

BEFORE THE  
CALIFORNIA CLEAN ENERGY JOBS ACT  
CITIZENS OVERSIGHT BOARD

CALIFORNIA ENERGY COMMISSION  
1516 NINTH STREET  
ART ROSENFELD HEARING ROOM - FIRST FLOOR  
SACRAMENTO, CALIFORNIA 95814

MONDAY, JANUARY 11, 2016  
1:00 P.M.

Reported by:  
Kent Odell

APPEARANCES

Kate Gordon, Chair  
James (Walkie) Ray, Vice Chair  
Jack Bastida, Staff  
Arno Harris, Board Member  
Randall Martinez, Board Member  
Chelina Odbert, Board Member  
Steven Sakurai, Board Member  
Robert B. Weisenmiller, Ex-Officio Member (CEC)

Armand Angulo, California Energy Commission (CEC)  
Rich Brown, President, Terra Verde  
Anna Ferrera, School Energy Coalition  
Andrew McAllister, California Energy Commission (CEC)  
Bill McGuire, School Energy Coalition  
Sarah White, California Workforce Development  
Susan Yeager, California Community College Chancellor's Office

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P R O C E E D I N G S

JANUARY 11, 2016 1:05 p.m.

CHAIRPERSON GORDON: Okay, let's call roll.

MR. BASTIDA: All right, calling roll.  
Board Member Gordon - Here; Board Member Ray -  
Here; Board Member Cuff - Absent;

CHAIRPERSON GORDON: I think she's absent today.

MR. BASTIDA: Board Member Harris - Here;  
Board Member Kremen - Absent; Board Member  
Martinez - I'm here; Board Member Odbert - Here;  
Board Member Sakurai - Here.

MR. BASTIDA: All right, we have a quorum.

CHAIRPERSON GORDON: Do we have anyone on the phone, Jack?

MR. BASTIDA: No. We do not.

CHAIRPERSON GORDON: In some ways that's easier, but it's too bad. Thank you.

All right, let us move on to approval of the Minutes from the last meeting, and that was November 16th. I don't know if everyone has had a chance to briefly look at those Minutes, but if not, they should do so. That's Item 2 in your

1 binder.

2 MR. MARTINEZ: I'll move to approve.

3 MR. RAY: I'll second.

4 CHAIRPERSON GORDON: All in favor?

5 (Ayes.) Anyone opposed? Anyone

6 abstaining? All right, so moved. Thank you.

7 And those will be published as printed since we

8 just approved them.

9 CHAIRPERSON GORDON: Great, well Item 3  
10 is a big one and an interesting one. You may  
11 recall in our last meeting there were some really  
12 good questions posed by Board Members about how  
13 the program is working so far. We know that a  
14 big part of our job is both the audit of the  
15 program spending, but also a report to the  
16 Legislature, and so there's just a lot of  
17 questions of how's it working, and getting up to  
18 speed on that.

19 So to react to that, I worked with staff  
20 to put this agenda together and we decided to  
21 invite some stakeholders from the local education  
22 agencies and also the contractor community doing  
23 that work to kind of give us some feedback on how  
24 the program is working. We wanted to do this  
25 outside of public comment to give people a little

1 bit more time to respond.

2 So I think we have a couple people  
3 approved, or who we asked to speak on this item,  
4 so Jack, who are we starting with?

5 MR. BASTIDA: So we have Bill McGuire and  
6 Anna Ferrera from the School Energy Coalition.

7 CHAIRPERSON GORDON: Great. And if you  
8 guys will start just by saying a little bit about  
9 what you do and what your familiarity is with the  
10 program, that would be great, which I know it is  
11 huge. But I think other Board Members would love  
12 to hear that.

13 MS. FERRERA: Okay, so we already kind of  
14 coordinated amongst ourselves, so I got elected  
15 to go first. My name is Anna Ferrera. I'm sure  
16 you've seen me here before. I'm here on behalf  
17 of the School Energy Coalition, it's a statewide  
18 organization made up of School Districts, County  
19 Offices of Ed., Community Colleges and our  
20 Associates, all focused on funding and technical  
21 assistance for energy efficiency and renewable  
22 projects for California students, because that's  
23 what it's all about.

24 I'm pleased to be here to provide the  
25 Statewide Public School perspective. California

1 schools strongly support Proposition 39 and its  
2 focus on K-14 educational facilities. We  
3 appreciate especially that the Governor's recent  
4 proposal last week for his '16-'17 Budget  
5 increases the program funding by over 16 percent  
6 for K-12 and Community Colleges. This translates  
7 to \$365.4 million from \$313.4 million last year  
8 for K-12, and \$45.2 million from \$38.7 last year  
9 for Community Colleges, and that is great news.

10           Since the CEC's Proposition 39 Guidelines  
11 were approved in 2013, SEC has worked with School  
12 Districts to stay on top of the recent changes  
13 and agency requirements for Energy Expenditure  
14 Plans. We're pleased to report that these Local  
15 Education Agencies, or LEAs, throughout the state  
16 are moving forward at a faster pace with plans to  
17 make their campuses energy efficient.

18           Now, you all know that saves taxpayer  
19 dollars and allows schools to apply their savings  
20 to teachers, equipment, any other priorities that  
21 they may have, and that's very important at a  
22 time of budget cuts, and also scarce resources for  
23 facilities. We don't have -- our statewide bond  
24 is depleted.

25           So well over 2,000 plans have been

1 approved to date, this at a time when there's  
2 scarce resources; as I said, it's a vital and  
3 successful program for K-14 schools in  
4 California. We appreciate the flexibility.  
5 Schools are able to decide; however, they must  
6 meet certain requirements under the program. And  
7 so with regard to those areas that may need  
8 further State agency review, we would raise a few  
9 issues and I have more details in the document I  
10 gave you and am happy to answer any questions.

11           Mainly, you know, definition of cost-  
12 effectiveness, it's that SIR ratio, it's  
13 definitely the most challenging part for schools  
14 as they try to figure out this is not their  
15 bailiwick, they're there to educate students.  
16 You know, the folks who run facilities programs  
17 at schools are often the groundskeepers, you  
18 know, they wear many hats. Energy is something  
19 they've just recently learned to get their arms  
20 around and, because of the baseline measurements  
21 and benchmarking that's required under Prop. 39,  
22 I think we have a much clearer picture across the  
23 state of what schools use and what the potential  
24 is under Prop. 39.

25           Most of the projects that have been done,

1 and CEC has said this in the past, are lighting  
2 projects, followed distantly by HVAC heating and  
3 cooling systems. It's reasonable for us to ask  
4 at this point, you know, whether we can get  
5 beyond lighting, or why we don't get beyond  
6 lighting. I've heard the question from  
7 legislative staff, and I think it has to do with  
8 the fact that lighting is the easiest to meet  
9 with the SIR requirement, and then also HVAC is  
10 the thing that schools want to get done. For  
11 maintenance reasons, you know, to be able to  
12 apply these dollars to HVAC is wonderful and  
13 critical for many schools.

14           And so marrying those two things seems to  
15 be the way to get things done, but we would  
16 encourage CEC to help us figure out if there's  
17 something in between, if there's something we  
18 should be doing, but I think those are the two  
19 that we really see as opportunities under Prop.  
20 39.

21           Also, rates are a factor in determining  
22 the SIR, and schools who receive their  
23 electricity from public power, like Irrigation  
24 Districts, some Municipal Utilities have lower  
25 rates, and so that baseline rate makes it more

1 difficult for them to meet that SIR, and we would  
2 suggest the use of perhaps an alternative formula  
3 for those schools that really are having trouble  
4 meeting the SIR in those cases.

5           Solar schools would support more options  
6 to do solar with the funding, it is very much  
7 geared towards efficiency and that is the loading  
8 standard that the state also feels very strongly  
9 about, it should be efficiency first, you don't  
10 want to put solar on Swiss cheese, let's say, but  
11 I think having done a lot of that when the budget  
12 cuts were really significant, I think there are  
13 some schools that would like to go beyond that  
14 and do some solar projects on campuses and  
15 buildings on their Districts. So more options to  
16 do that would be terrific.

17           Funding relationships between LEAs, now  
18 this is something that has been, you know, it's a  
19 nut we're trying to crack. The fact that  
20 Charters and County Offices are also involved  
21 with Prop. 39, you know, folks are trying to  
22 figure out how to pool those resources. County  
23 Offices are often in charge of financial matters  
24 with Districts and Charters, and so they'd like  
25 to be helpful, you know, either Energy Management

1 Services, those types of things, but we're not  
2 really sure how to make it happen.

3 MOUs might be a way to do it, I think  
4 we're trying to do it case-by-case, and if  
5 there's information that CEC has about how to do  
6 that, or how they would recommend us doing that,  
7 what the documentation might be that would  
8 satisfy, that would be great to know, as well.

9 Let's see, Zero Net Energy alternative,  
10 that right now says that the entire school  
11 district or LEA must meet the Zero Net Energy  
12 Standard, which is, you know, you're generating  
13 as much as you're using on a site. And that's a  
14 standard that I don't think any LEA has yet been  
15 able to meet from an LEA-wide basis, and so  
16 looking at it from a site-wide basis, or some  
17 other way might be useful, and we would be more  
18 than willing to help in discussions on that  
19 issue.

20 Other energy programs that are out there,  
21 Title 24, Green Codes, other things that are  
22 happening with schools that they're required now,  
23 that have been upgraded may cause some concern  
24 for schools who are in the process for Prop. 39,  
25 things are changing very quickly. And so we

1 would suggest coordinating that, there's a  
2 lighting issue that I know has been identified  
3 for staff with Title 24, and we would appreciate  
4 hearing more about how we can coordinate those  
5 things, and how Prop. 39 Standards may be met  
6 while we have these new bigger badder Standards.

7           Also, with Utilities some of the rebates  
8 and things that we were getting previously, we  
9 may not with the new Standards, and so those are  
10 things that schools also need to keep in mind and  
11 they have to remind themselves, or re-jigger  
12 their plans as these things may affect their  
13 approval.

14           CDE, as far as agencies -- and this is  
15 not CEC, this is CDE -- we would be appreciative  
16 of there was a faster process for finding out  
17 what the allocations are under Prop. 39. Right  
18 now, CDE has until November 30th to get those  
19 numbers out to us, and we realize that there are  
20 mitigating factors like the two-year bundling,  
21 and counting all the Charter Schools, and trying  
22 to find out what that number is for Districts;  
23 but my understanding is that most of those  
24 deadlines are before September 1st, so even  
25 September 30th would be a huge positive for us

1 because we're trying to get projects done during  
2 the summer and during holidays and even one more  
3 month to know what we're getting would be  
4 terrific, and especially now that we know we have  
5 more funding coming in this coming year, knowing  
6 what those allocations are is important.

7           Also, the quarterly allocations that CDE  
8 makes, there's no posting of those dates, I'm not  
9 sure exactly why, and it's not like it's going to  
10 make a huge difference other than informational  
11 so that schools know whether they hit the mark or  
12 not, or whether they have to wait three more  
13 months before the allocations get made once their  
14 plans are approved. So that's another -- it  
15 seems like it should be fairly easy to take care  
16 of.

17           Final Reporting Process, that's where you  
18 all jump in. We urge you to make that process  
19 transparent and let us know as soon as possible  
20 what that might entail and who may be going  
21 before you to justify how and what's going to be  
22 looked at in those plans as soon as possible.  
23 And so we look to you, and we're definitely  
24 informing our schools that they should be aware  
25 and know from the very beginning how to measure

1 those savings in energy and cost so that at the  
2 end they're able to report out fairly easily and  
3 clearly.

4           Finally, we don't think it's premature to  
5 be thinking about what happens after the five-  
6 year mark on Prop. 39 what happens to the funds  
7 that don't get expended, and also Charter Schools  
8 we've heard, you know, sometimes they fold and  
9 what happens to that funding, just a clearer  
10 picture of what might happen to those funds after  
11 the five-year term because we certainly would  
12 love to see now that that data is being  
13 collected, and we know where we might want to go  
14 with certain schools throughout the state, how we  
15 might apply those funds in the future. So we're  
16 also very anxious to participate in a discussion  
17 on that score. Thank you. Any questions?

18           CHAIRPERSON GORDON: Thanks, Anna. Let  
19 me just say before, would you rather we do  
20 questions now? Or do you want to do the full --

21           MS. FERRERA: Either way. I have Bill  
22 McGuire with me from Twin Rivers, and he's going  
23 to get down to the campus level, so you know --

24           CHAIRPERSON GORDON: Yeah, let's do Bill  
25 before we do questions from the Board. Let me

1 just remind the Board that the two places where  
2 we really intersect with how the program is going  
3 now, we obviously didn't write the Guidelines and  
4 we aren't the CEC, but we are doing a report to  
5 the Legislature, as Anna brought up, and that  
6 will include a fair amount of description of how  
7 the program is going. Also, we don't have  
8 authority over the Guidelines, but of course we  
9 always have authority of the Board to weigh in on  
10 issues that we think are important, so just  
11 wanted to note that for everybody.

12 Bill, do you want to come up and we'll do  
13 question after?

14 MR. MCGUIRE: I'm going to load up the  
15 Powerpoint, and so if you guys all want to look  
16 that way and not at me, that's fine, as well.  
17 There's a lot of slides, but I'll go through them  
18 very quickly.

19 My name is Bill McGuire, I'm Deputy  
20 Superintendent Twin Rivers Unified, which is here  
21 in Sacramento. I'm also the Chairperson of  
22 Schools Energy Coalition. My job here is to give  
23 you a real brief rundown, so if you want to just  
24 hit next slide for me? And we're in Sacramento  
25 County. We formed in 2008 and '09, we're from

1 Grant Union High, Rio Linda, North Sacramento,  
2 and Del Paso Elementary. We have 53 schools,  
3 27,000 students, but we also have 31,000 when you  
4 count or independent Charters, which are also in  
5 our schools.

6 So just some background information about  
7 Twin Rivers and the projects that we chose, and  
8 if -- anybody know anything about Twin Rivers?  
9 Are you from the Sacramento area? This will not  
10 be the good stuff. What's interesting, it was  
11 only two years ago, which is fairly remarkable.

12 In 2012, the District purchased 39 air-  
13 conditioning units for Harman Johnson and 30 for  
14 Grant. It was part of a \$2.3 million Bond  
15 Measure, and while they bought the units there  
16 was no money to install them, so they paid  
17 \$17,000 to store them. If you read the  
18 *Sacramento Bee* or were part of some television,  
19 of course, we had lots of controversy in the fact  
20 that our schools had no heating and air in one of  
21 the coldest times in 2013, this was just quite  
22 frankly, two years ago within the District, and  
23 there's quite the story if you look to the next  
24 one, warm blankets and war stories about schools  
25 where it's not working, those two schools in

1 particular were Harmon Johnson and Grant.

2           The good news for me as I was not in the  
3 District at that time, I came in in March of  
4 2014, and more background information, things  
5 were not working well, teachers' and parents'  
6 issues related to HVAC not working, and we came  
7 in with an action plan in March to get them all  
8 installed by August of 2014.

9           "Prop. 39 saves the day for Twin Rivers."  
10 As all School Districts had major financial  
11 issues, Twin Rivers was no different and we have  
12 an incredible debt story, and we created a  
13 slogan, "Feel the Difference," which we were  
14 going to make a difference in the classrooms  
15 through HVAC. Clearly we are creative in Twin  
16 Rivers now.

17           So the CEC expenditure plan in 2013, we  
18 filed for HVAC installation at Harmon Johnson,  
19 and these were hard bids with competitive  
20 results, the installation was \$2.25 million.  
21 There were no energy audits, we weren't  
22 interested in that, we were just trying to get  
23 the air-conditioning in. However, as part of  
24 what Anna was just talking about, when we did the  
25 calculations, the SIR was .29, would not qualify,

1 so we went down into a fashion of doing a buy-  
2 down of the project to get it to 1.05 SIR. And  
3 we worked with CEC very closely as we went  
4 through the process because we didn't meet any of  
5 the Guidelines that were set forth, all the  
6 expectation of how the program would work, and  
7 they worked with us incredibly well to be able to  
8 get these projects funded.

9           So we submitted the plan in late June, it  
10 was rejected a week later because we met none of  
11 the qualifications. We then had issues in  
12 relationship to buying down the Grant, and we  
13 worked through that. Then we had issues that we  
14 had purchased the equipment prior to Prop. 39,  
15 and then that would work, and they worked through  
16 us on every bit of that. Secondly, they cost  
17 \$2.5 million to install 20 roof back units, but  
18 20 roof back units from the old system require  
19 all kinds of different things and it's not  
20 putting a new HVAC unit on, we had to restructure  
21 the roofs, all kinds of things to hold the  
22 weight, DSA approved project, and a variety of  
23 other things.

24           Then we did our ASHRAE Level II audits,  
25 got the rest of them out, the audits were funded

1 100 percent by SMUD, but to get that funding, we  
2 had to give up all of our rebates for them to do  
3 our ASHRAE audits. We had several interior and  
4 exterior lighting opportunities that were  
5 identified as part of that. We requested a  
6 meeting with the C Project Managers at SMUD, we  
7 discussed the whole thing, and we reached  
8 agreement on how to get funded, and we were  
9 funded.

10           And the great news, we were funded for  
11 \$1.2 million for that project that was about  
12 \$2.25 million just for installation, not for the  
13 purchase of the units, because that was purchased  
14 somewhere else.

15           We then continued that for Grant and  
16 Union High School, we had done them both at the  
17 exact same time, we used the exact same model,  
18 repeated it, we benchmarked it, we completed our  
19 Energy Audits, we did it once again from a hard  
20 bid, the numbers were the numbers that came to  
21 us, we submitted our application. Grant and  
22 Union High School District, you can see this is  
23 the actual application, was \$3,215,000, and the  
24 Prop. 39 share was just over \$1 million. And so  
25 with that we were in fact funded on this project,

1 as well. The results are on the next page.

