviewed to  
5 determine if there's any additional funds to apply to those  
6 project son the unfunded list.

7 CHAIRPERSON BUCHANAN: Okay. That takes us to an  
8 end of the program review which is rather complicated. I  
9 know I have some questions on a number of the programs and I  
10 do have some on the financial hardship. So is it okay if we  
11 start there and then we'll go back to the others?

12 MS. MOORE: Sure.

13 CHAIRPERSON BUCHANAN: On the financial hardship,  
14 you can meet any one of the following criteria. How did we  
15 come up with the district indebtedness being at least  
16 60 percent of the bonding capacity and not a hundred  
17 percent?

18 I mean why is it that one district -- do we  
19 require one district, they'll pass a bond, and their voters  
20 are paying for that bond and in another, you're just at  
21 60 percent and you don't have to go back for a bond and you  
22 can qualify for financial hardship, so the voters in  
23 District A in essence are paying for schools in District B.

24 Do you know how we came up with that 60 percent?

25 MR. HERNANDEZ: I'm not positive how they

1 originally came up with that amount. I know the basic  
2 premise of the statute is that the district should be making  
3 all reasonable effort to fund their share of the projects.

4 So they were to come up -- what would be  
5 reasonable and they wanted to make sure the district was  
6 contributing to their projects, that they had issued at  
7 least some bonds, that they had made some local effort or  
8 issued some certificates of participation.

9 CHAIRPERSON BUCHANAN: But the requirement is any  
10 one of these. So you can be at 60 percent and not have to  
11 pass a local bond and qualify for financial hardship, unless  
12 I'm missing something. Is that --

13 MR. HERNANDEZ: No, you're correct. And that  
14 could be -- that 60 percent could be part of a previous bond  
15 that they had passed, used on earlier projects, and perhaps  
16 the full amount of that debt is not on there, but they're  
17 still above that 60 percent threshold.

18 They don't have to pass a new bond within the last  
19 two years like one of the other criteria if they do meet  
20 that 60 percent.

21 CHAIRPERSON BUCHANAN: Okay.

22 MR. HERNANDEZ: And one thing too to consider,  
23 when the SFP program originally started, this was not where  
24 the criteria was set. I believe originally the outstanding  
25 bond indebtedness was initially at 30 percent and it wasn't

1 passing a Prop. 39 bond within the last two years. It was  
2 at least attempting a bond that received I believe  
3 50 percent -- 55 percent plus one vote and at least if you  
4 attempted that bond, you could also qualify that way.

5           When they did -- I think it was back in 2004 when  
6 they felt that, you know, this really wasn't meeting the  
7 statute of all reasonable effort, you know, we took that  
8 away. The Prop. 39 bond came into existence. There was an  
9 additional way for the districts to pass these bonds rather  
10 than traditional two-thirds bonds.

11           So that's when we took away just attempting the  
12 bond and you had to at least pass it within two years and  
13 bumped up the 30 percent to a 60 percent.

14           CHAIRPERSON BUCHANAN: And do we know what  
15 percentage of districts now are at the 60 percent? I would  
16 think with the declines in assessed values of homes that we  
17 would have a significantly higher percentage that are at  
18 that threshold. Do we know what that is?

19           MR. HERNANDEZ: We don't exactly, but we can get  
20 that information for you and maybe give you a breakout of  
21 where the districts are, the ones of qualified, and what  
22 percentages they were qualifying under.

23           CHAIRPERSON BUCHANAN: Does anyone else have any  
24 questions on the financial hardship? Okay.

25           I know some of you have been holding back

1 questions. I've been trying. Any questions from members?  
2 Kathleen, go ahead.

3 ASSEMBLYMEMBER HAGMAN: Always have questions.  
4 Well, first of all, I want to thank you for this -- I hate  
5 to call it binder after all the latest news we got lately,  
6 but it is a good binder. Okay.

7 I think it's the clearest it's been laid out for  
8 me for the last couple years and I think it should be  
9 something we give to any new Board member in the future.  
10 Kind of -- although all these programs will be no more  
11 funding here shortly, but as new ones come on, we should  
12 have something like this.

13 And, you know, when looking at all these costs, I  
14 could do the math and figure out the percentages, how you  
15 split things up, but they're still based on a per grant  
16 amount, per student whatever grade they're in, to come up  
17 with these numbers.

18 And I'm just wondering if you have any more  
19 background information -- you can give it to me later --  
20 about how these numbers come up with -- how did you come up  
21 with \$9,400 per student per place. And more importantly,  
22 how's that compare to maybe other states and what they cost?  
23 You know, if they break it down, that sort of thing. You  
24 know, some kind of apple and apple comparison if possible.

25 So I don't expect any comments on, but this is

1 something that hopefully we can discuss more in depth later  
2 because this is just review of the project, but as I'm  
3 looking at some of the costs built in here, we're talking  
4 about educate our kids and what it takes to educate them,  
5 the facilities to do that.

6           And we talked about some of the high efficiency  
7 grants, well, anywhere from 2 to 11 percent plus the base  
8 grant. With maybe the ambience lighting or something, I'm  
9 not sure, what does that add to that student's education.  
10 It definitely adds to the operational costs of that school.  
11 Maybe it reduces it in energy -- you know, the same thing  
12 with the energy grants, but there's between possibly, you  
13 know, 10 and 15 percent cost on top of basic construction  
14 right there.

15           And I'm sure a lot of the people in the audience  
16 can respond if that's good or bad, but that just goes to  
17 operational costs in school. Does that add anything to the  
18 students' education?

19           There's been other studies that I brought to the  
20 Board's attention not too long ago about the different labor  
21 components and such that add cost to it as well and I just  
22 think as we go into this new period where we design a new  
23 bond, we have to look at those base costs. You know, are we  
24 getting the best bang for our dollar. Are some of these  
25 good agendas as part of operational costs. Are there good

1 social goals and are we in a position to fund those going on  
2 forward.

3           So I'm hoping that as we -- future meetings at  
4 least with the numbers part of it, I can understand a little  
5 more about how they compare to other schools, other  
6 projects, price per square foot, those type of things that  
7 as we get into it and how can we -- more specifically if I  
8 was trying to build -- because even at the first two levels,  
9 just high efficiency energy grants and if you add the --  
10 between 11 and 13 percent for the labor components part of  
11 it, that's 20 percent. 20 percent of \$35 billion is  
12 \$7 billion. That's a lot of money we could spend on other  
13 schools just in those three things alone and I'm not sure if  
14 that's something we could dig in a little bit deeper as we  
15 go forward.