2 Harmon Johnson, you can see the actual  
3 kilowatt usage and the therms, the negative was  
4 we were over what we were using last year versus  
5 the projected savings, and at Harmon Johnson it  
6 was because their system wasn't working, so when  
7 you look at the actual data they now use, heating  
8 and air, and the costs are much higher for us.

9 Grant and Union High School, both of them  
10 were completed at the same time. You can see the  
11 savings in the kilowatts and therms associated  
12 with that. Both of these projects had over 100  
13 construction workers in the summer of 2014 to  
14 complete the projects in ten weeks, and the  
15 majority of them were sheet metal workers, so it  
16 was in fact meeting the criteria of Prop. 39.

17 The next slide is where we're going from  
18 here and you can see that we have completed  
19 ASHRAE Level III audits by SMUD for 15 schools.  
20 Notice that many of these are Charter Schools  
21 where they're in fact small Charter Schools  
22 getting large dollar amounts, and what we see is  
23 we can't do enough work there because they're so  
24 small for the dollar amount that they're getting;  
25 or, some of them are getting large dollar amounts

1 and they're in storefront buildings in which we  
2 would never suggest that the state allocate money  
3 to a private entity for a charter that may be  
4 there for a few years.

5           Next steps for us, next slide, is future  
6 Charter School that we did an HVAC project in the  
7 fall of 2012, which we'll be submitting, we have  
8 the Foothill Farms Middle School HVAC project  
9 that's scheduled for this summer, that will  
10 utilize most of our money. We're looking at  
11 issues and talking to CEC folks about Charter  
12 Schools and how we can resolve some of these  
13 issues. We will be doing other things in  
14 addition to Prop. 39 because of all the work  
15 that's been done on those ASHRAE Audits, and have  
16 identified a variety of other things, and we'll  
17 be working with an Energy Efficiency Consultant  
18 to help us implement even more outside of Prop.  
19 39 because of the work that has happened.

20           Future issues. As Anna discussed, Twin  
21 Rivers and Charter Schools, we have three  
22 dependent Charter Schools, they are just schools  
23 in Twin Rivers and they're being treated like  
24 very separate schools, and we need to work and in  
25 the legislation there is a wall because there's

1 big bag Districts and big bag Charters, but guess  
2 what? Sometimes we can in fact work together and  
3 we should work together, and so we would like to  
4 continue that discussion. In Twin Rivers, we  
5 also have three independent Charters that are  
6 managed by one group, Gateway Community Charters,  
7 and we're working in relationship with them to do  
8 all of the work together. We are requesting and  
9 continue to request that somehow we figure out a  
10 way to fix this issue within the Legislature, we  
11 know it can't happen overnight, but this should  
12 be resolved.

13 In addition, just some of the extra  
14 things that we're doing over and above Prop. 39,  
15 you can see many of these different things, but  
16 while we are one of the very few that has done  
17 HVAC, now we're looking at lighting and other  
18 things that are very important.

19 And then finally, Prop. 39 is really  
20 helping us implement our Facilities Master Plan.  
21 Twin Rivers is a School District with many of our  
22 schools that are 80-years-old, 50 to 80-years-  
23 old, that need within the District to bring our  
24 schools up to par with our neighbors is \$2.6  
25 billion. And so every bit of Prop. 39 is helping

1 us get there, and we are one of the ones that  
2 have worked collectively with SEC to make sure  
3 that the rules are working for California  
4 Schools, and we thank them and thank everybody  
5 else for what we have here, and we just really  
6 want to see it going forward.

7 CHAIRPERSON GORDON: Great, thank you.  
8 And, Jack, we'll have that presentation made  
9 available, right? So we can get it in. I think  
10 it has to be publicly available too, right?  
11 Thank you, that was so good to dive in on a  
12 particular School District, that's very helpful.  
13 I think there's probably a lot of questions  
14 coming out of those presentations, so Arno is  
15 looking at me, do you want to start? I can take  
16 a list.

17 MR. HARRIS: Yeah, sure.

18 CHAIRPERSON GORDON: You look like you're  
19 raring to go.

20 MR. HARRIS: Yeah, there's a lot of  
21 really --

22 CHAIRPERSON GORDON: And the others, if  
23 you want to just let me know that you have a  
24 question and I'll --

25 MR. BASTIDA: Chair, we also have Rick

1 Brown from Terra Verde.

2 CHAIRPERSON GORDON: I want to do LEAs  
3 first, unless, I mean, what does the Board think?  
4 Do we want to do -- let's do questions right now  
5 for the LEAs and then we'll go to Rick.

6 MR. HARRIS: Yeah, I think the  
7 presentation raises a lot of questions and very  
8 illustrative, I think, of some of the things that  
9 we are very interested in learning more about, so  
10 thank you both.

11 I think the first question I have comes  
12 to, I think both of you touched on, which is that  
13 it's very clear that the program Guidelines are  
14 working well for lighting, and I think it's  
15 something like almost half of the features that  
16 are being implemented out of the program are  
17 typically lighting upgrades. But you know,  
18 there's clearly a need that I hear in this room  
19 and I hear from other stakeholders that I talk to  
20 around HVAC, and it sounds like it's much harder  
21 to get HVAC to work within the Program. And I  
22 think intuitively that's an interesting question  
23 for us to look at because HVAC is really such a  
24 large part of building loads, so you would think  
25 addressing energy efficiency in that area would

1 be a high impact area, and yet the SIRs that you  
2 showed, and if I followed that correctly, that  
3 SIR was calculated, did not even include the  
4 capital cost to the equipment because those units  
5 had already been purchased, that SIR was based  
6 purely on the installation labor and there was  
7 some structural and probably some mechanical and  
8 other work that needed to be done to integrate  
9 those new systems, and yet the SIR was a third of  
10 what it --

11 MR. MCGUIRE: .29.

12 MR. HARRIS: Yeah, .29, and what is it  
13 that's I guess within, if you can get even deeper  
14 into the detail, what is it that's preventing  
15 HVAC systems from qualifying and getting more  
16 funding and more attention in the program?

17 MR. MCGUIRE: Well, certainly there's a  
18 lot of other experts besides me, but what you  
19 talked about is all of the different things that  
20 have to go into it. I think the idea behind it  
21 was you were going to buy HVAC system at X and  
22 you would put it in for relatively low cost;  
23 that's not the case in schools because of the  
24 Field Act and because of working through the  
25 Division of State Architect, our requirements are

1 so much higher than everyone else's, and if  
2 you're going from a central plant to package  
3 units, which are the most cost-effective, then  
4 there are structural issues that have to be  
5 resolved that drive that price up. And for us,  
6 we have to pay it, it's not like we can go, "Oh,  
7 we're not going to do that," it's part of a whole  
8 overall plan which is probably why the SIR  
9 doesn't work and why people are shocked when it  
10 costs you \$2 million to put in 20 HVAC units.

11 CHAIRPERSON GORDON: We're actually going  
12 to ask Chair Weisenmiller to speak to this, if  
13 you don't mind, just briefly where the SIR came  
14 from, where the conversations you've been having  
15 within the CEC have gone on it, and what  
16 opportunities there have been kind of to revisit  
17 it?

18 CHAIR WEISENMILLER: And actually, since  
19 we haven't lost Andrew yet, I'm going to bounce  
20 the buck to him, although we also, yeah, at some  
21 point need to at least on a matter of  
22 information, you know, the issue came up, we have  
23 adopted new Building Standards and I would say  
24 the most controversial part of those was the  
25 Acceptance Testing, with the Labor Unions being

1 very vocal on one side, independent contractors  
2 on the other side. We sort of weaved a fairly  
3 adroit way through that pathway. So certainly I  
4 would not suggest you touch Acceptance Testing  
5 going forward, and that has implications for  
6 what's eligible and there has been some  
7 legislation, 802, to encourage the PUC to change  
8 the baseline away from Code, so that has some  
9 implications on this. Do you want to talk about  
10 the SIR, Andrew?

11           COMMISSIONER MCALLISTER: Yeah. So we  
12 could descend into an incredible amount of detail  
13 here, so we're going to try to avoid that; as  
14 with many things energy efficiency there's always  
15 a lot of, you know, the details really matter,  
16 every project is a little bit different. But the  
17 legislation requires that these projects be cost-  
18 effective, and so there's got to be some lifetime  
19 net present value that's greater than one -- or  
20 greater than zero, rather -- and so the SIR,  
21 after really an incredible amount of back and  
22 forth with all the stakeholders, we came down to  
23 an SIR of 1.05, with some carve-outs for some of  
24 these overhead costs that we're talking about,  
25 which really shouldn't be included in that, you

1 know, if it triggers some kind of an abatement,  
2 or it triggers some kind of accessibility  
3 investment that you have to make, we made a small  
4 -- I think it's 20 percent or so -- allowance for  
5 those kinds of investments, as well. And as  
6 we're hearing, you know, every building is  
7 different, old buildings drive a lot of costs  
8 that are really long term deferred maintenance  
9 costs and other types of costs that really get  
10 driven when you try to do a project like this,  
11 and so that makes the SIR challenging, yet  
12 statute says we have to meet an SIR. And so this  
13 certainly is a live discussion. The Guidelines  
14 were a result of really a long consensus-based  
15 process with lots of stakeholders, and that's  
16 where we ended up. So I think this conversation  
17 is a way to sort of, well, let's look at what's  
18 happening on the ground and see if that still is  
19 reasonable, you know, it was reasonable then, is  
20 it still reasonable now? And if modifications  
21 are necessary, you know, the next update of the  
22 Guidelines possibly could revisit that. But I  
23 think we do that with a little bit of trepidation  
24 because of the statute that says they have to be  
25 cost-effective. So you know, this HVAC, not just

1 in this context, but HVAC high capital  
2 investments like this with a long lifetime and a  
3 long payback tend to be more difficult to  
4 justify, right? So here I think I agree with  
5 what Arno said just about, look, there's a lot of  
6 long term value here, let's see how we can unlock  
7 it, and I think that's a conversation we should  
8 keep live.

9 CHAIRPERSON GORDON: Follow-up?

10 MR. HARRIS: A follow-up question. I  
11 think the other thing that was interesting to me  
12 is that the SIR, we're still in that level, and  
13 it sounds like you were able to buy down so you  
14 can effectively, you can contribute other  
15 District cash to a project to be able to take  
16 that out of the SIR calculation? Is that right?

17 MR. MCGUIRE: Yes.

18 MS. FERRERA: And that's I think what  
19 schools, I mean, when folks were saying at the  
20 front end, you know, why isn't this money going  
21 out? I thought you all needed this funding. I  
22 think this was part of this learning process  
23 where you had to figure out what projects to  
24 maybe layer together to get to an SIR, maybe  
25 lighting along with HFAC and other pieces, and

1 then even if you weren't able to make it even  
2 with that, then you started to look at leveraging  
3 and adding perhaps funding into some schools can  
4 do this, others are not in the position to do  
5 that, but, yes, that is one of the ways you can  
6 work on it.

7 MR. HARRIS: So you can blend different  
8 projects. You might have one with a really high  
9 SIR, and others you can kind of get that average  
10 up, but I mean, again what's striking to me is  
11 that excluding the capital cost of the equipment  
12 itself, the SIR was still a .29, which means  
13 you'd have to blend it with a whole lot of  
14 lighting to make it work.

15 MS. FERRERA: Right.

16 MR. HARRIS: Or contribute a lot of cash,  
17 and your district, it sounds like you had  
18 resources, or had that cash to be able to do it.  
19 But it suggests that a district that doesn't have  
20 that cash, I mean, it's kind of a Catch 22, it's  
21 sort of if you don't have other cash in your  
22 budget, you're otherwise not going to be able to  
23 take advantage of the Prop. 39 funds to make the  
24 necessary improvements.

25 MS. FERRERA: And there's a firewall

1 between your Prop. 98 money and money that can be  
2 used for facilities. So there's, you know, very  
3 little that's available right now statewide for  
4 school funding, facilities side.

5 CHAIRPERSON GORDON: It's essentially  
6 just Bond money. Is that right?

7 MS. FERRERA: Yeah, the statewide Bond is  
8 depleted, so Local Bonds are also being attempted  
9 right now. You've seen a really high uptick by,  
10 you know, you have to have the language in there  
11 that says we're going to be doing, you know,  
12 HVAC, or whatever efficiency in our Bond funds,  
13 or you can't use those either. So, you know, it  
14 was definitely an uphill trajectory, you know,  
15 steep at the beginning. I think you're seeing in  
16 the numbers now how much more quickly people are  
17 moving the plans through, but it's still a  
18 challenge. The HVAC piece is the one that  
19 schools probably want to see done most because  
20 they've let it go for the longest because of  
21 maintenance, you know, funds also not being  
22 available. So all of that contributes.

23 MR. HARRIS: Does the SIR include the  
24 value of the forecast maintenance costs on those  
25 projects? It does? So if you have an old system

1 that was breaking down all the time and had a  
2 high maintenance cost, and you're putting in a  
3 new unit, that would --

4 MS. FERRERA: I'm hearing yes.

5 MR. HARRIS: -- the improvement would  
6 help the SIR?

7 MS. FERRERA: Right.

8 MR. HARRIS: Okay.

9 MS. FERRERA: You know, and I think it's  
10 exactly what Andrew was saying about the  
11 lifecycle of the project as compared with how  
12 much you have to put in at the front end, just  
13 makes it a lot more difficult to meet. And so I  
14 get that you need to have a return on your  
15 investment, but they're measured differently, so  
16 it's been difficult, I think. But they're moving  
17 them forward.

18 MR. HARRIS: And will you indulge me in  
19 one last question?

20 CHAIRPERSON GORDON: One more, then I  
21 want to see if there's other questions from the  
22 Board.

23 COMMISSIONER MCALLISTER: I just want to  
24 make one more comment here because, you know, I  
25 think this is something we really need to pay

1 attention to going forward because schools can,  
2 and many of them are, binning their multiple  
3 years of Prop. 39 monies, waiting to actually do  
4 some of these heavier capital intensive projects,  
5 and so it may be that we're seeing lighting on  
6 the front end, and that's a natural thing given  
7 the population of projects that schools want to  
8 do, and that we might see heavier penetration of  
9 HVAC going forward once some of the money is  
10 accumulated and they can do higher budget  
11 projects. But, you know, we don't know that for  
12 a fact, I don't think. But I think it kind of  
13 stands to reason that we would be looking at  
14 that.

15 MR. HARRIS: So I guess I'm curious,  
16 Anna, you mentioned in your comments that schools  
17 were having a hard time using the funds for solar  
18 elements of the projects that they wanted to do,  
19 and I'm just curious where the limits in the  
20 program are coming from that are -- because I  
21 believe solar is eligible.

22 MS. FERRERA: Right now the way the  
23 formula works, you know, it's very geared toward  
24 efficiency. Solar, because it's generation, you  
25 know, you almost have to combine it with other

1 pieces to make the whole project go under Prop.  
2 39 and, in fact, we were just simply thinking you  
3 probably couldn't use it when the program first  
4 started. There were calculator issues and other  
5 things that were going on that have been upgraded  
6 and kind of tweaked, I guess, to make the  
7 projects work better, but I think schools are  
8 still trying to figure out how they might use  
9 Prop. 39 because it is more focused on efficiency  
10 than it is on something else, and Rick might be  
11 able to talk about solar a little bit more than  
12 that, but I think for us, you know, we  
13 understand, as I said before, needing to do the  
14 efficiency first. But for those schools, and we  
15 raised that from the very beginning because a lot  
16 of schools were already very tightly, you know,  
17 made strides to make themselves very efficient  
18 because they wanted to lower their bottom lines  
19 on utility costs. And so for those schools when  
20 Prop. 39 came in, they were kind of at a loss for  
21 what else they could possibly do to use the  
22 funds, and so they were looking to try to do  
23 solar, and it was a little more difficult, I  
24 think, for them.

25 MR. MCGUIRE: And I think the other thing

1 is that all regulations in the State of  
2 California are made to assume that every School  
3 District is the same, and a thousand School  
4 Districts are not the same. So if you're in PG&E  
5 territory or Southern California Edison, or San  
6 Diego Gas & Electric, your world is very  
7 different than if you're in a Municipal Utility  
8 or anything else. So the rules have to be  
9 allowed to handle the differences. We, based on  
10 our rates, can never justify in SMUD solar, it's  
11 not justifiable. The SIR is 100 percent opposite  
12 because the rates are so much lower than other  
13 areas and what other school districts expect.

14 MS. FERRERA: And there is that whole  
15 political overlay with Prop. 39, the Legislature  
16 weighed in a lot on whether or not deep  
17 retrofits, you know, what needed to happen at the  
18 time. I think they were a lot more focused on  
19 efficiency first, and then so the solar pieces,  
20 you know, when we wound up having the Guideline  
21 process, I think we're not as -- efficiency was  
22 the focus of the program.

23 CHAIRPERSON GORDON: And I assume we can  
24 hear more from Rick on this, as well. Other  
25 questions for Bill and Anna from the Board?

1           MR. RAY: Yes. Two questions. Firstly,  
2 is the SIR formula such that in your efforts to  
3 achieve it, is your decision making being  
4 distorted? Are you doing things to get to the  
5 formula --

6           MR. MCGUIRE: The answer is yes.

7           MR. RAY: I beg your pardon?

8           MR. MCGUIRE: It's yes, absolutely. The  
9 formula drives it all. If we want the money,  
10 you've got to meet the formula. That's the only  
11 decision factor in it.

12          MR. RAY: But is your decision --

13          MR. MCGUIRE: You make decisions based  
14 upon "I want \$1.2 million to help my School  
15 District, and I need it."

16          MR. RAY: So being distorted to a point  
17 where maybe what you're doing is not what was  
18 intended. Is that --

19          MS. FERRERA: I don't know if I'd go --

20          MR. MCGUIRE: I couldn't say that.

21          MS. FERRERA: -- yeah, I don't know if  
22 I'd go that far. I mean, I think there was a bit  
23 of a difference between the discussion that was  
24 going on in the Legislature and then kind of the  
25 way the Guidelines came out here in the agency.

1 I think there's a desire to want to get more bang  
2 for your buck from the funding and you know,  
3 that's a driving force for the state, it's  
4 important. And I think there was a concern that,  
5 you know, we have a standard that everyone is  
6 held to, even though we're all different, that  
7 would show very clearly that you were getting  
8 that return on investment. And so is it perfect?  
9 No. I know that Energy Commission has worked  
10 really well with us when we pointed out issues of  
11 concern on some of these things. Is it driving  
12 the decisions we're making on some level? Yes,  
13 but I think the resulting projects are also  
14 achieving the savings that they were seeking.  
15 And so maybe it's helped schools think about  
16 things beyond HVAC to get to some of these  
17 savings, but also I can't say no, that it was not  
18 driving some of the decisions that were made, and  
19 I can't say that's a good or a bad thing other  
20 than the fact that, you know, in some cases like  
21 Bill's, the HVAC was sitting there, "Please, help  
22 us make it work," and they did. So I think  
23 you'll hear stories like that all over the state,  
24 but I can't say no to your question.

25 MR. RAY: Okay, but if you could revise

1 the SIR formula, if you were to go back in time,  
2 would you have some thoughts on how it should be  
3 changed?

4 MS. FERRERA: We had a lot of thoughts at  
5 the time about what needed to be done. I think,  
6 you know, we had asked for a lot of autonomy,  
7 schools are all different and they know what's  
8 best for their students and school, local control  
9 is a very popular term right now. But again,  
10 you're balancing that with State goals. These  
11 are dollars that are being directed at schools  
12 only and we're very grateful for that focus, but  
13 I think going backward at the time we argued, you  
14 know, please let us decide. CEC could have said,  
15 "You're going to do these three things only," I  
16 mean, I guess there were things that could have  
17 been very prescriptive, and so schools do have  
18 the ability to make their own decisions in  
19 meeting the SIR, you know, other than saying "let  
20 us all decide on our own and just give us the  
21 money and let us figure it out." You know, I  
22 mean I think there's give and takes on all of  
23 this.

24 MR. MCGUIRE: I don't see any problem  
25 with "give us the money and let us figure it

1 out." [Laughter]

2 CHAIRPERSON GORDON: Since we can't  
3 rewrite the SIR, I'm going to go to Chelina.

4 MS. ODBERT: Just for our education as a  
5 Board on how these small details and decisions  
6 get made, could you talk for a minute about the  
7 process from receiving the money at the District  
8 level and how you allocate it to specific  
9 schools? What is that decision making process  
10 based on?

11 CHAIRPERSON GORDON: Can I actually  
12 amend, make a friendly amendment to that  
13 question, which was my big question you raised  
14 when you talked about Charters; you're in a  
15 District that has some Charters that are in their  
16 own LEAs, but they're using District Buildings?

17 MR. MCGUIRE: Uh-huh, yes.

18 CHAIRPERSON GORDON: When you're making  
19 these decisions, how are you sorting that out?

20 MR. MCGUIRE: So the first thing is, so  
21 it's year-by-year, so we'll just use Twin Rivers,  
22 \$1.2 million. And so what we do is we're trying  
23 to get the biggest bang for the buck, and so  
24 we're looking across the board at all the  
25 projects that we could do that are going to

1 deliver both what the needs of the District are,  
2 and some efficiency savings to help the General  
3 Fund, and to meet this. And so for us, and for  
4 most School Districts our size, we're looking for  
5 large projects that can get it all done at once.  
6 And so for us it was which HVAC projects are the  
7 biggest and most important. And so from the  
8 failing systems to less failing systems. But  
9 then, out of all the ASHRAE audits, and so we're  
10 only focused on big schools, so basically it's \$5  
11 million, our operating budget is \$300 million,  
12 our need is \$2.6 million, so \$5 million is great,  
13 but it's a drop in the bucket. So what we're  
14 trying to do is prioritize where it will do the  
15 most good. That's why we're not doing lighting,  
16 because we don't believe that lighting out of  
17 Prop. 39 is the biggest bang for the buck. Will  
18 we do lighting? Absolutely, but it's a different  
19 payback that we can get out of the General Fund.  
20 And for us, it's the biggest schools are where  
21 we're going to spend the dollars. So the little  
22 Elementary is really not getting anything, and  
23 the issue that we have is that these Charters are  
24 in little Elementary's where to replace the HVAC  
25 system, it's still \$1.5 million, and they're

1 getting \$100,000. So it isn't cost justified to  
2 a big high school that has 3,000 kids in it, so  
3 that's the way we're prioritizing it.

4 MS. FERRERA: Which is very different  
5 from, you know, most schools throughout the  
6 state. I mean, I think that a lot of what's  
7 happening is they're trying to figure out that  
8 SIR, they get a little help with surveying and  
9 figuring out which is what Prop. 39 has been  
10 wonderful, you know, to figure out our baseline  
11 use, what the best projects might be to do, and  
12 then schools have a look at their properties and  
13 figure out where the most need is. So you're  
14 kind of overlaying these types of things on top  
15 of each other because, even though something  
16 might give you more energy savings, you may have  
17 a school that's been a bit neglected and you may  
18 decide, no, this school needs something more.  
19 And so it may be a medium sized savings, but  
20 still meets the SIR, you may go there. And only  
21 really a school knows that, so they're making  
22 those decisions as they go along.

23 CHAIRPERSON GORDON: Randall, yeah.

24 MR. MARTINEZ: Related to the SIR  
25 calculation, you had mentioned that to install

1 the 21 or so units there were 200 full time jobs  
2 created over a two-week period. It was 100 over  
3 ten weeks, okay? I'm just curious, is the dollar  
4 value of those construction jobs that were  
5 created specifically for this incorporated into  
6 the SIR calculation?

7 MR. MCGUIRE: That's a separate --

8 MS. FERRERA: It's a separate calculation  
9 that gets made for jobs created. And it's  
10 related to the cost of the project, so...

11 CHAIRPERSON GORDON: And we'll have more  
12 opportunity to ask about that because Sara White  
13 is here, I know, to talk about jobs a little bit  
14 later.

15 I think we can turn to Rick because some  
16 of these questions he may actually be able to  
17 answer, as well. But thank you both Bill and  
18 Anna, that was a really really helpful  
19 presentation. Rick Brown.

20 MR. BROWN: Thank you.

21 CHAIRPERSON GORDON: How about contractor  
22 perspective, just to remind everyone what Rick  
23 is.

24 MR. BROWN: Yeah, Rick Brown, President  
25 of Terra Verde. We're kind of a little bit

1 different than a contractor, well, we are a  
2 contractor in the sense that we contract with  
3 School Districts to basically help them figure  
4 out what makes sense for them in terms of their  
5 Prop. 39 funds. We do it with all kinds of other  
6 energy projects, we're a consultant.

7           So we put together the audits, we put  
8 together the analysis, we lay out to them the  
9 different scenarios of how they could spend that  
10 money, what the different pros and cons might be  
11 given not just the SIRs, but also -- and this is  
12 really important to remember -- you know, School  
13 Districts came to this program with a backlog of  
14 huge deferred maintenance needs because, as Anna  
15 mentioned, there hasn't been a State Bond for  
16 many many years and most of the Districts we work  
17 with are very low income Districts, so they  
18 haven't really been able to have Bond Measures  
19 over the last six to eight years to fund these  
20 projects.

21           So in looking at what plans they were  
22 going to go forward with, with Prop. 39, they  
23 were weighing the cost benefit side of it, but  
24 just as important to them was the deferred  
25 maintenance because you can't operate a classroom

1 in certain places if you don't have an operating  
2 HVAC system. We have Districts that have heat  
3 days; those of you who grew up in the East Coast  
4 know about snow days, we have heat days where you  
5 have to close down the school because if the HVAC  
6 isn't working, you can't have school.

7           So it's important to understand that in  
8 schools selecting what measures they've gone  
9 forward with, they're not just looking at what  
10 the legislative intent was, which was to save  
11 energy and save money.

12           We also, just so you understand, we put  
13 together the bid specs, put together the RFP and  
14 contract documents, and run those on behalf of  
15 the Districts to get bids to help them get the  
16 best value from the market, and then we serve as  
17 their Project Manager and Construction Manager to  
18 make sure the vendors deliver what they promised.  
19 And then of course we do the M&V work both for  
20 Prop. 39 and other reasons.

21           I want to focus on three main areas of  
22 improvement, you know, in terms of what could be  
23 done that we'd hope you would bring forward. But  
24 I do want to start off by saying that in general  
25 the program really is working. A lot of stuff is

1 getting done. And it's not just the hard stuff  
2 that's getting done, but what Prop. 39 has done  
3 in my mind, just as importantly, is it's elevated  
4 the issue of energy efficiency and clean energy  
5 across this sector of schools. And because  
6 schools have so many fingers out into  
7 communities, it really has elevated the issues  
8 within the communities across the state. And I  
9 don't want to underestimate the importance, the  
10 long term importance of that because you've got  
11 CBOs who are the finance people in schools, who  
12 now are paying attention to the operating budget  
13 for their energy in ways that they never did  
14 before because they are seeing that there are  
15 ways, there are strategies for not only improving  
16 the operations of the District from a facility  
17 standpoint, but improving the bottom line of a  
18 School District by saving money doing these kind  
19 of measures. So I don't want you to  
20 underestimate the importance of that cultural  
21 change that's going on in schools. And a lot of  
22 that we should give credit to organizations like  
23 the School Energy Coalition, who have been  
24 pounding that message for a number of years; I am  
25 a member of the School Energy Coalition also,

1 just to be clear, but also organizations like  
2 CASBO, the California Association of School  
3 Business Officials, we're their strategic partner  
4 for energy, and they've been increasingly putting  
5 attention to this that just wasn't there three or  
6 four years ago. So you look at a CASBO  
7 Conference and there's four or five workshops on  
8 energy; three or four years ago, there were no  
9 workshops on Energy. So this has had a cultural  
10 change that's important. That's the good stuff.

11           Here's the areas where I think we could  
12 make some difference if we focused on them. One  
13 of the requirements for -- and we've been talking  
14 a lot about the HVAC, and as we've mentioned,  
15 most LEAs do not have the finances to replace old  
16 poorly performing HVAC and other mechanical  
17 units. And so they've looked at Prop. 39 as a  
18 major way of doing that.

19           In the case of Bill's District where  
20 rates are relatively low, the SIR is .29 in his  
21 case. In PG&E, Edison, SDG&E territory, it's a  
22 little bit higher because rates are higher, so  
23 the savings you get by improving the efficiency  
24 of these units are a little bit higher.

25           We're working with over 40 LEAs doing

1 their Prop. 39 plans and the average HVAC unit  
2 replacement has an SIR of between .4 and .7,  
3 okay? That's still significantly less than what  
4 it would take with the funding to make these HVAC  
5 units happen. If you have the ability to buy  
6 down that -- we call it "buy down," we think of  
7 it as buying up; by putting cash in to the  
8 project, you're able to raise the SIR to that  
9 1.05, and that's great. But we work primarily  
10 with very low income districts, districts whose  
11 Title 1 population, that's the Free and Reduced  
12 Lunch Program criteria for families that are  
13 below the poverty level. We work with Districts  
14 whose average Title 1 population is 80-90  
15 percent. They don't have that cash to bring that  
16 SIR up, or they may be able to do it on a limited  
17 basis, but mostly they end up having to then use  
18 other measures like lighting and so forth to  
19 bring that up, even though from an operational  
20 standpoint, what they really need is to invest  
21 that money. Light is light, you know, yes you  
22 can save money, you can't operate in many of  
23 these communities if you don't have HVAC units.  
24 So they are constrained in that sense.

25           What I would suggest, one alternative,

1 and again I know you can't do it, but if we can  
2 go to the Legislature, would be to allow  
3 disadvantaged Districts, that is those who have a  
4 Title 1 population above a certain amount, say  
5 two-thirds, or 66 percent, that they be able to  
6 have a lower SIR threshold for these measures.  
7 Basically give them a pass, right? Winter rules  
8 and golf, whatever you want to call it, but let  
9 them have a lower SIR because they really are  
10 disadvantaged.

11 I know there were some studies done early  
12 on that showed -- I think, Kate, you were  
13 involved in some of those -- that showed that  
14 these disadvantaged Districts really were  
15 constrained. And so giving them a pass so that  
16 they can do these measures would be really  
17 helpful, so that would be my suggestion around  
18 HVAC.

19 The second issue I want to talk about is  
20 lighting. One of the problems, and Anna didn't  
21 mention that, but on November 12th, thank you  
22 Chairman Weisenmiller, the CEC adopted what's  
23 called Option 3 for Lighting Retrofits, which  
24 basically made a more rational approach to doing  
25 upgrades of interior lighting in terms of cost.

1 It basically reduced, effectively allowed for an  
2 option for a school or, I guess anybody, to  
3 implement interior lighting at a lower cost than  
4 what the previous version of the measures were.  
5 The problem is that we have immediately is that  
6 those regulations don't go into effect until  
7 January 1, 2017. So the Building Energy  
8 Standards Group within CEC is trying to create an  
9 expedited process to get these adopted sooner,  
10 but there's a 60-day comment period that has to  
11 go on before the Commission can adopt that, and  
12 unfortunately as of last week, talking to some of  
13 the folks over there, the earliest the CEC is  
14 going to be able to take it up isn't until the  
15 April meeting.

16           Now here comes to one of the problems:  
17 when people ask, "Why is this money not going out  
18 faster and getting spent?" Schools have very  
19 limited windows within which they can do  
20 construction, as opposed to a commercial facility  
21 where you may be able to move things around, you  
22 can't move around a building in a school. You're  
23 shutting down the school, so you can only do  
24 certain kinds of measures in the summer period,  
25 or over maybe some holidays and weekends and late

1 nights. If we don't get these new Regs until  
2 April, it means that we're going to miss,  
3 frankly, this summer construction season for  
4 these lighting upgrades. We have alone about \$10  
5 million amongst our 40 Districts who want to do  
6 lighting upgrades this summer that may have to  
7 basically wait until the summer of 2017 because  
8 of this timing issue.

9           Now we're working with DSA, actually,  
10 around some possible workarounds that obviously  
11 they have to be legal, but that would allow us --  
12 workaround is a very technical term, yeah -- and  
13 building energy staff have suggested some of  
14 these possible ideas to be able to get permitting  
15 approval early enough in February-March, even  
16 though the expedite Regs don't go into effect  
17 until later, there's apparently a way you can do  
18 that so that we can get in this summer.

19           But I want to illustrate, this is one of  
20 the -- these kinds of chunky lunky things are  
21 what slows things down, right? To have to figure  
22 out a workaround to be able to put in, to carry  
23 out the State's intent to do energy retrofits?  
24 That's not a good thing. But we're figuring it  
25 out, okay? Anything you can do to support being

1 able to come up with ways of streamlining some of  
2 these processes, like the CEC has done around  
3 these lighting, I mean, we would have had to wait  
4 until the January 1 if we didn't do this  
5 expedited process, we would have delayed not just  
6 \$10 million in my clients, but I'm sure five  
7 times, six times that amount. So these are the  
8 kind of nuts and bolts things that do make a  
9 difference in terms of the implementation of this  
10 project.

11           The last one I want to focus in on is  
12 solar. There were some concerns early on that  
13 Districts would basically go ahead and use Prop.  
14 39 for solar projects, not taking into account  
15 optimal sizing issues. You know, as many of you  
16 may know, sizing a solar facility to get the best  
17 amount of savings is very important because a  
18 little bit too big, or a little bit too small,  
19 it's not just a linear kind of function, because  
20 of the way rate structures are set up and the  
21 various net metering rules, you can really sub-  
22 optimize the value to the customer. And so I  
23 would say unfortunately, but the CEC adopted sort  
24 of a hard 70 percent cap on the size of solar  
25 projects to take into account the fact that

1 they're going to be doing energy conservation  
2 measures to reduce their overall load; the  
3 problem is that, again, one size doesn't fit all.  
4 And so the actual optimal size may not be 70, it  
5 may be 65, or it may be 77, or whatever. The  
6 industry has very good tools for figuring this  
7 out. And I can just tell you, my company, we're  
8 doing the asset management and monitoring for  
9 solar at 80 different school sites, and we've  
10 been doing it for six years, and our projections  
11 are meeting the actuals within plus or minus two  
12 percent in terms of savings. And that variation  
13 is frankly just a matter of weather. So if it  
14 can be done, why not let schools do that, rather  
15 than having this hard cap?

16           Now, the hard cap makes it easier for  
17 schools who don't want to go through that more  
18 detailed analysis, and so my recommendation is,  
19 and this is something that I think not this  
20 committee can do, but the CEC could do, but you  
21 could provide some direction, is we propose that  
22 schools be able to either use the current  
23 calculator that's existing today, okay, or use an  
24 industry standard sizing tool, PVSyst, PVWatts,  
25 HelioScope, there's a number of very robust

1 tools, tools that were used by the CPUC for their  
2 California Solar Initiative Program. To be able  
3 to use those for sizing, but they have to  
4 demonstrate in that that they're taking into  
5 account the implementation of energy conservation  
6 measures as part of their baseline analysis. So  
7 I'm just suggesting we have an alternative so we  
8 can get more precise, frankly, to get these  
9 projects done properly.

10 Those are my three main areas. I'm glad  
11 to comment on some of the questions you brought  
12 up earlier, or other questions, but I didn't want  
13 to take more than my 10 minutes.