16           MS. MOORE: I have a comment to that. I know of  
17 two reports that could be shared with the Board. One was  
18 done in 2006 and it was across the nation. It was spending  
19 trends taken from data on total capital spending from all  
20 sources and reported for school districts across the nation  
21 and it was done by the BEST Organization and also there was  
22 a specific report that was done for California in terms of  
23 costs that was also done by the BEST Organization, I think  
24 the Center for Cities and Schools.

25           So that might be done. That would be interesting

1 to be shared as well as whatever the Office of Public School  
2 Construction might have.

3 ASSEMBLYMEMBER HAGMAN: Great. I got three in my  
4 Ed phone right here. So one was just done. Thank you.

5 CHAIRPERSON BUCHANAN: Other questions?  
6 Ms. Moore.

7 MS. MOORE: I had a number of comments, but in  
8 terms of questions --

9 CHAIRPERSON BUCHANAN: Well, questions or  
10 comments, both.

11 MS. MOORE: I think as we look at the existing  
12 program, one of the key components of it is the classroom  
13 count. That's how all eligibility -- with exceptions, I  
14 think that the staff talked about -- was determined and I  
15 think that bears looking at as we move forward in the future  
16 because classroom count is assumptive, that we have square  
17 classrooms in our schools and that educational programming  
18 has really changed since 1998 when this was established.

19 And I think that looking at educational  
20 programming in conjunction with how we fund would be  
21 appropriate so that we are not stifling good planning, good  
22 design that's based simply on the classrooms.

23 I also think that as we look at the existing  
24 program versus future program, there are a number of  
25 resources that we could utilize including the report that

1 was done by U.C. Berkeley on public policy issues around  
2 this.

3 I think that we could look at some of the  
4 unintended consequences of what we put in place and, you  
5 know, there are examples of that. One that I can point out  
6 is that we have this extra funding for smaller sites and  
7 whether we then drove some of the calculations or some of  
8 the schools to choose a site that may be of less acreage to  
9 secure that funding and whether -- you know, how that is.

10 I think that also we have a disconnect in  
11 modernization, it appears to me, between what's actually  
12 needed to modernize a school versus a per pupil amount for  
13 that.

14 I think historically the program emphasized new  
15 construction and our modernization grant was part of that  
16 new construction component and it didn't necessarily deal  
17 with what actually was needed for modernization both for  
18 systems and then even moreover for educational adequacy of  
19 those buildings.

20 So the per pupil grant for modernization I think  
21 there's some review as well.

22 And then of interest to us and to the department  
23 also would be some of the data that's now resulted from all  
24 of these programs. Maybe the next suggestion for our future  
25 meeting is here's the baseline of all these programs and

1 then how did that translate out. Who -- you know, what  
2 districts got what, you know, what kinds of districts were  
3 those. You know, who accessed career technical education,  
4 what were those types. I think that would be of interest to  
5 us too as we move forward and would make that suggestion.

6 I think those are my top --

7 ASSEMBLYMEMBER HAGMAN: If I may comment on that.  
8 I think it's a great idea if we -- because we have all these  
9 different bond amounts and as we go out for future stuff --  
10 or we come up with anyway, if we could take maybe one day  
11 and just focus on the New Construction Program, here's the  
12 cost, here's the examples, here's, you know, the ones that  
13 went overboard, the ones who cost less.

14 Here's the different breakdowns. Here's samples  
15 from other areas and then we could tackle one subject, you  
16 know, at a time and then the next meeting, we could have  
17 maybe, you know, the overcrowded type apportion or whatever  
18 the case maybe. We may not need a separate meeting for each  
19 one, but some of the bigger programs --

20 CHAIRPERSON BUCHANAN: Right.

21 ASSEMBLYMEMBER HAGMAN: -- I think we get your  
22 data from what we've done as well as comparisons across the  
23 way and then we could hopefully come up with some  
24 suggestions if any.

25 MS. MOORE: And then my final piece would be that

1 there obviously -- and the staff does point this out. There  
2 are two other major school -- major entities that are  
3 involved in this, the California Department of Education and  
4 the Division of State Architect.

5           And I think it would also be instructive to have,  
6 you know, basic information from those organizations as well  
7 because whatever is done in those organizations and/or what  
8 is done here impacts that.

9           So all three work in concert in this program and  
10 it would be important to know the components of each of  
11 those together with the Department of Toxic Substance  
12 Control which has an element in the program as well, and  
13 districts have to work within all of those entities and also  
14 the -- now with the Department of Industrial Relations.

15           So there are a number of State agencies that  
16 impact this program that anything that's done here -- or  
17 done in those entities is important. So I would suggest  
18 that they also provide some overview so that this body has  
19 that information going forward as well.

20           CHAIRPERSON BUCHANAN: Do you have any questions?  
21 I have a few questions.

22           When we start talking about eligibility for new  
23 construction, we talked about the fact that if you're a -- I  
24 won't say large school district, but other than a small  
25 school district, you have to -- eligibility expires every

1 year and you basically recalculate. If you're a very small  
2 school district, you can lock it in for three years  
3 recognizing that you have variation.

4 But we also substitute eligibility with the  
5 cohort, the planning cohort. In today's unique economic  
6 situation where, you know, developers have permits and, you  
7 know, they're going to go out and roll over their tentative  
8 maps or whatever, but we don't know if some of those  
9 developments are going to go in in five years or ten years  
10 or ever, but clearly you don't want to go -- if I'm a  
11 developer, I don't want to go through the whole permitting  
12 process again.

13 So I'm going to, you know, keep them -- keep the  
14 current permits until I -- you know, I make a financial  
15 decision or whatever I'm going to do.

16 How are we dealing with that with eligibility? It  
17 seems to me that we potentially are increasing eligibility  
18 or giving it to schools that can -- districts that can use  
19 it wherever they want for students that, you know, may be  
20 here in the near future and may not be here in the near  
21 future and if it's -- students maybe aren't going to arrive  
22 for a decade. What about the school where they're going to  
23 be here two years from now? I mean how are we dealing with  
24 that.