14 CHAIRPERSON GORDON: Thank you, Rick.  
15 And we do know that we're going to get a lot of  
16 input from the Community Colleges following this  
17 presentation, as well, and also a lot more on the  
18 jobs, but this is really helpful. I have a  
19 couple questions, but I want to see first if  
20 others on the Board want to ask questions.

21 I have a question that, Anna and Bill,  
22 you may actually want to weigh in, as well, but  
23 it's sort of a more global question. So you've  
24 all talked and you've all had a lot of experience  
25 at this point sort of in analyzing these schools,

1 looking to see where Prop. 39 makes sense or  
2 doesn't make sense; one of the theories I  
3 remember back when all of this was being  
4 discussed was, if we can get the audits, then  
5 schools will be in a better position to get  
6 private financing for some of the projects that  
7 would not otherwise be able to work under Prop.  
8 39. What's your experience about that, whether  
9 that's happening, are you seeing that? Are there  
10 barriers to that that are similar, sort of where  
11 is that all going, that's spurring the private  
12 investment piece?

13 MR. BROWN: I can just tell you in terms  
14 of the 40 LEAs we're working with, only one to  
15 date has, for example, used the on bill financing  
16 program to supplement their general project and,  
17 again, there's limits to on bill financing, it  
18 has a 10-year limit in terms of payback, and so  
19 there's only certain measures that can work in  
20 that case. Other Districts have used Bond funds  
21 when they have that, which again is not private,  
22 and then other Districts who are doing solar or  
23 battery storage in concern with Prop. 39 are  
24 maybe using either a PPA or what's called a DEA  
25 in the battery storage where private financing is

1 providing the bulk of the funding there. And we  
2 are, you know, I didn't mention earlier, but  
3 solar and battery storage has pretty good SIRs,  
4 right? There's a lot of good savings in terms of  
5 economics and energy, and so we even have very  
6 low income School Districts who don't have Bond  
7 money, who are using PPAs with their Prop. 39 to  
8 juice their SIR so they can do their HVAC. So  
9 there is private financing coming in, but it's  
10 mostly in these battery storage and solar because  
11 the private financing market for HVAC and  
12 lighting and so forth is pretty expensive and  
13 pretty limited because frankly those measures  
14 don't have very significant paybacks.

15           Let me make just one quick comment about  
16 HVAC, why is it not happening? The most  
17 efficient HVAC units today replacing units or  
18 systems that were put in 20 years ago are much  
19 more cost-effective from a maintenance  
20 standpoint, I forget who brought up the  
21 maintenance issue, right? The school doesn't  
22 have to use as many maintenance dollars and  
23 maintenance time to keep those up. But from an  
24 energy standpoint, the efficiency rating on the  
25 units today versus the one 20 years ago, they're

1 just not that high, and particularly around  
2 heating where gas prices are frankly, you know,  
3 relatively low compared to 20 years ago in terms  
4 of inflation adjusted, you're not getting that  
5 much of a dollar saving. So that's why the HVAC  
6 units, you know, they're high capital cost, but  
7 the actual dollar operating cost savings are just  
8 not that high relative to other kinds of  
9 measures, lighting occupancy sensors, PC load  
10 management, and so forth, solar, battery storage,  
11 you're just not getting the cash flows. Well, if  
12 you don't have cash flow, private folks aren't  
13 going to want to invest in you, that's the real  
14 challenge there.

15           Now we have actually had three Districts  
16 also who have used a CEC loan, so I guess that  
17 again that's not private financing, but it's  
18 alternative financing to take the data from their  
19 audits and extend the program beyond just the  
20 Prop. 39.

21           MS. FERRERA: Those Bright School Loans  
22 were, well, folks went out for those, but I think  
23 the private financing, I agree with Rick, I mean,  
24 I think schools just have a difficult time  
25 borrowing money for any reason. And I think that

1 it's just not happened the way we were  
2 envisioning, "Oh, you can leverage, there's  
3 things that you can do." And it just isn't  
4 penciling out for schools. So I think that  
5 didn't happen the way we thought or hoped.

6 CHAIRPERSON GORDON: Any other questions  
7 or comments from the Board? Go ahead.

8 MR. HARRIS: I do. I'd be curious to  
9 follow-up on a couple of those questions.  
10 Thanks, Rick, for your presentation, as well.  
11 There's a handful of different things that jumped  
12 out to me and just your comments on HVAC, along  
13 with Anna's and Bill's earlier, it just strikes  
14 me that there's potentially an equity issue here  
15 and I know that equity was a really important  
16 issue that went into thinking about how to put  
17 together Prop. 39, but it does sound like  
18 Districts that have the cash can buy down, get  
19 their SIR and go to get their Prop. 39 monies and  
20 move on. And it's really ironically and sadly  
21 the Districts that don't have that resource who  
22 just can't dial the combination to --

23 MR. BROWN: What we call it is leaving  
24 money on the table.

25 MR. HARRIS: Yeah. That's what they're

1 doing. And then --

2 MR. BROWN: For now, hopefully we'll find  
3 other ways, but --

4 MR. HARRIS: -- yeah. And then  
5 connecting that to your later comments that was  
6 interesting around solar, and having spent 14  
7 years in the solar industry and I'm very engaged  
8 in that business, I understand exactly your  
9 points about system sizing, it's very sensitive  
10 to getting it to the right size, and it sounds  
11 like there's kind of an arbitrary limit that's  
12 been put in place with the 70 percent rule that  
13 prevents you from optimizing. And your comments  
14 connected for me, though, that that optimization,  
15 because it contributes a high SIR, is also sort  
16 of a drag on the overall ability of schools to  
17 unlock as much Prop. 39 funding as possible. I  
18 mean, it seems to me you can put something in  
19 place like a 70 percent rule, or you can just  
20 have something in the documentation that requires  
21 either an engineer's stamp, or an assessment that  
22 says "here's what the load is forecast to be and  
23 here's how big the system should be to get the  
24 optimal savings, maximize the SIR there," and  
25 then you're going to free up more capacity for

1 things like HVAC or others that may be important.

2 MR. BROWN: Well, you're absolutely  
3 right, and here's the issue, and Anna I think  
4 spoke to it very well. On the one hand, we agree  
5 that the State wants to make sure there's an  
6 accountable system for how this money gets spent;  
7 but when you put in rules and regulations, you  
8 have this funny balance where at a certain point  
9 the message is, "We don't trust you School  
10 Districts to do the right thing." Right? "We're  
11 going to put this extra level of review and  
12 requirement and so forth and data because we  
13 don't trust you, that you're going to actually  
14 spend the money either wisely or in the right  
15 kinds of ways." And again, I know that's not the  
16 intent, but that's the consequence of having --  
17 and I think Anna spoke to it really well, that  
18 schools have things they need to do. They know  
19 really well what they need to do, and with the  
20 help of both CEC staff, who by the way provide a  
21 lot of technical assistance and do know what the  
22 right thing is to do, hopefully good companies  
23 like mine, they're going to get the best value  
24 out of using these dollars. But workarounds are  
25 more often not the exception, but the rule. So

1 let me just give you example on the solar. What  
2 we do is we go, "Okay, we're going to do a solar  
3 project at this site...", and they have 10 sites,  
4 "...we'll use our Prop. 39 for solar for this site  
5 and use this arbitrary 70 percent rule." Right?  
6 "Then we're going to optimize the solar for every  
7 other site because we're not using Prop. 39  
8 monies at those other nine sites, and when we put  
9 the bid out for the PPA, if it's a cash deal, or  
10 whatever, we're not bound by that arbitrary 70  
11 percent at the nine sites because we're not using  
12 Prop. 39 monies there. We'll sub-optimize at  
13 this one site because 70 percent is what we're  
14 restricted to in using that money." You  
15 shouldn't have to do it that way. That's a  
16 stupid way of doing things. But the industry  
17 comes up with those workarounds on behalf of our  
18 clients so that we can get them the best value.  
19 Make sense?

20 MR. HARRIS: Yeah, no, absolutely. I  
21 think so many things like that are borne of good  
22 intention and there are lots of secondary knock-  
23 on effects of the way the rules are put together,  
24 and I think our goal in hearing these insights  
25 from all of you in the field is to try to

1 understand where some of those are and make  
2 recommendations as to where changes could be made  
3 that make it easier. But it does strike me that  
4 the rumblings I hear are not about too much money  
5 going out and not enough accountability. It  
6 sounds to me like it's almost been set slightly  
7 too much one way and the rumblings are about how  
8 difficult it is to get this money deployed, and  
9 the goal of this program was to get money out  
10 there and into the hands of schools so they can  
11 do the work.

12 MR. BROWN: Yeah.

13 CHAIRPERSON GORDON: So we obviously have  
14 an opportunity as a Board to report to the  
15 Legislature on the program, how the program is  
16 going, as well as on our audit of the numbers at  
17 the program and all of what you've said, everyone  
18 has said so far, and will say for the rest of the  
19 day, I think, will be very relevant to our doing  
20 that report. Whether the Board wants to do  
21 anything in the interim is a question for the  
22 Board. I mean, it's something we can raise, any  
23 one of you can raise if you want to. Arno, you  
24 look like you're --

25 MR. HARRIS: I do -- I mean, I think the

1 other thing that struck me in hearing comments  
2 today is around timelines and this is something I  
3 think we heard about at some of the earlier  
4 hearings, as well, which is, you know, if it  
5 takes a year plus for a school to figure out and  
6 evaluate all these projects, and figure out their  
7 Prop. 39 application plans, submit their  
8 application, get it approved, then they've got to  
9 get it in front of the School Board or decision  
10 making authority around this time of year, it's  
11 2016 right now, so basically that the worrisome  
12 thing for me is any changes that we recommend to  
13 the Legislature are never going to make it into  
14 statute in time to effect the program that has a  
15 sunset date of 2018, right? Because we're  
16 already within a two-year window of the last year  
17 of the program.

18 MR. BROWN: We're hoping the program will  
19 be extended beyond 2019, so don't give up on  
20 making good changes.

21 MR. HARRIS: That's a very good point.

22 CHAIRPERSON GORDON: I think we have a  
23 recommendation.

24 MR. HARRIS: It's not entirely futile,  
25 but I wonder if there are ways, if there's a

1 mechanism for us to issue either a -- I don't  
2 know if it's a letter, I mean, we have Chair  
3 Weisenmiller right here, so perhaps from his ear  
4 to the rest of the Commission -- but if there's a  
5 way to put an urgency on getting some of these  
6 sort of administrative type changes that could be  
7 made to the program moving forward. I mean, it  
8 sounds like there's work done on lighting, but if  
9 there's work that could be done to look at HVAC  
10 and solar, to address some of these issues sooner  
11 rather than later.

12 CHAIR WEISENMILLER: Well, I think it  
13 gets back to the lighting conversation, you know,  
14 I'll urge Andrew to chime in on some of it, is we  
15 had to go through the legal stuff, too. Right?

16 MR. HARRIS: Yeah.

17 CHAIR WEISENMILLER: And so that comes up  
18 to developing Regulations, putting the  
19 Regulations out for comment, running them through  
20 the review process. So aside from the point when  
21 we had the emergency drought stuff, we could just  
22 move like that in terms of those Regs. But  
23 generally, you know, again you're talking multi-  
24 month. So again, going through, as Andrew said,  
25 it's probably time, again, for us to look at how

1 things are working and look at adjustments, but I  
2 just want to discourage anyone from thinking  
3 that, you know, send us a letter and the next  
4 week we change things. As much as, okay, here's  
5 starting a process, get people's comments on the  
6 changes, then run it through the Office of  
7 Administrative Law, etc., just nothing happens  
8 that fast. So obviously the legislative stuff,  
9 yeah, I mean, we can't, as I said the last time,  
10 the Legislature told us to make sure that it's  
11 cost-effective, and it's pretty hard for us to  
12 say, "Well, we'll just ignore that."

13 MR. HARRIS: Yeah.

14 COMMISSIONER MCALLISTER: Yeah, and in  
15 fact, in most ways the legislation is actually  
16 pretty broad and pitches a lot of these decisions  
17 to the Guidelines process, which is exactly what  
18 was needed here and actually we can go back to  
19 the Guidelines Revisions Process and have another  
20 conversation to see if we need to change. In  
21 fact, that's what we did in the first iteration  
22 of the Guidelines Update for solar, so it's  
23 actually much easier now to do solar than it was  
24 at the beginning of the program. And, you know,  
25 there were I think -- and there may still be

1 among various stakeholders -- some concerns of  
2 gaining and kind of oversizing here and under  
3 sizing there. I mean, a lot of PPAs, for  
4 example, are cost-effective with no subsidy at  
5 all, right? And so how does that warrant a  
6 contribution to Prop. 39 monies? Is that a good  
7 use of State -- so anyway, there are a broad  
8 range of viewpoints on, say, the solar issue and  
9 certainly I think as we gain comfort, as staff  
10 here, and you, and as we have these discussions,  
11 gain comfort with the various approaches and the  
12 innovation that Rick is talking about in the  
13 marketplace, and that there is a result there  
14 that's positive, that's exactly the kind of  
15 reason that we need to update the Guidelines and  
16 create more flexibility, right?

17           CHAIRPERSON GORDON: Thank you, Andrew.  
18 Just to this point, there's nothing, though I  
19 think we all understand processes take time,  
20 there's nothing that stops us as a Board from  
21 weighing in with an opinion on any of these  
22 subjects. And we don't have an oversight role of  
23 the CEC, we can't dictate the Guidelines, but of  
24 course like everyone, and I think with maybe a  
25 little more weight we can weigh in, and so the

1 way to do that is probably a letter, so Arno, if  
2 you or others are interested in putting something  
3 together, then that's something we can review as  
4 a Board.

5 COMMISSIONER MCALLISTER: And I want to  
6 just --

7 MS. FERRERA: I would just second the  
8 idea that the Guideline process is probably the  
9 best and fastest --

10 CHAIRPERSON GORDON: The best input,  
11 that's what it sounds like, yeah.

12 MS. FERRERA: -- and I would just say --

13 CHAIRPERSON GORDON: Of the many things  
14 we've discussed today are Guideline issues, not  
15 legislative issues.

16 MS. FERRERA: From the perspective of  
17 your body, you know, what it might mean for you  
18 evaluating down the road, you know, that may be  
19 the perspective you take when you advise on the  
20 Guidelines pieces, as well, because we're already  
21 seeing other issues like weather and things that  
22 could impact what the results are going to be,  
23 that you're going to be looking at, and that's  
24 another area that I think you probably need to be  
25 looking at in order to make their jobs easier.

1           CHAIRPERSON GORDON: Great. Well, I  
2 later in the agenda have a theory on how to use  
3 committees to maybe do some of this. But this  
4 has been great. We do want to get to the  
5 Community College, so if it's really brief.

6           COMMISSIONER MCALLISTER: More data is  
7 better, so we're going to count on Rick and other  
8 stakeholders to bring project information so we  
9 can actually get to the bottom of this stuff.  
10 And I also want to thank Rick and others for the  
11 lighting discussion, there are a number of  
12 challenges that are along the lines of what Chair  
13 Weisenmiller said, just in terms of making those  
14 changes in the 2013 Code retroactive, which is  
15 very challenging, frankly, in terms of the Title  
16 24 Update for Lighting. So again, we're working  
17 through these barriers as best we can and I  
18 think, you know, whether it's workarounds, they  
19 all have to be legal, so we're going to get  
20 there, I'm quite certain.

21           CHAIRPERSON GORDON: Thank you.

22           MR. BROWN: Can I make one last point?

23           CHAIRPERSON GORDON: Really quick.

24           MR. BROWN: Really quick. It is the cash  
25 issue. So the 2015-'16 allocation, which was

1 approved by the Legislature on June 30th, that  
2 cash is not going to Districts until March,  
3 that's not a CEC problem, that's a Department of  
4 Education problem, and that really -- that  
5 doesn't work.

6 CHAIRPERSON GORDON: And that was in  
7 Anna's letter.

8 MR. BROWN: Yeah, I really want to make  
9 sure. It shouldn't take that long to get the  
10 money out and projects aren't going to get -- for  
11 particularly the low income Districts who can't  
12 forward the cash and then get reimbursed, they're  
13 not going to happen if they don't have the money,  
14 so getting CDE to move things along would be  
15 great. And last, the CEC staff, I just -- you  
16 need to understand, these guys are completely,  
17 they are working really hard to make a clunky  
18 system work well, and so whatever letter you  
19 send, commend for that effort because it's not  
20 just us that have to deal with some of this  
21 clunkiness, they have to deal with it also.

22 CHAIRPERSON GORDON: Thank you. That is  
23 great. I think we all fully appreciate the CEC  
24 staff.

25 Let us turn to, well, let's just round

1 that out and say we'll have a little bit of  
2 discussion later about committees to make some of  
3 the structural stuff here and decision making a  
4 little faster in between meetings. But let's  
5 turn to a big other piece of what we're supposed  
6 to be doing here, which is reviewing projects  
7 that have been done and the Community College,  
8 very happy to have Susan again, who we've met  
9 before from the Community College Districts, to  
10 come and talk to us about their work. I hope  
11 everybody has digested the many many pages and  
12 spreadsheets that the Community College has given  
13 us. And I think it will be particularly  
14 interesting to hear the overview of what you've  
15 done, but also there are some big differences  
16 between how this works for you and how it works  
17 for the LEAs. So it might be useful to kind of  
18 illustrate that a bit.

19 MS. YEAGER: Absolutely. I'm Susan  
20 Yeager, I'm the Director of Facilities,  
21 California Community Colleges, Chancellor's  
22 Office. And just thank you for the opportunity  
23 today to go over our report with you and show you  
24 what our Districts have been doing, and how hard  
25 they've been working on Proposition 39.

1           As the conversation, the previous  
2 conversation, was going on I was sort of mentally  
3 taking notes about there are differences in our  
4 programs. There's no question about that. And  
5 some of that has to do simply with the size, 113  
6 colleges, 72 College Districts, and we do have 77  
7 off-sites, but you add all that up and you're  
8 still not dealing with over a thousand K-12  
9 Districts, so it is a big animal, but I would say  
10 there are things that we are doing and there are  
11 things that K-12s are doing that can inform each  
12 other's processes, and I took a couple notes  
13 where I thought, hey, why aren't we doing that?  
14 Maybe we could look into it. So I will try to  
15 remember to mention those things as I'm moving  
16 forward with the presentation.

17           So as I said, we are the largest post-  
18 secondary educational system in the world,  
19 although there is some contention on that;  
20 apparently, I think it's China might be beating  
21 us out, you know, we're pretty big, though, and I  
22 can definitively say we're the biggest in the  
23 United States. We serve 2.1 million students  
24 annually and we represent 20 percent of the  
25 nation's Community College students, one in five

1 of the nation's Community College students come  
2 here. And sometimes you just have to visualize  
3 what that means, that is a lot of students.

4           So we offer, of course, both vocational  
5 and undergraduate program offerings and we also  
6 have 75 percent of California's public post-  
7 secondary students are in Community Colleges.

8           So what we do matters. We have 72  
9 College Districts, as I mentioned earlier, 113  
10 Colleges, 77 off-campus centers, and 24 reported  
11 District Offices. This does not count all of  
12 those outreach places you may see that are not  
13 fully fledged centers, we don't pay for those,  
14 the Districts fund those endeavors to see if  
15 that's somewhere where a District College might  
16 be, so they would not be getting Prop. 39 funds,  
17 those funds will go only to colleges in approved  
18 centers.

19           We have 24,000 acres of land,  
20 approximately 5,600 buildings, give or take,  
21 5,700, 84.1 million gross square feet, and 50.8  
22 million assignable square feet. And most people  
23 who see that assignable square feet can look at  
24 us funny and go, "Whaaaa?" Our Regs are actually  
25 in assignable square feet rather than gross

1 square footage, so Community Colleges lives and  
2 dies by WSCH, Weekly Student Contact Hours, and  
3 assignable square feet, which no other system has  
4 that I know of.

5           So for Prop. 39, our allocations have  
6 been we received \$47 million in the first year,  
7 less in the second, \$37.5 million, and then \$38.7  
8 million in the third year, which we are currently  
9 in. So we've received a total of \$123 million to  
10 support construction of energy projects and  
11 workforce development related to sustainability.

12           So in our world, this is a first  
13 difference, we are a very nimble organization,  
14 we're quite small, and I think maybe these days  
15 we're running maybe 150. We have in the  
16 Facilities Planning Unit, there are eight of us,  
17 and two of us work on Proposition 39, so that  
18 gives you an idea of our size for the Energy  
19 projects portion; for the workforce development,  
20 as you know, that's a big deal right now, right?  
21 So that's in a whole other division, and what we  
22 do is the Chancellor has the discretion for how  
23 these funds are allocated between facilities and  
24 workforce. We of course lobby persistently for  
25 facilities, but the Chancellor has at his

1 discretion about -- I think I calculated 13  
2 percent of the money of our funds go to  
3 workforce, and the remainder go to energy  
4 projects, so that we can actually accrue energy  
5 savings throughout the system.

6           So on this page you can see these are the  
7 funds that have actually gone to energy projects  
8 each year. So the first year we had \$39.8  
9 million, the second year \$31.6 million, and the  
10 third \$32.6. So you can see it really dipped  
11 down that second year, went back up year three,  
12 the current -- the Governor's budget had a little  
13 bit higher number, so perhaps it will go back up  
14 this year. This is for energy projects only,  
15 there are other funds I'll talk about in a few  
16 minutes that went to workforce development. We  
17 also have a consultant that is paid out of these  
18 funds to help us, particularly with Districts who  
19 are not in investor-owned utility territory, but  
20 also just for the day-to-day, there is a lot of  
21 work that goes on as the CEC staff has noted and  
22 Anna, there's a lot that goes on in these  
23 calculations, it's all very precise. There is  
24 nothing that is just, "Oh, just do this." It's  
25 very proscribed and you have to make sure that

1 you're doing the calculations correctly.

2           So for the report that we sent you, you  
3 may have noticed that it's a little big. And you  
4 may have noticed there's a lot of papers in there  
5 and spreadsheets. And the way I set it up is the  
6 way that I would like to see the report if I had  
7 to review it. So I actually like spreadsheets,  
8 but I often don't have time to open them and go  
9 down to the Nth bottom line. So what we did as  
10 the first portion of the report, it provides a  
11 summary of everything else in the report, so if  
12 you want to do nothing else, the report has been  
13 summarized in bullet points. If you want,  
14 though, if you feel that you would like to see  
15 how the numbers track, for every closed out  
16 project, you can actually drill down in the  
17 detail all the way to the campus site and the  
18 energy project itself, okay, so we've tried to  
19 make that easy for you and make the report easily  
20 digestible.

21           I think it's important here to mention  
22 there was a lot of discussion and, again, this is  
23 me trying to remember those elements of the  
24 conversation, I thought, oh, I should mention  
25 that, we actually have an SIR rate of 1.1, rather

1 than 1.05, so the Community Colleges have to  
2 achieve that rate in order for an energy project  
3 to be eligible.

4           The other difference is, in terms of our  
5 allocations, the way that it goes is that we do  
6 pre-allocations based on the Governor's budget;  
7 we then, once the final budget is actually  
8 adopted, enacted July 1st, we will send out the  
9 allocations per District very early. So I think  
10 we probably get them out the first week of July,  
11 I may be bragging incorrectly, but it's not late.  
12 So the Districts know how much money they're  
13 getting, so then it becomes a matter of to what  
14 energy projects are they going to allocate those  
15 dollars. And they have a lot of help if they  
16 want it, so there are Districts out there who  
17 have hired energy managers, they've done this in  
18 the past -- and I should back up here -- the  
19 California Community Colleges Chancellor's Office  
20 has a partnership with the Investor-Owned  
21 Utilities, that partnership dates back to 2006,  
22 it is a very key component and a key reason why  
23 we have been able to hit the ground running  
24 because we already had an infrastructure in place  
25 for identifying energy projects, getting them

1 through the utility approval process, identifying  
2 energy incentives and savings, and getting  
3 project approvals. So we had that in place.  
4 What we did was we superimposed the Prop. 39  
5 Guidelines and requirements on that  
6 infrastructure project already in place, so that  
7 partnership has been a key reason why we've been  
8 able to do this.

9           So we have an SIR of 1.1, Districts have  
10 a tremendous amount of help available to them.  
11 Even though there's only two of us, per se, in  
12 the Chancellor's Office that are working on Prop.  
13 39 in energy facilities, we have a consultant  
14 that can help them, but most importantly the IOUs  
15 have helped Districts identify projects and have  
16 helped them work through the paperwork -- we have  
17 paperwork too, everybody does -- because you've  
18 got to have it to do the calculations. So if I  
19 can't help them, I tend to end up being sort of  
20 an error traffic controller because I understand  
21 the process, but I am not an architect and I am  
22 not an engineer. So I will tend to get the  
23 questions, decide is it a process question, is it  
24 an engineering question, is it an IOU question,  
25 and then I can send it out. That process, as

1 informal as it sounds, in between if there are  
2 changes, I am able to communicate those changes  
3 directly to Districts very quickly, and I do send  
4 out a fair amount of Prop. 39 memos. But the  
5 policy changes, we're careful about that, we do  
6 change our Guidelines, but the way that we are  
7 able to do that is we see a need for changes, we  
8 bundle them together, we run them by our Advisory  
9 Group which happens to be the Management team for  
10 the CCC/IOU partnership, we have a series of  
11 forums that we do during the year, so we'll talk  
12 about them during the forums so that Districts,  
13 you know, bringing Districts in, inviting  
14 District comments, we'll invite comments on it,  
15 and then we will end up posting the new  
16 Guidelines.

17           So we really do have a process in place  
18 that seems to be working, and that isn't to say  
19 there aren't challenges because there are, but we  
20 are working through those and really trying to  
21 make this the best that it can be, to get energy  
22 projects and savings on our campuses for the  
23 benefit of the students of California, that is  
24 the goal and the objective of what we do.

25           So currently, or as of October I should

1 say, we had 593 total projects in play and these  
2 were either -- they believe they will either be  
3 closed out projects as you'll see, or projects in  
4 process. That equated to 120 million of total  
5 project cost, 60 million in kilowatt hours'  
6 savings, 6,500 in kilowatt savings, and 1.3  
7 million in therm savings. I have been asked, you  
8 know, what do those numbers mean? And they are  
9 calculated per the standards, there's a  
10 methodology and criteria for those calculations  
11 that occurs.

12 For projects that are in process the  
13 numbers are estimated; for projects that are  
14 closed out, the numbers have been verified just  
15 as we're going through this. So of the projects  
16 that we had going on, we had identified nine  
17 million in energy cost savings, 21 trainee job  
18 years, and I will talk about jobs in a minute,  
19 661 direct job years, \$13 million incentives paid  
20 to Districts, and it's important to note that  
21 incentives have to go back into the project, and  
22 essentially enough energy saved to power 11,000  
23 homes.

24 So when we look at that, that's all the  
25 projects we started as of October 2015. Of

1 those, 135 projects closed out. There is a  
2 difference to me and to my Districts as to what a  
3 closed out project is, so from a District's  
4 perspective you gave me the money, I bid it, I  
5 built what it was supposed to be, it's right  
6 there. From the State perspective, I need you to  
7 take one more step, and I need you to fill out  
8 your form, I think it's Form F and Form J,  
9 because that's where we get all the information.  
10 The Utilities have verified the energy savings,  
11 how many job hours were spent on the job, those  
12 kind of key data components that are the only way  
13 that we can report what we need to report for  
14 Prop. 39.

15           So the job numbers, by the way, are  
16 calculated using the methodology outlined in U.C.  
17 Berkeley's "Employment in the Green Economy"  
18 report. And that is the same report that a lot  
19 of the Prop. 39 stuff was based on.

20           So from those 135 projects that equaled  
21 \$31 million of project costs, I won't read all of  
22 these, but essentially \$2.5 million in annual  
23 energy cost savings to our Districts -- that's a  
24 great number -- 174 direct job years, so we're  
25 calculating job hours, we have changed our form

1 as a result of the last time we were here to ask  
2 them to identify the number of people on their  
3 crews, and that's going to take another time to  
4 see that result. But these projects are  
5 resulting in jobs in the community and  
6 apprenticeship-type jobs in the communities, and  
7 energy incentives and energy savings, which was  
8 the point.

9 CHAIRPERSON GORDON: And just a quick  
10 question, you may be getting to this, but can you  
11 tell us about these completed projects?

12 MS. YEAGER: Yes.

13 CHAIRPERSON GORDON: Looking through the  
14 spreadsheets, lots of lighting for sure. Can you  
15 tell us the breakdown?

16 MS. YEAGER: Thank you. I'm really glad  
17 you said that because I wanted to talk about it.  
18 So I do want to talk about lighting and this is  
19 no disrespect at all to my colleagues in K-12  
20 because their experience may be entirely  
21 different.

22 Lighting is important and I know that  
23 people want to see HVAC, they want to see  
24 monitoring-based commissioning, they want to see  
25 retro-based commissioning, but I think Anna sort

1 of referenced this, that the prioritization that  
2 we've set forward in the Guidelines is based on  
3 the PUC loading order. It doesn't make any sense  
4 at all to do generation projects if your lighting  
5 is leaking energy everywhere, if everything is  
6 inefficient, you know, your HVAC and all of that,  
7 you can generate all the power in the world, but  
8 it's just not an efficient situation. So we've  
9 asked Districts, 1) to follow the loading order,  
10 2) you're absolutely right, lighting is easier,  
11 but I think that we want to be careful about sort  
12 of, aww, it's sort of frivolous, it's not  
13 frivolous. I have been in facilities, either K-  
14 12 and Community Colleges for over 20 years and  
15 I've been financing Community College buildings  
16 via the State for the last 15, I have never once  
17 been thanked for a major capital outlay project.  
18 I have been thanked repeatedly, "Thanks for the  
19 lighting in my parking lot," "Thank you for the  
20 interior lighting," "Oh, my gosh, our classrooms  
21 look so much better." This is the school  
22 environment, the campus environment, whether it  
23 be safety in the parking lots, the lighting as  
24 you go to class, or the lighting in the  
25 institution, the classrooms themselves, that's

1 very important, sets the tone for the type of  
2 educational program that can be delivered there.  
3 So, 1) the Districts are very very appreciative  
4 of Prop. 39 in general and to be able to do some  
5 of these lighting projects.

6           Secondly, I asked about lighting as a  
7 percentage of a District's operating budget or of  
8 their energy budget, and if you look at 25 to 30  
9 percent of the money they're going to spend on  
10 energy is about lighting, that's a really good  
11 place to start when you've got all these things  
12 you haven't done, lighting is a good place to  
13 start to get some bang for your buck in terms of  
14 energy savings.

15           So I know we are moving into HVAC because  
16 many of our Districts, because of the  
17 public/private partnership, or, excuse me, the  
18 CC/IOU partnership that we have going on, that's  
19 been up since 2006 and we've been tracking energy  
20 for a really long time now. And so some of our  
21 campuses are way far ahead of the game, so we do  
22 have, for instance, San Mateo CCT that did a  
23 solar project with their Prop. 39 monies last  
24 year. So I see that Districts will start -- are,  
25 not will, they are taking on these more, HVAC

1 seems to be the next big thing, and we've had  
2 people talk about energy. Storage is another  
3 thing, battery storage tends to be an issue, I  
4 don't think we've worked that out yet how we can  
5 do that. But in general, our Districts are doing  
6 what they need to do to meet local needs, and I  
7 think that is in the long run the point of the  
8 legislation.

9           We do not have things -- timing is an  
10 issue in our world, too. If I got a dollar for  
11 every time I heard that we build in the summer  
12 explanation, I wouldn't have to work for a living  
13 anymore, but it's a real issue and it's things  
14 that we tend to, as administrators of these  
15 programs, we tend to want to sort of go, "You'll  
16 deal with it." So if someone tells me, "Look,  
17 Susan, I've got to go to DSA," which by the way  
18 some of these Prop. 39 projects are triggering  
19 DSA requirements, that's six months --

20           CHAIRPERSON GORDON: This is the State  
21 Architect for -

22           MS. YEAGER: Excuse me, Division of State  
23 Architect, and that is not speaking ill of DSA,  
24 they're our partners, that's the law, that's what  
25 they have to do, and so if you go to DSA that's a

1 wait. Then you have to bid the projects. Then  
2 there's the, "Oh, but we just finished all that  
3 and it's August, and I'm starting school, I can't  
4 start a project now." So the timing issue comes  
5 up in our world also. Having said that, our  
6 Districts, you know, I do a lot of the, "Well,  
7 make it work and let me know," and it's amazing,  
8 75 percent of it will work out. The other 25  
9 percent we work with, we do, "Okay, why don't you  
10 do this? Why don't you bundle this with that and  
11 use this next year's money so that you can do one  
12 project and go to bid once and save that time and  
13 turn all the plans into DSA at once?" So we've  
14 been working on that.

15           Also on the closed-out projects on the  
16 lighting, one thing you may not know, and I don't  
17 remember if I mentioned it last time, we did not  
18 allow Districts to do planning in Year One,  
19 period. We wanted energy projects. We knew that  
20 there wasn't a Community College District out  
21 there that couldn't come up with an energy  
22 project. So we wanted projects, we knew that  
23 despite all of the things we know about, the  
24 planning, the timing, DSA, you know, other timing  
25 constraints, we knew that we would be asked for

1 projects in energy savings, and if we couldn't  
2 show some that that would make the program look  
3 ineffective, which it's not. So we did not allow  
4 any planning. And so if you're not doing any  
5 planning and you've got to do something quickly,  
6 and your lighting is not in order, that's a great  
7 project to start out with.

8           So we did have 135 projects close out as  
9 of October and that's what's reflected in the  
10 report. We're very happy with those projects.  
11 So since October, we've had an additional 50  
12 projects closed out, this is where, you know, the  
13 Chancellor's Office is able to in these quarterly  
14 meetings that we have, or annual conferences, we  
15 tend to do Prop. 39 presentations where the  
16 Chancellor's Office can say things like, "Hey,  
17 you're not closing out your projects which means  
18 we can't count them, which means your IOU partner  
19 is not able to close them out, which means we  
20 can't show them in our reports." And the result  
21 of that over the fall was 50 additional closed-  
22 out projects. So we are now at a total of 180  
23 closed-out projects at \$44 million of total  
24 project cost. We have verified savings of \$3.4  
25 million annual energy cost savings, 238 direct

1 job years, and 6.7 trainee job years, and the  
2 energy savings are equivalent to 4,000 homes  
3 powered. So this program is definitely working.  
4 We definitely -- we can certainly look at  
5 improvements because we always are; for instance,  
6 I was intrigued, we do not have a buy down option  
7 in our world, you can bundle projects so you may  
8 take the project with a high SIR and bundle it  
9 with a project with a lower SIR, and that may  
10 work for you. I believe our requirement for SIR  
11 is a 1.1 SIR cumulative over the entire five  
12 years per District at the District level, so that  
13 gives the local discretion for that little  
14 school, that littler college over there is not  
15 going to be able to do this, let's bundle it with  
16 this. So that helps with the discretion. We do  
17 not have a buy down option or buy up -- I liked  
18 that from Rick -- but I think that maybe it's  
19 something we should consider as Districts start  
20 doing the more complex projects, the HVAC and  
21 potentially solar. We have had a lot more  
22 interest in solar as Districts have been able to  
23 complete some of these more fundamental, if you  
24 will, projects.

25 CHAIRPERSON GORDON: Susan, we probably

1 should do about five more minutes, if that.