25 MR. MIRELES: The current process allows for

1 districts that have approved and valid tentative subdivision  
2 maps to be used to augment the projections.

3 CHAIRPERSON BUCHANAN: Right.

4 MR. MIRELES: So as long as they're still -- even  
5 if -- if they have an extension --

6 CHAIRPERSON BUCHANAN: As long as they're active.

7 MR. MIRELES: -- yes. Then we add those to the  
8 enrollment projections.

9 CHAIRPERSON BUCHANAN: It's -- I mean I -- maybe  
10 I'll get into that later, but it just seems to me that we're  
11 in a different situation with tentative map approvals today  
12 than we were five years ago and we want to be sure that as  
13 we prioritize funding that the funding's going to those  
14 projects where the students are going to arrive soon versus  
15 projects where the students may not arrive for some time.

16 ASSEMBLYMEMBER HAGMAN: May I jump on that?

17 CHAIRPERSON BUCHANAN: Yes.

18 ASSEMBLYMEMBER HAGMAN: Yeah. And I noticed that  
19 back even four years ago where the permits used to be valid  
20 for a year and now it's almost like automatic extension for  
21 two or three years, some communities even going longer than  
22 that.

23 And, you know, I feel bad for the school board  
24 trying to plan five-, ten-year plans when you don't know a  
25 bunch of new houses are going through.

1           I don't know what other component you can put  
2 there, but, you know, the best person to probably give you  
3 the fever of what's going on as to new construction starts  
4 in a community or in the city -- is there a way to tie it in  
5 and say, hey, these have been dormant for three years or,  
6 you know, right before -- you know, how do you make that  
7 determination.

8           Like Ms. Buchanan was saying, there is a priority  
9 list here -- when you go for every project. I mean how do  
10 you determine that or maybe give some thought of how you  
11 check in on that.

12           MR. MIRELES: Yeah. We haven't looked at it  
13 closely, but what we have done in the past is we do take a  
14 look at the tentative tract maps each time a district's  
15 updating for enrollment. Sometimes permits have been pulled  
16 for some of those homes, in which case we don't count them  
17 in the long projections. So we do take a look at them.

18           As far as just approved tentative tract maps that  
19 just have extensions but no permits have been pulled, right  
20 now again the current process that we continue to include  
21 them in the enrollment projections.

22           CHAIRPERSON BUCHANAN: Well, you know, I -- it's  
23 just something I'd like to look into more, maybe we have a  
24 discussion with the builders or somebody, but I -- I mean  
25 obviously I believe in the philosophy that you've got to

1 build the schools so they're open in time when the children  
2 arrive.

3           You know, if we went back to the old program where  
4 they had to be here, then all we did was exacerbate the  
5 overcrowding situation. But I also believe that there's got  
6 to be some way, whether you're dealing with tentative maps,  
7 whether you have -- actually you've pulled the building  
8 permits, I don't know what the right way is to do it there.  
9 But I do think that we want to be sure, especially when  
10 you've got limited resources, that we're putting those  
11 resources where they're actually building and the students  
12 are going to arrive relatively soon.

13           I -- Assemblymember Hagman asked about determining  
14 the per pupil grant amount and I think that'll probably be  
15 an in-depth discussion at another meeting, but the adequacy  
16 of that.

17           One of the -- well, some of these I'll ask later.

18           MS. MOORE: I have one --

19           CHAIRPERSON BUCHANAN: Go ahead. No, go right  
20 ahead. I'm just going through my notes.

21           MS. MOORE: I think it would also be important to  
22 look at how we have worked with special education and  
23 alternative education programs.

24           We definitely have rules and regulations around  
25 special education, but I think it would be important to

1 delve into a bit alternative education programs particularly  
2 those that are done by county offices of education and how  
3 they've faired in this -- in our new -- since 1998 versus  
4 how they faired prior to that would be an area that we could  
5 have additional information on.

6 CHAIRPERSON BUCHANAN: I just have a comment. I  
7 just want to clarify that we give -- this ties into what  
8 Assemblymember Hagman said many times, that we give the same  
9 grant amount for new construction regardless of the building  
10 type; correct? Portable, relocatable?

11 MR. MIRELES: That's correct.

12 CHAIRPERSON BUCHANAN: Permanent construction.  
13 And then a relocatable or a portable's eligible for  
14 modernization after 20 years and permanent construction is  
15 eligible for modernization after 25 years; correct?

16 MS. KAMPMEINERT: Correct.

17 CHAIRPERSON BUCHANAN: So in essence we're giving  
18 a tremendous incentive to have portable or relocatable  
19 buildings that don't cost as much that -- you know, I know  
20 in our district, we had some relocatable schools where we  
21 had to tear down and replace them because we really couldn't  
22 figure out how to modernize them.

23 But we have an incentive there not to build the  
24 permanent classroom buildings that we know are going to last  
25 decades longer.

1 MS. MOORE: It could be characterized as an  
2 incentive. It could also be characterized -- during the  
3 time of high construction costs, it was an alternative that  
4 was used because that's what people could do to control  
5 costs.

6 So there are -- there's varied amount of  
7 reasonings I think why districts choose modular or portable  
8 construction perhaps over permanent and it's -- I think it  
9 is an excellent one in which we should delve. It's also a  
10 product of a per pupil construction driven program versus a  
11 square footage or building type driven program which I think  
12 is what you're raising.

13 CHAIRPERSON BUCHANAN: Right. My -- essentially  
14 yes. I mean I actually think the biggest reasons we have,  
15 number one, we all know as part of the program there was a  
16 time when we required that 30 percent of the classrooms be  
17 relocatable, even though you were never going to relocate  
18 them.

19 We also know when we first implemented class size  
20 reduction we did it in a way that said you better jump in  
21 right now and so, you know, we had tremendous demand for the  
22 portable market then and districts brought in all these  
23 wheel-on portables to participate in class size reduction  
24 because they were afraid if they didn't participate in the  
25 program, they'd be locked out.

1           So I mean we had disincentives I think both in  
2 terms of what we required for construction and in terms of  
3 how we, as the Legislature, implemented the class size  
4 reduction program and then we lived with that and then we  
5 end up with critically overcrowded schools and other  
6 programs as a result of that.