2 MS. YEAGER: I'm about done. So our  
3 energy usage data as of October 2015. In 2012,  
4 our average British thermal units per GSF were  
5 1,612, and as of 2013-'14, that number has gone  
6 down to 1,537, we're very precise, see, you can  
7 tell, we're knocking around here. And so that is  
8 a reduction of 4.68 percent. So that is actually  
9 a really good number because what is not  
10 necessarily taken into account is that campuses  
11 have grown, you do have the per GSF, but it's  
12 still, you know, almost five percent over one  
13 year for a system our size, we're happy. I mean,  
14 I am very appreciative that our districts take  
15 Prop. 39 very seriously. They're very  
16 appreciative of the money and I think that in the  
17 long term, you know, it's doing good things for  
18 our colleges.

19 I did want to make a quick comment on  
20 workforce development, I'm obviously not over  
21 that area, that happens in a different division,  
22 but we have had money allocated to improve the  
23 skills of college students and the money in that  
24 program is distributed on a competitive process  
25 to a regional agent that then distributes funds

1 to the various sites. And they use the money in  
2 the workforce portion to purchase new equipment  
3 and create an improved curriculum and provide  
4 professional development for faculty and support  
5 for regional collaboration.

6 I won't go through the workforce  
7 development, our money is allocated on an FTES  
8 basis, so it just goes out per FTES. What  
9 they've shown in this portion, and I'm imagining  
10 you'll get a copy if you would like that, is  
11 they're showing you where the money has gone per  
12 region throughout the state, but you can see that  
13 the entire state is covered. So there isn't  
14 anywhere that isn't getting Prop. 39 dollars  
15 within the State of California Community  
16 Colleges.

17 So with that, I think I'm going to end in  
18 that we have been successful in getting energy  
19 projects funded and under construction and  
20 getting workforce development money out to the  
21 Districts. Our Districts are very engaged in  
22 this process, so there is a constant dialogue  
23 back and forth, which I think helps the process,  
24 helps us to know where the problems are, and we  
25 do have a system that's perhaps a little more

1 nimble than what CEC can have with their  
2 structure and with the number of Districts  
3 they're dealing with, but even so, you know, any  
4 time you want to change Guidelines, you've got to  
5 go through a process, and I have learned that the  
6 worst thing I could do is say, "Well, okay at  
7 this time," you know, for this time, because  
8 that's not good, you need to be setting policy  
9 and procedures for the entire state. And we are  
10 able to do that. And I think I'd like to look at  
11 some of the things we talked about earlier with  
12 the K-12 to inform our process, so perhaps for  
13 solar we should be looking at a buy down option,  
14 or perhaps for some of these more complex  
15 projects. And then from the other perspective,  
16 maybe some of the way we're doing things with our  
17 Guidelines may be putting them so they're not at  
18 the same level as Regs because right now those  
19 Guidelines are going through a process that looks  
20 a lot like our Regulation process, and if you  
21 could step it back when you might have a little  
22 bit more room to move when necessary.

23           So finally, we were, the Chancellor's  
24 Office, awarded the California Energy Council  
25 Award for our Championship of Energy Conservation

1 and Leadership on Prop. 39, and I do not take the  
2 credit for them, that credit goes to the  
3 Districts. I mean, we cannot lead if we do not  
4 have Districts who are willing to follow and to,  
5 you know, follow our lead and say, "Oh, okay, you  
6 want me to fill out Form E and F?" And they do  
7 that. So I think it is a success. We would be  
8 very appreciative if the Board would consider  
9 approving our report, and then our intent is to  
10 follow up annually and hopefully you'll get more  
11 and more projects. So that's what I have.

12 CHAIRPERSON GORDON: Thank you, Susan,  
13 great presentation. And just to remind everybody  
14 that our job, should we do it, is to move to  
15 approve their report as an input into our report  
16 to the Legislature. I just wanted to see if  
17 people had questions for Susan before we do that.  
18 I guess my same question stands, which is whether  
19 you've seen any private sector -- any of your  
20 Districts using their baseline data or anything  
21 to go to the private sector?

22 MS. YEAGER: No. The most I've seen is  
23 them using the CEC loans and I think that was  
24 just a few Districts. I do know Districts have  
25 augmented perhaps, their bids came in higher, and

1 they've chosen to use District Bond funds. And  
2 there are some restrictions on that and their  
3 District Bond funds have to have been set up  
4 appropriately for that to happen. But other than  
5 that, I am not hearing about using private  
6 financing.

7 CHAIRPERSON GORDON: Not even ESCOs or  
8 anybody not --

9 MS. YEAGER: Well, the way the  
10 Proposition 39 language is written, it almost --  
11 in a way it challenges the current ESCO way of  
12 doing things, the process. And so the provision  
13 that says, you know, "No sole providers" is very  
14 broad. And so an ESCO will typically go from  
15 start to finish and basically it has to be bid,  
16 but how can you bid an energy project if you  
17 don't know what the project is if you don't have  
18 the plans yet? So that gets a little complicated  
19 and I know our Districts struggle with that a  
20 little bit, especially our smaller Districts.  
21 There are times when it might be appropriate to  
22 have someone come in and do the whole process.  
23 As it stands, I know that the Chancellor's Office  
24 has taken the position that the language in the  
25 bill is very clear in that it says no sole

1 providing. And so that is what we tell our  
2 Districts. I think it is a struggle for them  
3 because many of them are used to, for instance,  
4 to holding maybe engineering contracts for  
5 engineering services or architectural services  
6 for three years at a time, and so all of a sudden  
7 we're saying, "Well, if you're going to use that  
8 you need to bid it." And where we have left this  
9 with our District is informing them with what the  
10 legal requirements are and moving on from there.  
11 So they are bidding projects, though. And by the  
12 way, that is something that takes time and that  
13 is something that really frustrates the  
14 Districts, especially if it's a particularly  
15 small project. They don't mind going out to bid  
16 for millions of dollars, but it takes the same  
17 amount of time, effort to bid a \$5 million  
18 project, or in our case it's more like \$10-20  
19 million, as it does to do a \$50,000, or a \$75,000  
20 project, it's that time, effort and energy that  
21 seems to be providing some challenges.

22 CHAIRPERSON GORDON: Questions from the  
23 Board? Any questions for Susan? We do need to  
24 have a motion, so...

25 MR. HARRIS: Can I just ask a question on

1 what does our vote represent in this case?

2 CHAIRPERSON GORDON: We need to move to  
3 accept the report as an input for us to our  
4 report to the Legislature, so this becomes an  
5 official kind of piece of information that goes  
6 into our report process and probably an addendum  
7 to our report.

8 MR. HARRIS: Does that reflect any  
9 criteria expressed in the Guidelines for what the  
10 report should include? And is there a staff  
11 recommendation on that?

12 CHAIRPERSON GORDON: Staff? Good  
13 question, I don't think there are criteria.

14 MR. BASTIDA: What was the question?

15 MR. HARRIS: Well, I'm just curious, I  
16 mean, we're voting to approve the project, I  
17 mean, it's not that I have a problem, I actually  
18 think that Susan should probably teach a course  
19 on how to put together reports like this, so I  
20 similarly, when I first saw this binder that was  
21 given to us at the last meeting, I was very  
22 worried, but --

23 MR. YEAGER: Thank you, Mr. Harris, they  
24 laughed at me.

25 CHAIRPERSON GORDON: And we're not

1 approving the projects that they did because we  
2 have to do a separate audit --

3 MS. YEAGER: Yes.

4 CHAIRPERSON GORDON: -- of all the  
5 projects that were done, that somebody else will  
6 do, an actual audit. We are just approving this  
7 report in this format as the way the Community  
8 College is reporting to us.

9 MS. YEAGER: Yes.

10 MR. HARRIS: Our vote is stamping  
11 "received" on the cover of this report.

12 CHAIRPERSON GORDON: Unless there's  
13 something that we think that they should have  
14 covered that they didn't, and we want to send it  
15 back to them.

16 MS. YEAGER: And could I - one point --

17 CHAIRPERSON GORDON: A lot of  
18 spreadsheets in your report today.

19 MS. YEAGER: One point of process. We  
20 actually, our provisional budget language says  
21 that we are subject to the Guidelines that we  
22 have on our website, so I'm not sure how all that  
23 works, but we still need to report to this Board,  
24 we still need to submit a report, so however that  
25 needs to move forward, we're fine with that.

1           MR. HARRIS: It would be great when doing  
2 a report like that just to have at least a staff  
3 opinion as to whether or --

4           CHAIRPERSON GORDON: And now we are  
5 asking for it. Go ahead.

6           MR. BASTIDA: Of course. So my  
7 understanding is that this is their report, CEC  
8 has told me that they believe the report will be  
9 in March, beginning of March --

10          CHAIRPERSON GORDON: For the K-12s?

11          MR. BASTIDA: For the K-12 Program. And  
12 we still need the Workforce Development Board's  
13 non-project type report and also the Conservation  
14 Corps report. We take all those reports, as well  
15 as the Job Report that we're going to hear next,  
16 and we the Board I supposed to review those  
17 reports and kind of come to a summary report of  
18 their own and submit that to the Legislature by  
19 the end of March.

20          MR. HARRIS: Do you, or does any other  
21 CEC staff have an opinion as to whether this is  
22 sufficient or insufficient?

23          MR. BASTIDA: Well, I couldn't say.

24          MS. YEAGER: We did meet with -- one  
25 thing that we did was, if you look at the report

1 you'll be able to find data points that match the  
2 data points in SB 73 for the final reporting  
3 requirements, so we actually went bullet point by  
4 bullet point to make sure and met with CEC staff.  
5 But I can see, you know, that's why we gave you  
6 the summary.

7 MR. HARRIS: Susan, you're our first  
8 guinea pig here.

9 CHAIRPERSON GORDON: Well, and I think  
10 the other issue is that we will have an audit. I  
11 mean, the timing is incredibly fast, so I don't  
12 know how we're going to do it, but we will have  
13 an audit also on the individual projects, it'll  
14 add to all of this data. So to answer your  
15 actual question, there is no laid out, except for  
16 in the legislation which has very broad ideas of  
17 what we should cover in the report, there is no  
18 laid out set of criteria.

19 MR. HARRIS: Okay.

20 CHAIRPERSON GORDON: That said, we need a  
21 motion.

22 MS. ODBERT: I move to include the report  
23 -- I move to approve the report from the  
24 California Community Colleges.

25 MR. HARRIS: I'll second.

1           CHAIRPERSON GORDON: Perfect. Do you  
2 want to call roll on this one?

3           MR. BASTIDA: All right, calling vote for  
4 this: Board Member Gordon - Aye; Board Member  
5 Ray - Inaudible Response; Board Member Harris -  
6 Aye; Board Member Martinez - Aye; Board Member  
7 Odbert - Aye; Board Member Sakurai - Inaudible  
8 Response.

9           It is unanimous.

10          CHAIRPERSON GORDON: Great. So thank you  
11 again, Susan and others from the Community  
12 College District. Especially, I think everyone  
13 else is now scared by the level, the standard you  
14 have set for the rest of the reports.

15          I did want to follow up really quickly,  
16 and unrelated to the Community Colleges, you said  
17 that the CEC staff told you we get the K-12  
18 Report --

19          MR. BASTIDA: Do you want to talk just  
20 briefly, Elizabeth, on when your timeline is for  
21 --

22          CHAIRPERSON GORDON: I'm just thinking  
23 beginning of March, or by the end of March, and  
24 that's a little scary, so just checking on that  
25 timing.

1           MR. ANGULLO:  Armen Angullo with the CEC.  
2  That was just our work plan schedule of March  
3  1st, and we shared it with Jack and it was just  
4  as it is right now.

5           CHAIRPERSON GORDON:  We hope that's true,  
6  all right.

7           MR. BASTIDA:  Yeah, I mean, they have to  
8  hear back from so many LEAs, so...

9           MR. ANGULLO:  Yes, and we're in the  
10 process, we're aggressively pursuing those final  
11 reports.

12          CHAIRPERSON GORDON:  Great.  One of the  
13 things I think we'll talk about again in a bit is  
14 about committees and I think there are a fair  
15 number of questions about timing on the report,  
16 and how we can get inputs, and what we're  
17 supposed to do with them.  And so those are all  
18 big questions that I think we will need a lot of  
19 discussion in between meetings to figure out  
20 because this timeline is ticking here.

21          Okay.  I'm going to move to the next  
22 agenda item if that's okay with everybody.  Very  
23 patiently waiting this whole time, Sarah White is  
24 here from the Workforce Development Board to talk  
25 to us about jobs and give us an update on where

1 they are on their whole piece of this puzzle.

2 MS. WHITE: Great. Thanks, hi. You can  
3 hear my mic is working. So I have to say, I'm  
4 Sarah White, I'm a Deputy Director at the  
5 California Workforce Development Board. Thank  
6 you, Madam Chair, thank you, Board Members. I'm  
7 pleased to be here to talk a little bit about  
8 jobs. I have to say I've spent most of the past  
9 decade explaining jobs to energy people and  
10 explaining energy to jobs people, and this is the  
11 most complicated project I've ever had to do that  
12 translation for. So I also wanted you to know  
13 that it's the end of sort of a very long meeting,  
14 we've had two hours of data, so I'm going to try  
15 to keep this at a fairly high level. I used to  
16 be a data geek at a University, but now I hire  
17 data geeks at Universities, so we at the Board  
18 are working with the John Vial Center at U.C.  
19 Berkeley who are crunching the detailed numbers  
20 for us. I have the summary of those numbers and  
21 can talk a little bit about the process for  
22 getting them and analyzing them, but we're not  
23 going to go into that level of detail about the  
24 numbers today, that will be in our report. We  
25 will present our formal report to you at the end

1 of this month, we thought it was due in March, we  
2 could certainly have it to you by the middle of  
3 February.

4 CHAIRPERSON GORDON: That would be great,  
5 the earlier the better, I think.

6 MS. WHITE: Earlier is better, yes. And  
7 we have moved that up quite a bit. So we'll talk  
8 to you a little bit about the kinds of things  
9 that are going to be in that report today.

10 I should also say I'm going to talk about  
11 this chart and as somebody who has worked with  
12 labor and people for a long time, and sort of  
13 been a wannabe in the energy world, having  
14 something that looks like an engineering diagram  
15 is like the pinnacle of my career, I'm so excited  
16 that this is what I have to present to you today.  
17 So, wow. We'll go through it in a minute, but I  
18 have to say, I'm not the one who was in charge of  
19 animating it, and it's a bit dizzying the way it  
20 swirls, but don't even reveal that yet because  
21 people will leave the room!

22 Let me say this, the thing that I really  
23 love, well, we do a couple pieces of Prop. 39,  
24 but what I'm here to talk about is the jobs  
25 piece. So we have been charged with calculating

1 the jobs created and figuring that out. I'm  
2 going to talk a little bit more about that.

3 I'm excited because I think it's fair to  
4 say that Prop. 39 is the first clean energy  
5 policy in California that actually requires  
6 direct workforce reporting, there have been a lot  
7 of jobs claims, this is the first one that's  
8 going to provide an accurate jobs data system to  
9 track the State's efforts to address climate  
10 change and to provide insight into how to best  
11 structure future clean energy programs.

12 I'm very excited because our specific  
13 work on Prop. 39 is establishing mechanisms for  
14 reporting, so systems for gathering data that are  
15 going to provide a wealth of information as these  
16 programs mature. But as we heard this morning, a  
17 lot of these projects are just getting out of the  
18 gate, right? So jobs data is like the last thing  
19 we find out, but we are building a structure for  
20 gathering and analyzing that, which I think will  
21 be unique actually in the country, so I'm  
22 thrilled to be a part of that. And we are really  
23 contributing here to not so much -- I mean, yes,  
24 the specific numbers, but much more important I  
25 think is developing a database of job outcomes

1 from climate change policy in California. So  
2 that, I think, is the larger and more important  
3 impact of the Prop. 39 for the future for the  
4 jobs accounting piece of it.

5           So having said that, I would like to say  
6 also that we are not just counting the numbers of  
7 jobs that come out of this, but the quality of  
8 jobs, the equity agenda says it's very important  
9 that we look, that we make sure these are not  
10 sweatshop jobs. We're looking at high quality  
11 jobs that can move us towards shared prosperity  
12 in our communities, as well as energy efficiency  
13 and renewables.

14           I think also we're looking at access to  
15 those jobs, another thing that's very important.  
16 Do communities where the schools are investing in  
17 Energy Efficiency, do folks in those communities  
18 have a chance to move into career paths and  
19 career ladders in energy efficiency that are part  
20 of the jobs being created here. It's another  
21 thing, it's hard to track, we are beginning to  
22 look at that, we think it's very important. So  
23 it's not just job numbers, but it's quality and  
24 access, and we'll have more on that in the report  
25 itself. But I just wanted to underline that.

1           We are early in the game, as I said, for  
2 actually collecting the data, many of the  
3 projects are still in the planning phase, and I  
4 should say another piece that we need to know is  
5 that we are in the process of automating data  
6 collection for public works projects, which is a  
7 huge undertaking by the Department of Industrial  
8 Relations in the Labor Agency. Prop. 39 Data  
9 Collection is a tiny piece of that, very  
10 important, but it has only recently been  
11 automated.

12           So just so you get the picture of this, I  
13 mean, we all love data, right, in different ways?  
14 There are ways we can measure kilowatts.  
15 Measuring this has involved people making phone  
16 calls to other people, filling in forms by hand,  
17 turning them into PDFs, sending them to other  
18 people to then enter those into spreadsheets,  
19 then sending the spreadsheets to other people to  
20 compile and then run analyses on them. That is  
21 what we're doing here in the 21st Century to get  
22 the jobs data. So people wonder why the energy  
23 money isn't going out faster, why aren't the jobs  
24 numbers coming faster? Because somebody has got  
25 a pencil and an abacus. But we are very excited

1 that at the end of this first quarter this year,  
2 we are actually going to have the first automated  
3 results, so I am really psyched about that  
4 program coming into play and what that involves  
5 is, in the State of California now, any Public  
6 Works project that invests more than a thousand  
7 dollars has to report on the direct jobs created,  
8 and these projects fall under that. Getting  
9 people to know that and report that is another  
10 question, but more on that later.

11           So today I really just want to walk you  
12 quickly through the jobs universe of Prop. 39. I  
13 think you get from all of the other presentations  
14 and the deep work that you're doing as an  
15 Advisory Board or an Oversight Board, there are  
16 essentially four buckets of jobs that we're going  
17 to be thinking about. It's incredibly  
18 complicated, but let's just say this, there's the  
19 Conservation Corps, right? They're doing a bunch  
20 of work on Prop. 39, and they have their own way  
21 of counting and tracking those jobs. We have the  
22 Community College work, the tremendous work that  
23 we just heard about, they have their own way of  
24 tracking and counting jobs, right? Based on  
25 similar job productions and getting the numbers.

1 And then there is the huge amount of work being  
2 done by the K-12 System in terms of dollars  
3 invested that has in turn its own way of tracking  
4 and counting jobs.

5           So we've got a bunch of job tracking and  
6 counting systems, and I'm going to show you a  
7 little bit about how those relate to one another,  
8 and although we at the Board are not charged with  
9 counting the Community College jobs or the  
10 Conservation Corps jobs, we do look at a universe  
11 that has all of those in it, so I can show you  
12 what the jobs universe looks like, because it  
13 would be silly to say, "Well, here's the little  
14 piece we're counting." But I wanted to give  
15 people a sense of what this looks like.

16           So we have been charged, as I said, with  
17 documenting that last big bucket, the local  
18 education areas, the K-12 jobs. And I should say  
19 that that in itself is divided into two buckets.  
20 There are the jobs that are contracted out, and  
21 there are the people who are already employees of  
22 those schools who are doing the work, right? So  
23 two different buckets, people who are contractors  
24 and we count those jobs, people who are already  
25 employed by the schools, CEC counts one set of

1 jobs, the Department of Industrial Relations  
2 counts the other, and we have to merge them  
3 together. There is also a difference between  
4 White Collar and Blue Collar jobs, so lots to  
5 think about. We will swirl through them. This  
6 is going to be a fast swirl.

7           So this is the Universe of Jobs. Okay,  
8 this is the K-12 piece. So this is the K-12  
9 circle and in this, that large, say 60 percent,  
10 you know, Pacman kind of piece of that, that is  
11 construction blue collar jobs, that is the people  
12 doing the construction work on this. Included in  
13 that wedge, I might add, are both the folks who  
14 might be employed already in the School  
15 Districts, you know, who maybe are implementing,  
16 maybe they have their own Electricians, or their  
17 own construction folks who are doing some of  
18 these changes, or in a larger scale it includes  
19 the Blue Collar jobs that are contracted out. So  
20 we hire people to come in and do these large  
21 projects.

22           CHAIRPERSON GORDON: Sorry.

23           MS. WHITE: Yes.

24           CHAIRPERSON GORDON: Are you counting --  
25 because only pieces of the current people are

1 employed on these projects, are you counting job  
2 hours? Or how are you --

3 MS. WHITE: Yes, yes, definitely job  
4 hours that add up to full time equivalence in  
5 years, and that's -- so we are doing that. I  
6 mean, looking at not just this project, but any  
7 construction industry project is hard because  
8 you're talking about part time work with lots of  
9 people. We can say, you know, there's 10 jobs  
10 and between 400 people, nothing quite that  
11 extreme, but that's what it's like.

12 So that is that big universe. If we go  
13 ahead, we'll look at some of the smaller pieces.  
14 About 30 percent of the K-12 jobs, you just click  
15 that arrow at the bottom and it will -- there you  
16 go, whoo, there we go. Construction, White  
17 Collar -- I know, isn't that fun? It's so much  
18 better than a Powerpoint unless you're wearing  
19 progressive lenses like I am, in which case it's  
20 dizzying. So about 30 percent of the K-12 jobs  
21 are in fact construction White Collar job. What  
22 is that? That's where the Architects and  
23 Engineers live, okay? They are not counted by  
24 the DIR because the Public Works Wage Database  
25 that collects certified payroll records only

1 collects jobs that are covered by prevailing wage  
2 agreements, which are blue collar jobs. So to  
3 figure out what 30 percent of these construction  
4 jobs are that are White Collar, we have to use  
5 estimates. And we have pretty good estimates  
6 both based on how many jobs per million dollars  
7 invested we get, and then we ground truth those  
8 in doing specific sampling in the field. So they  
9 get that, and then we go on to another 10 percent  
10 which are the Planning White Collar jobs. Let's  
11 click ahead through that.

12           As you know there's been a lot of  
13 Planning money given out, so in this we have the  
14 energy audits, the energy surveys, the kind of  
15 program assistants, the energy managers, this is  
16 the planning work that's been going on, so this  
17 is a whole other set of White Collar jobs that  
18 are not captured in our larger sample, but that  
19 we have to account for when we think of direct  
20 jobs created. So I'm just saying this so that  
21 you have a sense of it, and also because people  
22 say, "Well, you're collecting that jobs data, how  
23 come you can't just show it to us?" It's like,  
24 well, there's lots of different buckets of job  
25 data, and this does not come in through our

1 agency, but we are figuring out ways to gather  
2 it.

3           So let's move ahead to the data that we  
4 do have for the direct jobs created from Prop. 39  
5 investments in K-12 work. That's this 1.5  
6 percent. That's the data that we actually have  
7 on jobs to report to you right now. So we have  
8 hopes of getting a lot more data as these  
9 programs mature, and we're excited to tell you  
10 about the whole universe, but this is why we are  
11 focusing our time right now on describing the  
12 potential universe of jobs and explaining to you  
13 -- I can show you the actual data that we have,  
14 why don't you click ahead, this 1.5 percent. I  
15 should say everything in this presentation is  
16 based on September numbers because that's what we  
17 had when we were pulling this together, so it  
18 doesn't include the most recent numbers, but it  
19 gives you an idea.

20           You know, there were 18 completed  
21 projects, again we won't go into it, but the CEC,  
22 the LEA projects, and the DIR have very different  
23 ideas of project completion. For example, many  
24 times School Districts bundle their construction  
25 projects together, Prop. 39 projects are a little

1 piece of that, and those projects may take years  
2 to complete. Construction projects, you don't  
3 have to repeat the job outcomes until the project  
4 is done, so although the Prop. 39 piece may be  
5 done, they could be finishing that construction  
6 contract years from now, and that's when we'll  
7 get the jobs data. So, you know, incredibly  
8 complicated when we're trying to get real  
9 numbers, which is what we really want.

10           So we can actually count about 20,000  
11 hours of work. Why don't you go ahead to the  
12 next? And the reason that that's such a small  
13 amount of data is, first of all, there's a low  
14 response rate. So remember, the way that we  
15 actually collect data for jobs, and this is  
16 federally as well as at state and local levels,  
17 is that we call and ask people. And as I  
18 mentioned, that it's not automated yet, but there  
19 is a response rate. This means you're surveying  
20 people. If they don't respond to you, or they  
21 might now be compelled to report their jobs  
22 numbers in the State of California, but if they  
23 don't send them in, that means that somebody at  
24 the Department of Industrial Relations is calling  
25 them on the phone and saying, "How many people

1 have you employed?" And they're like, "Oh, I  
2 have to go talk to some other people and I'll get  
3 back to you." So it's a collection, we have a  
4 very low response rate.

5 One thing that the CEC and the DIR did  
6 this summer was they went around to a lot of the  
7 projects out in the School Districts and said,  
8 "Are you aware that you're Public Works projects  
9 and you need to be reporting this stuff?" And  
10 people were like, "Oh, we had no idea." So now  
11 we're actually getting a higher response rate.  
12 But it really took a lot of on-the-ground  
13 outreach to explain to people that there was a  
14 jobs component to this project, that they were  
15 legally required to report on it, and also that  
16 we wanted information that would help them in the  
17 future. So that's one of the issues that's going  
18 on.

19 Also, it's an incredibly complicated  
20 task. I know the different ways that you count  
21 energy metrics, extraordinarily complicated. But  
22 in this case we're merging two very different  
23 datasets, the information, the project data that  
24 CEC is gathering, and we'll get some more details  
25 in that with their annual reporting, and the DIR

1 data which are the certified payment roll records  
2 which come in every two weeks, which have to be  
3 crunched. And what we do then is we know from  
4 the project data how much was invested, and we  
5 know from the DIR data how many jobs there were,  
6 and then we get a figure which is jobs per  
7 million. So that's how that metric comes about.  
8 And again, I think the biggest piece of this is  
9 that a lot of these projects, at least in this  
10 realm, the K-12 realm, are just getting underway,  
11 right? So there's no way that we know the job  
12 hours until they really figure out and build the  
13 investments, and a lot of it has been planning.

14           So let's move on to the next piece.

15 Okay, so these are the other smaller -- when we  
16 see the whole overview, and I don't want to go  
17 back to the big picture because I don't know how  
18 to get out of it again, so we have that sort of  
19 big circle, right, of direct jobs and the hugest  
20 piece going into that is the K-12 numbers; also  
21 going into that, here is the Community College  
22 jobs, we look for updated numbers on this, but as  
23 of September they had counted 142 job years. Why  
24 don't we move ahead through this, this is just to  
25 show you the variety?

1           Then there's another segment of Prop. 39  
2 which are not large job creators, but we do  
3 include sort of -- we don't know the total number  
4 of the Energy Conservation and Assistant Act Loan  
5 Program, but that created some work and paid a  
6 few jobs. We know the Conservation Corps is,  
7 again, tracking their jobs separately, but that's  
8 a small investment, right? That's about \$5  
9 million a year. And the State Workforce Board  
10 also has a Workforce training piece which is  
11 working on setting up Pre-Apprenticeships, this  
12 is the equity piece, to help disadvantaged  
13 communities move into high paying construction  
14 jobs. And that is only a job creator in the  
15 sense of the people doing the training count as  
16 jobs. So a tiny little piece of that, but we  
17 include everyone.

18           So let's move ahead. So all of those  
19 inputs give you the direct jobs that are going to  
20 be created from Prop. 39. But that itself is a  
21 small number of the whole, we could go to the  
22 next one. The largest number of jobs created  
23 from this kind of investment, and I might add  
24 particularly from Prop. 39 because it closed a  
25 tax loophole so we're not diverting monies that

1 might be invested in other jobs, this is like new  
2 money, this is unspoken for money in the job  
3 creation world. So the direct jobs are only 25  
4 to 33 percent, you know, they're only about a  
5 quarter to a third of the total jobs that are  
6 going to be created by these investments. So  
7 direct jobs are the people we hire to do the  
8 work, right? Indirect jobs are all the work  
9 that's added to the supply chain because now  
10 we're doing construction, we're having people  
11 make lights, build HVAC systems, everything in  
12 the supply chain, and we have induced jobs which  
13 are the kind of jobs that are created when  
14 construction workers are going home with money in  
15 their pocket and they're eating out in the local  
16 economy, right? They're spending money. So  
17 those are jobs too.

18           So the total number of jobs created by  
19 this is enormous. If you think back, if we go  
20 ahead I think we'll get back to the whole big  
21 picture, yeah, and you think about that tiny 1.5  
22 percent are the actual jobs that we can report,  
23 but we want people to know the jobs impact of  
24 this is enormous, and the structures to gather  
25 and count job impacts is enormous and important,

1 so right now we have data on an eyelash of data,  
2 right! But it will be tremendous and we are  
3 confident about its impact, and we are excited  
4 and we feel that our job, at least with our first  
5 report, is to help to explain to folks, I mean,  
6 in the Legislature, in the Energy world, in the  
7 Schools world, what it takes when we talk about  
8 jobs, right? Because there are a lot of jobs and  
9 there will be a lot of jobs, but it's hard to  
10 measure them when we want to be clear about what  
11 we say. So I think that's all that I have right  
12 now. I'm open to questions.

13 CHAIRPERSON GORDON: Great chart, Sarah,  
14 thank you. That was probably the best  
15 explanation I've ever seen of the complication of  
16 counting jobs in the Energy sector. So thank you  
17 for that. Questions? Are we all stunned into  
18 silence? Go ahead.

19 MR. RAY: I'm stunned. You have a tough  
20 job. You're mixing precise information with very  
21 imprecise information to get an estimate. Do you  
22 feel confident that your systems or your  
23 techniques are going to arrive at a good answer?  
24 I shouldn't have asked that question.

25 MS. WHITE: No, no, it's a fine question,

1 I think it's a reasonable question.

2 MR. RAY: Right here, the induced jobs,  
3 so that's the multiplier effect.

4 MS. WHITE: Yep.

5 MR. RAY: That's the old-fashioned  
6 economic term. And you believe it to be about  
7 three.

8 MS. WHITE: Yeah, we use a range of two  
9 to four, four is pretty much what we think, and  
10 two is the low estimate. We've run numbers  
11 scenarios using both. And also I must say on  
12 both, there's also the job factor which is the  
13 jobs per million, which varies a great deal, too,  
14 depending on region and industry. So that number  
15 can vary quite a bit, but it is best practice and  
16 labor analysis and we believe that is borne out  
17 by years of studies in the Clean Energy economy  
18 and in other industries. It is a challenge. I  
19 think that jobs forecasting is very imprecise and  
20 it always has been. I've spent a lot of time  
21 sort of warning people about, you know, let's  
22 face it, political folks love numbers to throw  
23 around and jobs are pretty sexy, right? And it's  
24 a challenge because the forecasting is imprecise,  
25 but I think this is the best that we have.

1           And I think we do have precise data, but  
2 I should also -- the precise data, we are never  
3 going to be able to count up the jobs one-by-one,  
4 even the payroll records that we have are going  
5 to give us a robust sample, and from that sample  
6 we're going to extrapolate numbers of jobs. We  
7 will never have the entire universe of jobs. But  
8 it gives us a much better sample than just  
9 dreaming it up in somebody's University  
10 classroom.

11           MR. RAY: Well, the end product is full  
12 time equivalent jobs broken down between White  
13 Collar and Blue Collar, at the end of the day  
14 that's what we get?

15           MS. WHITE: Yes.

16           MR. RAY: It's not money, it's just full  
17 time equivalent positions?

18           MS. WHITE: Yep. And you know, that has  
19 to be very -- because you're talking about a lot  
20 of, I mean, there's a lot of questions in that,  
21 right? About how many jobs we're creating. You  
22 can look at the numbers, but I mean an Architect  
23 makes a lot more money than an Electrician's  
24 helper, right, but they're both jobs that are  
25 created.

1           MR. RAY: It looks like you're attempting  
2 to differentiate to some extent between higher  
3 paid positions and lower paid positions.

4           MS. WHITE: Well, they're just actually  
5 different ways of tracking them because the White  
6 Collar requires an estimate and the Blue Collar  
7 we have specific, at least in some sectors we  
8 have specific measures on. I mean, the one thing  
9 that we're really excited about is job quality.  
10 I have to say, I don't know how much I can go on  
11 record saying this, I'm not as worried about the  
12 job quality for the Architects, right? I know  
13 they have long hours and they had to build  
14 horrible things with toothpicks in Graduate  
15 School, but really I worry about job quality for  
16 the folks working in the Construction industry,  
17 right? And we have records, with certified  
18 payroll records we'll be able to find out what  
19 kind of benefits are they being paid, what are  
20 their wages, right? What Zip Codes were they  
21 hired from? Are they hiring local people? Are  
22 you hiring people from poor neighborhoods? You  
23 know, that kind of thing will show like the  
24 access and the benefits, and that's a really  
25 exciting thing because we don't often think about

1 that or have the ability to track that, and  
2 that's what our precise data gives us.

3 CHAIRPERSON GORDON: A quick follow-up on  
4 that question. You will be giving us both, I  
5 mean, you're using the word "created" and I know  
6 why you're saying that word, but in fact some of  
7 these are not created jobs, they're existing jobs  
8 in the District, but it's adding existing work to  
9 existing people, right?

10 MS. WHITE: Yes, but that's a very small  
11 amount is our understanding.

12 CHAIRPERSON GORDON: Okay, that's  
13 helpful.

14 MR. MARTINEZ: (Inaudible; off mic)

15 MS. WHITE: That's interesting, we don't  
16 usually break it out that way, but if you think  
17 about -- well, the 10 percent are the Planning  
18 jobs, but what we hope to get and what we will  
19 get and include in this is, so the CEC  
20 information is not just like the amount invested,  
21 so we can measure that against the payroll  
22 records and to see jobs per million, but it also  
23 gives us -- we're hoping to find out from the  
24 Schools how many were actual employees and how  
25 many were contracted out, so we will be able to

1 break that out.

2 CHAIRPERSON GORDON: I was wondering, I  
3 mean, part of my question came from wondering,  
4 I'm sure this is a small percent, but it's just a  
5 question whether there were, for instance, Energy  
6 Managers at schools who would not otherwise have  
7 a job because most schools don't have Energy  
8 Managers, but a school may now have an Energy  
9 Manager because of Prop. 39, and I just wonder if  
10 that's true.

11 MS. WHITE: That's interesting. That is  
12 such a granular level of data that we will not  
13 get to, but it's certainly something that we  
14 could do some qualitative research to find out,  
15 you know, talking to people where you get those  
16 stories, I think.

17 CHAIRPERSON GORDON: It may be useful for  
18 our report to have some examples of some things  
19 that are qualitative, so it's worth thinking  
20 about.