7           And I bring it up, I think as you say, just  
8 because I do think we need to have a conversation on what do  
9 we want to incentivize and obviously you can tell my bias is  
10 I want to incentivize permanent construction and I want to  
11 incentivize construction where over the life cycle it's less  
12 costly for districts to maintain them and more likely that  
13 the modernization grants will be adequate because we've  
14 maintained them properly.

15           And -- so I just brought that up because it just  
16 struck me that, you know --

17           ASSEMBLYMEMBER HAGMAN: We had this discussion too  
18 and I want to thank Tom for having lots of meetings with me  
19 over the last couple months, but one of the things too is  
20 we're building these -- we want these things to last and  
21 we've seen them for 60 years if we do it right -- plus. I  
22 mean we're going to have to put new technology and new stuff  
23 into it, but the framework's going to be there and I'm  
24 wondering when we have the State Architect Division come out  
25 and give us a report, if there's some more flexibility in

1 some of these designs.

2           Instead of building individual classrooms that as  
3 the community grows and you have less K through 6 and you  
4 now have more junior high or those type of things -- the  
5 communities grow in waves as well -- that these basic  
6 structures can be more useful for other purposes as well.

7           So take example, a K through 6, you know, class or  
8 school shut down for, you know, a while or it's half the  
9 size, could we take out half those classrooms -- the  
10 interior walls and make it a big community center now for a  
11 while and then we can put the walls back in.

12           That takes a different kind of design element  
13 where you're building almost like a tilt-up on the outside,  
14 but inside, we have permanent walls, but it allows that  
15 flexibility to add that community space, to add those things  
16 that may be desirable but not financed until later. But as  
17 the population changes up and down, we have that flexibility  
18 versus portables that you take in and out and just really  
19 doesn't make as much as sense, so --

20           MS. MOORE: Well, two educational comments on  
21 that. We would -- I think flexibility is very important and  
22 I think we ought to look at our program and how we fund and  
23 how that relates to flexibility.

24           So if we're, you know, hard walls classrooms and  
25 that's what's the driver in funding, you're going to see

1 hard wall classrooms.

2           If you have a driver in funding that says, you  
3 know, we want to see you address a certain capacity, but you  
4 have flexibility within how you do that, then we're going to  
5 see that.

6           So what we fund gets built and I think it will be  
7 important to look at those two components and then the other  
8 piece I would say about relocatables and portables, yes, we  
9 had the 30 percent requirement. You know, we're  
10 knowledgeable that that industry has grown as well, and, you  
11 know, there are a range of types of buildings within that  
12 industry, some of which, you know, are high performing,  
13 relocatable structures that do serve a purpose.

14           So again, you know, we need to look at it in  
15 totality. Do we want the campuses to be a hundred percent  
16 relocatable? Probably not. But do we want districts to  
17 have flexibility around those issues? Probably so. And so  
18 what kind of flexibility and what drivers do we put into  
19 that I think would be important.

20           ASSEMBLYMEMBER HAGMAN: No, and I agree and I  
21 think it's a whole nother conversation of new construction  
22 again, but, you know, what you see in the office world so to  
23 speak are these tilt-ups. They're concrete on the outside,  
24 steel beams, basically anything you want on the inside is  
25 stick and drywall, that sort of thing, but you have that

1 flexibility space to design even every couple years as you  
2 have new tenants come in and we don't seem to have that  
3 flexibility with our classrooms as much and that's a whole  
4 new way of constructing it, but there's also a quicker way  
5 too.

6 MS. MOORE: I think too that also addresses an  
7 issue that we at the department of very concerned about and  
8 that is educational modernization. How often is that  
9 arrived at; how often -- you know, is it 25 years? Is that  
10 appropriate? Does education change every 25 years? Does it  
11 change sooner? And can we look at that in terms our program  
12 drivers around educational adequacy and not just building  
13 adequacy but general educational adequacy and that might be  
14 part of the solution that you talk about.

15 I think it would be important, as I indicated  
16 earlier, to have the Division of State Architect where a lot  
17 of those issues arise to be able to talk to us about how  
18 that -- how it all operates with Title 24.

19 CHAIRPERSON BUCHANAN: There are pluses and  
20 minuses to flexibility. I remember when we built the open  
21 classroom and you could -- and we had schools where you  
22 could see from one end to the other and teachers immediately  
23 started putting in bookcases to try and create some space  
24 and the district where I was on the board, we actually ended  
25 up replacing three schools because we had this completely

1 flexible idea and had problems.

2           So I -- you know, I think they're great questions.  
3 I don't know to what extent -- I mean we're here to be a  
4 partner to local districts, so to what extent we should be  
5 driving all those decisions.

6           What I want to do now is take public comment and  
7 then I'd like the Board -- or the Committee members here to  
8 have a little bit of a discussion in terms some of these  
9 we've talked about now, how we want to move forward in terms  
10 of how we're going to break down and talk -- you know, have  
11 the essential components we want to talk about for  
12 potentially a new bond. So --

13           MR. WALRATH: Madam Chair, members. Dave Walrath  
14 representing Small School Districts Association.

15           First of all, thank you for doing this and thank  
16 you for looking at a 2014 bond. Small school districts  
17 cannot have a lot of assessed value, are dependent upon the  
18 State as a partner for their school facility needs.

19           A couple points. First, as you look at a new  
20 program, please keep in mind the Serrano issues. They are  
21 related to the ability to have access to tax revenues to  
22 meet the quality and number of school facilities needed.

23           Your question about the 60 percent on hardship,  
24 one of the reasons for that was to address the Serrano issue  
25 on tax rate and tax rate equity. Should it be 80 percent;

1 should it be 50 percent? But it was to address that  
2 particular issue.

3 CHAIRPERSON BUCHANAN: Wasn't Serrano -- excuse  
4 me. Serrano primarily dealt with the educational side of  
5 the program; correct?

6 MR. WALRATH: No. Actually I read the opinion  
7 last week to refresh myself on it and it has numerous  
8 references to the same issues of operational being applied  
9 to facilities.

10 So it was also -- although the issue itself and  
11 the decision itself dealt with the operational side --

12 CHAIRPERSON BUCHANAN: That's exactly --

13 MR. WALRATH: -- if you look at the -- Judge  
14 Epperson's opinion, it includes basically a conclusion that  
15 would also apply on the facility side.

16 CHAIRPERSON BUCHANAN: Well, yeah. I mean and  
17 part of that is, is because out of your revenue limit and  
18 all that also is your money for maintaining your facilities;  
19 right --

20 MR. WALRATH: Well --

21 CHAIRPERSON BUCHANAN: -- and your --

22 MR. WALRATH: Well, on the -- what it was, was  
23 that you would have equal access to a program --

24 CHAIRPERSON BUCHANAN: Right.

25 MR. WALRATH: -- for the same tax rate. It was a

1 tax rate issue.

2 CHAIRPERSON BUCHANAN: That's right.

3 MR. WALRATH: And so if you could have a  
4 high-quality program at 15 cents versus somebody else at a  
5 dollar 50, that was where the issue. That's the same thing  
6 if you have a \$10 million school.

7 CHAIRPERSON BUCHANAN: Well, maybe we can --

8 MR. WALRATH: Yeah. And we can talk about that --

9 CHAIRPERSON BUCHANAN: -- we can discuss it later  
10 because I read Serrano as primarily dealing with your -- the  
11 adequacy of the -- what I would call the general fund side  
12 of it and not that any of us would agree that some  
13 schools -- I mean that districts should ever, but I --

14 MR. WALRATH: I'd be more than pleased to provide  
15 you some of the other pieces --

16 CHAIRPERSON BUCHANAN: -- I definitely read that  
17 differently than you do.

18 MR. WALRATH: -- of the opinion. But the second  
19 is, might -- silos and looking at this in comprehensive.  
20 Thank you for your comments because your comments were  
21 looking at goals, what are the goals of the program. There  
22 are multiple ways of accomplishing goals.

23 And what were certain ways picked? Your  
24 discussion on eligibility, tentative tract maps. One of the  
25 reasons why we have instead of three phases for most people,

1 just one and the school district has to up-front the cost of  
2 design, up-front the cost, site acquisition. What -- an  
3 insurance that the district would only be doing that because  
4 of the cost for those schools that they actually knew they  
5 were going to need.

6 And so that is the tie to final tract map versus  
7 tentative tract map, but you wouldn't be doing all those  
8 up-front costs if you didn't think you would need a school.

9 So looking at that on some of the history of why  
10 were some of these provisions placed into law from the old  
11 program to the new program in order to address some of these  
12 issues.

13 CHAIRPERSON BUCHANAN: So could I ask you a  
14 question then on that?

15 MR. WALRATH: Um-hmm.

16 CHAIRPERSON BUCHANAN: So just probing a little  
17 bit deeper. So you have a situation where a district is  
18 preliminary qualified for financial hardship based on your  
19 tentative maps and all of that and now the -- you hit  
20 September 2008 and Lehman goes belly up and everything just  
21 changes dramatically, what do you do there? I mean do you  
22 go ahead and still fund that school even though the houses  
23 may not be built for a decade or the students there for a  
24 decade.

25 How would you -- how do you deal with that because

1 technically right now you could keep that eligibility on and  
2 if I'm a district, why would I turn away free money.

3 MR. WALRATH: Okay. The basic question is -- I'm  
4 a little bit confused because of the termination of  
5 financial hardship, but just on -- because most of the time  
6 on financial hardship --

7 CHAIRPERSON BUCHANAN: Right.

8 MR. WALRATH: -- you're not in that situation. So  
9 on the general eligibility issue, if a district had been  
10 doing that, had purchased the land and everything else,  
11 should it go forward and build. Remember the district still  
12 has to come up with 50 percent of the match.

13 CHAIRPERSON BUCHANAN: Well, I agree with that,  
14 but on a financial hardship situation, we've had some of  
15 those come before the Board --

16 MR. WALRATH: I'm not sure how often you would see  
17 that situation -- financial hardship situation where the  
18 eligibility was off a tentative map and that they did not  
19 have the other types of eligibility driving that particular  
20 building. And so I'm not sure how often that occurs, but  
21 that's an interesting question, one that should be explored  
22 because I don't think any of us want to be spending money  
23 for schools that aren't going to be used or filled.

24 The second piece is the operational because my  
25 understanding CDE is starting the process of looking at the

1 whole school financial process with their first meeting  
2 being November 9th. So there's a conversation between the  
3 operational and the -- what you're accomplishing now, the  
4 facility.

5           And one example of that is deferred maintenance,  
6 which is within the operational side but has a tremendous  
7 amount of impact on the facilities side.

8           Class size reduction, loading, allocations on  
9 programs and types of programs and facilities needed for  
10 those types of programs. So just some sort of -- looking at  
11 how that process is going on with what you're doing.

12           And then lastly, to the extent that you can look  
13 at program consolidation, we support as an association  
14 categorical program consolidation. We would think that it  
15 would be helpful within the School Facility Program to have  
16 program consolidation to the extent that that's possible.  
17 Maybe not have 12 separate programs as you went through in  
18 detail today.

19           So those are some of the points and we'd  
20 appreciate the opportunity to continue working with you and  
21 to the extent that you can set goals for the new program  
22 that allow the different associations, different interest  
23 groups, different stakeholders to give you different ways of  
24 solving and addressing those goals. There is no one way.  
25 There may be multiple ways as you look at all the goals that

1 you have. Because there are different ways of addressing  
2 lower stakes downstream costs, to addressing what is the  
3 amount of funds that are actually needed for the  
4 modernization program.

5 Those are not necessarily goals in conflict, but  
6 how do you address those in a way that makes sense.

7 So with that, thank you very much.

8 CHAIRPERSON BUCHANAN: Thank you.

9 MS. MOORE: I just have a comment on deferred  
10 maintenance. Perhaps we could have a program summary of  
11 deferred maintenance as well. It was a program and it was  
12 operated by the office up until it was -- for categorical  
13 and I do think it's a very important component of our  
14 facilities program and how we are going to invest in  
15 maintaining the investments that we made through the  
16 \$35 billion that we just expended for school facilities.

17 MS. ALLEN: That's a question that my bond  
18 oversight committee asks me every time we get together: how  
19 am I going to maintain what we just spent money on.

20 Cathy Allen, San Juan Unified School District,  
21 representing CASH. Thank you for the opportunity to allow a  
22 group of people to come and listen to the discussion.

23 I think -- first of all, this document is totally  
24 awesome. I'm going to give it to all my staff. I think  
25 several people have mentioned that before. So it's a good

1 compilation of all the programs that are kind of hanging  
2 around us right now.

3 I do want to thank Ms. Moore for getting that  
4 report going on (indiscernible) schools that was completed  
5 and chaired. It's been a topic of many conversations. We  
6 just recently completed the fall CASH conference where we  
7 spoke about the report, heard about it from both Kathleen  
8 and Jeff and we had a breakout session the last day we were  
9 there where we talked about all the stuff that's kind of  
10 inherent to different projects that are still open and  
11 ongoing and what we liked about them, what we didn't like  
12 about them, what we'd throw out if we could, can we tweak it  
13 a little bit. You know, is there any need to start all over  
14 or, you know, can we build on something that has worked in  
15 the past.

16 I was mentioning to a colleague in the audience of  
17 all the programs that have been around for a long time --  
18 and I guess this does really kind of date me -- financial  
19 hardship really is the one that hasn't changed very much and  
20 I consider myself fortunate in that I've been able to kind  
21 of participate in that program back when I was at a county  
22 office of education.

23 But that's probably the one program I think that's  
24 stayed relatively the same for the whole time that I've been  
25 doing this work.

1           Couple of things I just want to comment on. I  
2 think it's a little early to start offering up a whole lot  
3 of ideas and I think as the group goes forward and we hear  
4 more things, I think you'll probably hear more people want  
5 to come up and share some comments.

6           But several things I heard today that I think  
7 resonate with me in particular mostly because of the  
8 district that I'm in, big suburban district with a lot of  
9 old schools, educational program funding versus building  
10 funding or classroom -- or excuse me -- per pupil type  
11 access.

12           And then the educational modernization, that  
13 really rang true to me because what I find myself struggling  
14 with is a whole bunch of older buildings, older schools  
15 using the modernization and eligibility that I do have and  
16 not being to alter the facility for an educational program  
17 at all.

18           So by the time I get done with that, sometimes you  
19 can't even tell I've been there because it was all  
20 underground, it was all in the roof, or in the building and  
21 I didn't even get a chance to change the facilities for  
22 the -- you know, the educational program that might be more  
23 valuable today.

24           So -- and then -- in the current program, I  
25 wouldn't necessarily be able to go back and do that again

1 for another 20, 25 years. So just kind of another way of  
2 looking at that, I think would be beneficial, and then I did  
3 write down the maintenance and deferred maintenance because  
4 that is such a huge component and will just become more --  
5 more important as we are still allowed to -- or flex into  
6 (indiscernible).

7 So I'm very fortunate that my district has not  
8 chosen to do that and we are able to still continue to take  
9 care of some of the millions of dollars that we have  
10 invested in our school district.

11 So thank you for the opportunity. I think I'll be  
12 back up again at another time and share some more thoughts.

13 ASSEMBLYMEMBER HAGMAN: If you don't mind.

14 CHAIRPERSON BUCHANAN: Yeah. Go ahead.

15 ASSEMBLYMEMBER HAGMAN: I don't have a question,  
16 just reminded me of another thought. When we talk about  
17 some of the sustainability programs, some of the green  
18 energy components to education and we've had discussions, is  
19 that something the State wants to bond out for 30 years when  
20 it really helps the operational costs versus the actual  
21 physical plant of the building.

22 One idea is that from a private sector I've been  
23 seeing happening going up to smaller local governments and  
24 such is a company going out and saying, look, we'll offer to  
25 replace all your light bulbs with LEDs, we'll up-front the

1 costs, we'll calculate your savings electrical costs, and  
2 we'll take half that money back for a period of years. You  
3 know, maybe a separate component when we take some of these  
4 energy sides of it that really saves the district operations  
5 money, which you want to do. You don't want to bond out 30  
6 years and pay interest on it though.

7 I mean we could be a loan or a lease program, we  
8 could front the money, but we get the money paid back into  
9 the system and that may be a way to do that separately from  
10 the actual 30 year construction bonds.

11 CHAIRPERSON BUCHANAN: Well, and a number of  
12 districts, the way they've moved to solar than others is  
13 they enter into power purchase agreements where they use the  
14 savings to pay for the solar and so there are areas like  
15 that I agree where there -- it's cost neutral to the  
16 district and I'm not sure the State should be funding that,  
17 but we could -- I think that's -- we'll get into that  
18 conversation later. Hi.

19 MS. HANNAH: Good morning, members. I'm Jenny  
20 Hannah. I'm from the Kern County Office of Education and  
21 I -- I think I'm speaking on behalf of county offices a  
22 little bit, but also districts in our county and I wanted to  
23 address just a couple things.

24 The tentative map -- the paper map discussion I  
25 think's really timely. We all know it's different today

1 that it has been and that there are a lot of paper maps out  
2 there, tracts that aren't necessarily going to develop  
3 quickly.

4           What I've seen on the local level is some good  
5 leadership and decision making on that. I think I had a  
6 district rescind their reservation on funding about four  
7 months ago because the kids weren't there.

8           And they can't afford to operate or open those  
9 schools and politically, you know, having a new school with  
10 no kids is kind of an issue locally. So I'm not sure how  
11 that -- that might help balance that equation, but I see  
12 that at least in terms of leadership on the local level.

13           Thank you, Ms. Moore, for bringing up county  
14 offices and the special students that we educate. We work  
15 within this system that's really designed around standard  
16 K-12 and we often get left out of the ability to participate  
17 in -- well, we know we can't participate in career tech  
18 necessarily because of some of the educational requirements  
19 and joint-use.

20           So I'd like to see more ability for county offices  
21 to be allowed to be more creative with those programs  
22 because I think it would really benefit our student  
23 populations.

24           The -- I don't want to get too much into  
25 (indiscernible). I can talk a lot about these things, but

1 as far as the per pupil grant and this idea that  
2 classrooms -- building classrooms are what drives the  
3 building program, county offices -- we have many special  
4 needs -- needs that aren't always tied to building classroom  
5 construction.

6           It's a still requirement for us to have those  
7 facilities available for the State purpose to provide those  
8 services to the children and, you know, I can't -- in this  
9 program, I can't build a standalone facility. You know, I'm  
10 required to provide that locally at my level.

11           So there's some disconnects and some pretty big  
12 ones that would be nice to have a look at with regard to  
13 that.

14           And then just one last comment. I like to pick up  
15 on these things and address them and I think I heard  
16 Ms. Moore talk about this. Relocatables is a very broad  
17 definition and I have -- you know, I know the ones that I  
18 don't like and I'm not going to say a trade name, but they  
19 remind me of trailers and those definitely don't have the  
20 life cycle cost nor do I agree that I think we should be  
21 putting, you know, 30-year money into those type.

22           But there are a lot of other options available to  
23 districts now that weren't maybe even ten years ago that  
24 have a life cycle materials and long life to them that  
25 happen to be more efficient and cost effective to utilize in

1 a new construction project, much like the Japanese are  
2 looking at so much prefab and modular type construction.

3           There's some benefit to that in terms of the cost  
4 of, you know, those school sites. So thank you and I'm glad  
5 we're having this conversation.

6           CHAIRPERSON BUCHANAN: Thank you.

7           MS. DIXON: Good morning. My name is Janet Dixon.  
8 I'm with the Riverside Unified School District and I too  
9 really appreciate the opportunity to speak here today and  
10 the fact that you're looking at this program hopefully for a  
11 new program in 2014.

12           I wanted to speak to one of Ms. Moore's comments  
13 about looking at modernization more from a needs base than  
14 simply a per pupil. I echo that. I like others in the  
15 audience have done many modernizations where we've been able  
16 to touch little more than doing ADA access and upgrading  
17 fire alarms.

18           And the educational value or needs of the school  
19 site have been deferred. And some have been deferred so  
20 much we're actually looking more at a need for  
21 reconstruction. There are so many older schools that are so  
22 far behind the current standards of today's educational  
23 program.

24           And I think one thing that was kind of startling  
25 to me and I think it was to many of you on the Board was a

1 report a few months ago where the Federal Government looked  
2 at schools on bases and schools that had been modernized  
3 under our program were found to be amongst the worst in the  
4 United States and I think that's just a little bit evidence  
5 of the fact that the way we're doing modernization isn't  
6 working.

7           Also wanted to address Assemblymember Hagman and  
8 Buchanan's comments about the green program. You address  
9 the energy component which is certainly the first thing that  
10 everybody thinks of for the high performance grant, but  
11 there's a number of other components in there that you're  
12 required to meet as well that don't necessarily result in  
13 cost savings to the district: building components that you  
14 need to use, location of the facility as far as walkability,  
15 things like that.

16           So it's a much broader program than just energy  
17 savings.

18           And I'd like to see those additional costs just be  
19 rolled into the grant. As we're getting green requirements  
20 into our building code, it's not really going to be green  
21 and not green anymore. It's all going to be one program.

22           So thank you.

23           CHAIRPERSON BUCHANAN: Are there any other  
24 comments?

25           I think -- and all of us have commented at various

1 Board meetings and on areas we'd like to look into. We've  
2 had some comments today. So maybe I'll try and summarize  
3 some of it and you can add in and then we'll -- I'll sit  
4 down and try and figure out what we can cover in future  
5 meetings because I would imagine some areas are going to be  
6 very long discussions and others may be shorter discussions.

7 But -- and my pen works and doesn't work. But one  
8 area -- thanks -- one area I know that I've talked about,  
9 whatever, is at some point in time, we want to talk about  
10 eligibility just in general. Right.

11 And then I think probably we're going to want to  
12 take some of the major programs or maybe modernization and  
13 new construction and what I would call other and have some  
14 in-depth discussion taking a look at -- if we talk about new  
15 construction, not just the New Construction Program itself  
16 but talk about in general what falls into -- all the  
17 subprograms that fall into that or fall into the  
18 modernization.

19 I think I'm hearing that -- and I know I've had --  
20 but I would like to have part of one meeting dedicated to  
21 county offices of education because clearly they fall into a  
22 special category and we've got to determine how we're going  
23 to deal with that. You know, I mean what is the obligation  
24 of the State, what is the obligation of the participating  
25 school districts and others, but, you know, obviously we

1 have an obligation to educate all of our children.

2 I think we are going to have to have some  
3 discussion on I guess, Ms. Moore, what you're calling  
4 adequate facilities because, you know, I think that, you  
5 know, to the extent the State should dictate -- I'm not sure  
6 I agree the State should dictate educational programs except  
7 we do both sort of directly and indirectly through how we  
8 fund the program.

9 What's also interesting to me though is we don't  
10 even have a definition of what a school should be, you know,  
11 and I do know it is classroom driven and I'm sort of not  
12 ready to move away from the fact that, you know, kids have a  
13 teacher and they go into a classroom and receive  
14 instruction, but, you know, when we have the grants, when  
15 you take a look at the grant amounts, they're really funding  
16 at about \$300,000 per classroom and I think we know the  
17 average classroom doesn't cost quite that, but that's with  
18 the assumption you're going to build so many classrooms but  
19 you also have the office and other buildings that you're  
20 building along with that.

21 So I think if we are going to end up at some point  
22 in time another topic talking about grant adequacy and what  
23 we want to fund, we should have some idea in terms of what  
24 we're trying to fund in terms of a school.

25 And then at some point in time, I think -- and

1 that may be closer to the end, but we -- also we're going to  
2 have to talk about our priorities. I mean we're going to  
3 have a wish list of maybe, you know, a hundred things or 500  
4 things that would be great if we had unlimited resources,  
5 but if we're going to have limited resources, we have to ask  
6 ourselves what are our priorities.

7 I know in my district whenever we had a bond, we  
8 said, okay, our priorities are health and safety first. You  
9 know, then we want to be sure we have enough classrooms to  
10 house all the students. Then we want to be sure that there  
11 are comparable. So if one elementary school has a library  
12 or a science center, we want all of our elementary schools  
13 to have that.

14 So we need to have I think some kind of discussion  
15 there in terms of what we can do because I still believe  
16 that the State construction program is there to be a partner  
17 to districts. We are not the facilities programs for  
18 districts.

19 I mean schools historically prior to Prop. 13 were  
20 funded through local property taxes. The State is not in a  
21 position to take that over. So, you know, we need to have  
22 that discussion in terms of where we want the State's money  
23 to go.

24 So I'm open to other -- are there other areas?

25 ASSEMBLYMEMBER HAGMAN: Well, I gave you my pen,

1 you didn't use it.

2 CHAIRPERSON BUCHANAN: Here's your pen back.

3 ASSEMBLYMEMBER HAGMAN: Now, when you spoke all  
4 that stuff, you were supposed to write the components.

5 CHAIRPERSON BUCHANAN: Yeah, I -- Deanna's writing  
6 it down for me. I'm okay. Deanna -- I asked her if she --

7 ASSEMBLYMEMBER HAGMAN: I think we've hit most of  
8 my goals too. I think looking at new construction and  
9 existing schools and then other programs I think are three  
10 benchmarks. I'm more interested in trying to really -- get  
11 into the weeds too much -- but really understand the costs  
12 and comparisons of some of those.

13 And then, you know, we talked about the -- also  
14 there's technology, how do we integrate that in both now and  
15 future. I think that's got to be a must in almost anything  
16 we do when we touch facilities anymore. We have to  
17 transition in, what, next year and a half over to wireless  
18 test capability. So we need to have that infrastructure in  
19 there. How do we do that not doing 30-year bond out but  
20 another program.

21 You know, those are some of the things we talked  
22 about and hopefully there's a whole bunch of notes and we  
23 can organize them into some subgroups and go from there.

24 CHAIRPERSON BUCHANAN: Any other comments?

25 MR. ALMANZA: I just want to thank staff for the

1 good work they did in putting this package together and for  
2 the public comments. You know, we do have a pretty complex  
3 array of programs and, you know, we've been pretty  
4 successful. We put out, what, 35 billion over the last 14  
5 years.

6 But going forward, I would like us to look more at  
7 some program consolidation. I think there's opportunities  
8 for that.

9 And probably, you know, more importantly, if we  
10 could do some kind of financial assessment of statewide bond  
11 capacity. You know, we are at a point where I think in the  
12 last year we put out about a billion dollars and we're at a  
13 point where debt service I think is right about \$2 billion.  
14 So we're spending more in debt service now than new  
15 construction.

16 So the financial component I think is critical and  
17 it ties right into prioritizing because we are going to have  
18 limited resources.

19 CHAIRPERSON BUCHANAN: And we may not know what  
20 the public's appetite is for a bond for over a year. So --  
21 Ms. Moore.

22 MS. MOORE: Well, I would echo the comment that I  
23 believe that we have had an incredibly successful program  
24 for the last 12 years, the 35 billion that has been issued  
25 and has gone out to do I think very good work in communities

1 and that took all the communities to accomplish.

2 I do believe that we are in a different economic  
3 and -- as well as a different place in California than we  
4 were when the program was established with SB50. So I think  
5 it bears that we take a look at what is -- what does the  
6 future of California look like both demographically and I  
7 think in terms of what our priorities are for education.

8 I echo the comment I think by Mr. Walrath that we  
9 are in -- we are glove in hand with the operational side of  
10 education and that that's an important component.

11 So we've had a very successful program. We have a  
12 different context of where we are today in California and I  
13 think we also have the opportunity to look at -- as -- I  
14 think as you talk about it in priorities, I would use the  
15 use the word goals.

16 What are our goals moving forward and what are our  
17 resources to meet those goals moving forward and I think  
18 that as the audience has indicated, once they are -- can  
19 have that knowledge of what the general parameter -- general  
20 goal is that we'll get a lot more feedback because then they  
21 have a target for the future.

22 This was fabulous information for where we are  
23 today. I think what we're trying to look at is where are we  
24 going in the future. And in order to do that, I mean one of  
25 the first recommendations of the Center for Cities and

1 Schools report was that the State have a vision and a master  
2 plan for facilities.

3           And I think that's -- you're talking about the  
4 genesis of that. So we would strongly support that.

5           Again from the Department of Education's vantage  
6 point, we're going to look at how is the program supporting  
7 quality education in California. So we do -- the program  
8 driver is important to us and it's important that our  
9 program does not inhibit -- you know, that the facilities  
10 program does not inhibit good program delivery at the local  
11 level.

12           So we'll want to see that incorporated as well and  
13 I think you've touched on those issues.

14           CHAIRPERSON BUCHANAN: Right. And I -- there'll  
15 be long, in-depth discussion. And I think ultimately  
16 whether it's this Committee, we decide to have another  
17 Subcommittee, you know, we've also had in-depth talks about  
18 how do we streamline the program.

19           MS. MOORE: Um-hmm.

20           CHAIRPERSON BUCHANAN: You know, and that may mean  
21 taking an in-depth look at our own regulations to find out  
22 how do we make it simple to understand, easy to administer,  
23 and -- you know, we're talking about that already with the  
24 Audit Subcommittee.

25           I want to thank you for all of your work because I

1 know what a big undertaking this is and I know that while  
2 all of you have this information stored somewhere in your  
3 brains, I mean trying to organize it in a way that's easy to  
4 understand and provide such a succinct summary, it takes  
5 time and -- but it's --

6 ASSEMBLYMEMBER HAGMAN: It's a binder.

7 CHAIRPERSON BUCHANAN: It is a binder, but it's a  
8 very useful binder. You know, and again I think -- I agree  
9 it should be here -- we probably should go ahead and  
10 distribute this to the other State Allocation Board members  
11 and we know we're going to have at least two new legislative  
12 members coming onboard and, you know, it gives you a time  
13 when you could sit down for an hour and so and have a great  
14 overview of what we're trying to accomplish.

15 So thank you for everything and then we will sit  
16 down and plan future agendas and what I would ask of all of  
17 the members here and anyone in the audience, if there's  
18 something that, you know, you think of, whether it's this  
19 afternoon or, you know, tomorrow or down the road that you  
20 think we should be looking at, if you would, you know, send  
21 me email because we can include that when we're discussing  
22 that topic area or add it.

23 But we want this to be an inclusive process that  
24 ultimately leads to a successful bond in 2014 and I think  
25 that the discussions are going to very worthwhile.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

REPORTER'S CERTIFICATE

STATE OF CALIFORNIA            )  
  )  ss.  
COUNTY OF SACRAMENTO        )

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board School Facility Program Review Subcommittee were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on November 4, 2012.

\_\_\_\_\_  
Mary C. Clark  
AAERT CERT\*D-214  
Certified Electronic Court  
Reporter and Transcriber