21 MS. WHITE: Right.

22 CHAIRPERSON GORDON: Randall, I think,  
23 may have had -- do you have a follow-up question  
24 on your point?

25 MR. MARTINEZ: No.

1 CHAIRPERSON GORDON: Arno.

2 MR. HARRIS: This is more of general  
3 question, just curious, and I couldn't find it in  
4 the reference material here, but did Proposition  
5 39 or some of the other clarifying legislation,  
6 did it set a specific goal in terms of the number  
7 of jobs that it wanted to see? Or is it just  
8 generally they wanted to see --

9 MS. WHITE: Kate?

10 CHAIRPERSON GORDON: Yes.

11 MR. HARRIS: It set up specific numbers  
12 --

13 CHAIRPERSON GORDON: The political  
14 campaign set a goal.

15 MR. HARRIS: Okay, but --

16 CHAIRPERSON GORDON: But I don't believe  
17 the legislation is --

18 MS. WHITE: I don't think it's written  
19 into the legislation.

20 CHAIRPERSON GORDON: Isn't that right?

21 MS. WHITE: Right? I think there's -

22 CHAIRPERSON GORDON: I'm looking at Anna,  
23 too. A bunch of us were involved in this.

24 MR. HARRIS: What was the --

25 CHAIRPERSON GORDON: Eleven thousand,

1 which is the number you'll keep seeing. Let me  
2 just say that that goal was set before anyone  
3 knew this money would be spent on Schools, so it  
4 was a very general investment in Clean Energy  
5 across the State goal.

6 MS. FERRERA: There was a lot of  
7 conversation about the jobs created, but there  
8 was not a number goal.

9 MR. HARRIS: So the legislation really  
10 just requires that we count and have a solid  
11 methodology.

12 CHAIRPERSON GORDON: The legislation has  
13 a goal of job creation, but no number goal.

14 MS. WHITE: Right. And I think what  
15 we'll find is that the folks with political  
16 interests who are less than excited about this  
17 particular program would like to show the low end  
18 of job creation, to say you haven't created any  
19 jobs. So it's not that we're going to miss a  
20 specific job creation mark, it's looking at the  
21 qualities of job creation. So we emphasize a  
22 couple things, one is that we're more concerned  
23 about quality than quantity, but as far as  
24 quantity, the high end estimates are something  
25 like 50,000, right? And the low end would be

1 something like 10,000, so, right, once the money  
2 gets out the door and invested and --

3 CHAIRPERSON GORDON: And the projects are  
4 completed.

5 MS. WHITE: -- and the projects are  
6 completed, right, so actually having the tracking  
7 of that money is going to be some ways out. And  
8 I think we just have to keep emphasizing the  
9 complexity of it.

10 MR. HARRIS: It raises -- it's an  
11 interesting question for me, and I think any time  
12 we're talking about jobs and public policy you  
13 end up on this conundrum which is on the one hand  
14 you want the money spent effectively, it's not  
15 always clear that the contractor who employs  
16 those people is in fact the person who can do it  
17 at the best cost and deliver taxpayers a return,  
18 right? So I think it's good to know that we have  
19 the focus on cost-effectiveness as the primary,  
20 but it is important politically and socially, I  
21 understand, to have the job numbers there. But  
22 we would be torn between two potentially opposing  
23 metrics if we were trying to maximize both.

24 MS. WHITE: Although we do find that,  
25 it's interesting, there are other studies that

1 show that actually workers that are in higher  
2 quality jobs, in other words, the bottom line may  
3 say that they are; it doesn't look as good,  
4 right, because they are paid more, the labor  
5 costs are higher, actually deliver better  
6 products. So they work on projects which  
7 actually have higher energy efficiency returns  
8 and higher renewable returns, so there actually  
9 is a direct correlation between job quality and  
10 the quality of work, which is beyond the scope of  
11 this conversation, but I do think that is an  
12 interesting thing, so it isn't necessarily an  
13 either/or, there's not a zero sum gain there.

14 CHAIRPERSON GORDON: Any questions on  
15 this side of the table? Other questions for  
16 Sarah?

17 UNIDENTIFIED SPEAKER (PHONE): A quick  
18 question. What's the California versus non-  
19 California jobs?

20 MS. WHITE: I'm not sure I understand the  
21 question.

22 UNIDENTIFIED SPEAKER (PHONE): Well,  
23 because when you like buy construction equipment,  
24 some of it is not made in the state, so are there  
25 other jobs that aren't -- how do you

1 differentiate between local versus jobs overseas?

2 MS. WHITE: Right. That would be only in  
3 the indirect costs and I can ask our friends at  
4 Berkeley if we know what the answer to that is.  
5 And we certainly know with the direct jobs that  
6 we're focusing on, we know the Zip Codes where  
7 the workers come from, so we can certainly track  
8 that. But I don't know the answer to that.

9 UNIDENTIFIED SPEAKER (PHONE): Okay, so  
10 you're not sure. Thank you.

11 CHAIRPERSON GORDON: We can do public  
12 comment at the end of this item, that is the way  
13 I think we can do that, so we'll do that in a  
14 minute. But if there's other questions from the  
15 Board?

16 MR. SAKURAI: Just a quick question.

17 CHAIRPERSON GORDON: Yes, Steve.

18 MR. SAKURAI: So I assume that there's a  
19 big report that goes along with the summary? Is  
20 that something we could see, as well?

21 MS. WHITE: Yes, that is the report.  
22 This is sort of the progress report on the  
23 report. We are working on finalizing this  
24 report, it has more data in it, although I think  
25 you should understand that the report itself is a

1 walk-through precisely this material talking  
2 about the universe of jobs and giving some  
3 specific estimates and numbers, but not claiming  
4 to say, "Look at how many jobs we've created;  
5 isn't that fabulous?" Instead it says, "Here's  
6 the Universe of jobs. We anticipate creating a  
7 lot of them, we're excited about the capacity  
8 that we have to track more of them, and here's  
9 how we're doing that." So we feel that it is an  
10 explanatory report as much as a data report.

11 CHAIRPERSON GORDON: Thank you. And  
12 Chair Weisenmiller just reminded me, and I wasn't  
13 going to mention it, but I think I will, Jack  
14 just sent everyone on the Board some information  
15 about some upcoming hearings about Prop. 39, one  
16 of them is a legislative hearing next week on the  
17 20th. Sarah, I know, is presenting at that, which  
18 is great. A big focus of that hearing is going  
19 to be this set of questions about how many jobs  
20 were promised, how many jobs were delivered, how  
21 are we counting the jobs, all of these questions.  
22 So we just got a good preview of that answer, I  
23 think, which will probably be the bulk of that  
24 hearing. Yes, Chelina.

25 MS. ODBERT: You may have already

1 mentioned this, but do you have a sense of  
2 timeline for when you expect that one percent  
3 wedge to grow? And to what extent --

4 MS. WHITE: Of the actual data we have?

5 MS. ODBERT: Yeah.

6 MS. WHITE: I don't know. That's going  
7 to depend on, well, there's a couple things. One  
8 is the collection process, so it depends on the  
9 effectiveness of the automation of the Certified  
10 Payroll Collection, which should go into effect  
11 at the end of this quarter. So that's very  
12 important, that's a technical issue which, as we  
13 know, are never solved as simply as we think they  
14 should or might be. But I think the larger  
15 question on that is it will expand as the  
16 programs become more robust, as the projects in  
17 the field are invested in and completed, then we  
18 will be able to gather more of that information.

19 MS. ODBERT: And with the automated  
20 process, do we cut out the delay almost  
21 completely? Or, meaning when a project is closed  
22 out, do we know those precise numbers? Or is  
23 there still a --

24 MS. WHITE: There is still a bit of a  
25 lag. Hopefully we'll have a much better job

1 factor because we will have been able to validate  
2 those formulas, but what will happen, as I  
3 mentioned I think earlier, is that where you have  
4 bundled construction projects, they're not  
5 required to report on those jobs until the end of  
6 that construction project. So we won't know  
7 which piece -- and even in doing those numbers, I  
8 might add -- here's a caveat -- we don't know  
9 which piece of those reported jobs is for the  
10 Prop. 39 work. It could be reported for the  
11 entire series of projects, so teasing that out is  
12 another challenge that we will have. It's the --  
13 you know, the Certified Payroll record, reporting  
14 requirements for Public Works projects were  
15 really designed to, you know, control against  
16 wage theft, to make sure that contractors were  
17 delivering what they say they're going to; it  
18 wasn't designed to track this program  
19 specifically, we built this program into it, but  
20 there are some challenges there also.

21 CHAIRPERSON GORDON: And as we heard  
22 earlier, many LEAs are bundling their projects  
23 and waiting, so the biggest numbers will likely  
24 come at the very end of this whole period.

25

1 MS. WHITE: Exactly. In a year or two,  
2 but we don't expect big numbers this year.

3 CHAIRPERSON GORDON: Thank you. Other  
4 questions from the Board on the phone? Other  
5 questions? All right, well, we don't have  
6 anything to vote on Sarah's presentation, but it  
7 was great.

8 MS. WHITE: You could, uh, approve in  
9 advance?

10 CHAIRPERSON GORDON: I want to hire  
11 whoever makes your PowerPoints to make the  
12 PowerPoints. Thank you, Sarah; that was really  
13 helpful.

14 MS. WHITE: All right. Thanks, everyone.

15 CHAIRPERSON GORDON: All right. We have  
16 a couple more items. Oh, wait, let me stop, I  
17 promised I'd do public comment on that item and I  
18 know Anna wanted to say something. And if anyone  
19 else has public comment on this item only, feel  
20 free.

21 MS. FERRERA: I could probably talk to  
22 you off line about this, but I guess I was  
23 concerned about what they were saying about K-12  
24 schools and counting jobs. As far as I know, DIR  
25 started this process of having input on public

1 sector school jobs. I mean, it's only been in  
2 the last couple of years --

3 CHAIRPERSON GORDON: One year.

4 MS. FERRERA: -- one, yeah, that they  
5 started that inputting. So I think our schools  
6 are going to need some info, you know, to say,  
7 "Oh, we want to actually tell them what public  
8 school jobs," you know, I mean, I think we were  
9 under the impression when the program started was  
10 that that was going to be done separately by you  
11 all based on dollar amounts and all of that. I  
12 mean, we realize we have an obligation to provide  
13 that information to DIR, but that's not the whole  
14 universe of the jobs, right, for this program  
15 because it started a couple years in? So I guess  
16 maybe I'll talk to you off line about how that  
17 gets done, but I don't think we're out there, you  
18 know, not understanding that these jobs need to  
19 be reported; the DIR Program, we understand we're  
20 supposed to be reporting on.

21 MS. WHITE: Right.

22 CHAIRPERSON GORDON: Definitely a good  
23 idea to talk to each other. If we can do one  
24 thing, it's facilitate inter-organization and  
25 agency discussion at these meetings. Any other

1 comment on this item? Okay.

2           A couple more administrative issues, but  
3 the first one, Item 6, it's very clear in the  
4 buckets of work that we have to do here on the  
5 Board we have a big job in terms of getting the  
6 audits to happen of these projects, that's one of  
7 our big responsibilities as the Oversight Board  
8 is to hire an Auditor and do an audit. Another  
9 big one of our responsibilities is to do this  
10 report to the Legislature. And finally, there's  
11 a whole set of discussions not exactly in our  
12 purview under the legislation, but clearly it  
13 falls within the theory of oversight and  
14 reporting of looking at the program as it is  
15 working now, and learning from it, and  
16 potentially giving some advice or  
17 recommendations.

18           So given that, I think it would be smart  
19 for us to form some committees to be able to move  
20 some of these things forward in a more efficient  
21 manner than these meetings.

22           I wanted Jack to just read off the rules  
23 since we still don't have legislative counsel, or  
24 we still don't have counsel, I'm sorry, and  
25 actually we'd like an update on that, as well.

1 So just because we're talking about committees  
2 and you're going to tell us what the Code says,  
3 can you also give us an update on where we are in  
4 Legal Counsel?

5 MR. BASTIDA: Sure. I just spoke to  
6 CEC's, California Energy Commission's Legal  
7 Counsel and I've been told that the Natural  
8 Resources Agency is going to provide counsel for  
9 the Board. I still don't know the details yet,  
10 it's been happening kind of within the last  
11 couple of days, but that's good news to hear.  
12 And I will follow up with you as soon as I hear  
13 more.

14 CHAIRPERSON GORDON: Great. And just if  
15 there's anything we can do to make that happen  
16 faster, --

17 MR. BASTIDA: Of course.

18 CHAIRPERSON GORDON: -- we would like to  
19 do that. Great. Okay, now on Committees, what  
20 can we do and what can't we do?

21 MR. BASTIDA: Sure. Okay, so the Public  
22 Resource Code §26215, it just goes through -- it  
23 specifically talks about it:

24 "The Board may establish Committees as it  
25 deems necessary and appropriate. The Chair may,

1 with Board approval, define and limit the  
2 Committees' scope and authority and establish  
3 rules of operation for the Committees. Each  
4 Committee shall meet and shall make  
5 recommendations and reports as deemed necessary  
6 or appropriate by the Chair or the Board.

7 In the absence of the Committee Chair,  
8 the Vice Chair shall conduct routine business  
9 matters and meetings of the Committee.

10 The status, purpose and authority of the  
11 Committee shall be determined by the Chair and  
12 approved by the Board at the time the Committee  
13 is established by the Board. The Board may  
14 modify a Committee's status, purpose, or  
15 authority at any time.

16 A Committee may act within its delegated  
17 authority without further approval of the Board.  
18 Committees and Committee Members shall not make  
19 or issue policy statements, recommendations, or  
20 media releases without prior approval of the  
21 Board. A Committee activity that implies action  
22 by the Board, or is outside of the Committee's  
23 delegated authority is prohibited without  
24 specific Board approval."

25 CHAIRPERSON GORDON: Great. Do the --

1 you may have already said this -- but do the  
2 Committee Meetings have to be publicly noticed?

3 MR. BASTIDA: So through my research I've  
4 been looking, and obviously it would be helpful  
5 if I had legal advice on this, but through my  
6 research if the Committee is formed of two  
7 members and not any more than two members, then  
8 it doesn't have to adhere by Bagley-Keene.

9 CHAIR WEISENMILLER: Yeah, actually I was  
10 going to give my non-legal?

11 CHAIRPERSON GORDON: Please.

12 CHAIR WEISENMILLER: So basically Bagley-  
13 Keene Open Meeting Act means that these  
14 Committees have to be less than a quorum. Now,  
15 we can talk, I can probably talk to you off line  
16 about some of the issues in terms of, as the  
17 Chair, how do you stay in contact with what the  
18 Committees are doing. If you go right up to that  
19 level, then you --

20 CHAIRPERSON GORDON: Then you become a  
21 quorum if I talk to the Committee.

22 CHAIR WEISENMILLER: Yeah, you've got it.

23 CHAIRPERSON GORDON: I get it.

24 CHAIR WEISENMILLER: But anyway, so in  
25 terms of that much, you have to at a minimum

1 avoid that threshold.

2 CHAIRPERSON GORDON: And what's a quorum  
3 for us? A quorum is --

4 MR. BASTIDA: Five.

5 CHAIRPERSON GORDON: -- five, right?

6 CHAIR WEISENMILLER: Yeah, so --

7 CHAIRPERSON GORDON: So that's pretty  
8 big.

9 CHAIR WEISENMILLER: -- yeah. For us, we  
10 have five, so it's the two numbers that Jack  
11 mentioned --

12 CHAIRPERSON GORDON: So more than three  
13 would be a problem, actually, for us. Okay. All  
14 right, that's helpful.

15 CHAIR WEISENMILLER: Now, again, I won't  
16 go much further into legal advice, but certainly  
17 stay below quorum levels.

18 CHAIRPERSON GORDON: Good plan.

19 MR. RAY: So is it three or below?

20 CHAIRPERSON GORDON: Well, if it is three  
21 people on the Committee, then if I talk to the  
22 Committee, it becomes four and we're still below  
23 a quorum. But if it's four and I talk to them,  
24 it becomes a quorum. So I think three -- two or  
25 three is probably where we should stay just to be

1 able to facilitate Committee action.

2 CHAIR WEISENMILLER: Well, I mean, the  
3 other reality is that the Legislature or other  
4 people may turn to you with questions, so if you  
5 don't have any information on what's going on in  
6 the Committee, you're --

7 CHAIRPERSON GORDON: I actually do need  
8 to know it, yes.

9 CHAIR WEISENMILLER: -- yeah, you're in  
10 trouble.

11 CHAIRPERSON GORDON: That's a good point.  
12 So that's very helpful, thank you. So given  
13 that, just to recap, the Committees can work  
14 under the purview that we all set, so we would  
15 today have to move and approve the formation of a  
16 Committee and its scope. And then members could  
17 be appointed -- or volunteer, I hope. And the  
18 Committees cannot themselves issue policies or,  
19 really, we can't as a Board, in fact, issue  
20 policies, we're not that kind of Board. But  
21 certainly we can give recommendations and I would  
22 hope would give real recommendations to this  
23 Board. So my questions about Committees,  
24 generally; and then can we talk about possible  
25 Committees? Any questions?

1           I would really really like to have an  
2 Audit Committee to move forward this question of  
3 who we're hiring for the audit and get the audit,  
4 that whole process started. There's a lot of  
5 pieces of that. It just requires attention. So  
6 I would like there to be an Audit Committee. I  
7 am very much hoping Walkie will agree to chair  
8 the Audit Committee. But I guess first I'd say  
9 I'd like an Audit Committee with the scope and  
10 authority to identify the Auditor and recommend  
11 the Auditor to the Board so we can vote on the  
12 Auditor, and essentially work with the Auditor to  
13 move that audit forward with relatively little  
14 oversight, actually, of this Board except on  
15 issues that have to come back; for instance,  
16 costs and who the Auditor is, contracts and  
17 costs. So that would be my --

18           CHAIR WEISENMILLER: You might want them  
19 also to deal with scope, work plan for the audit.

20           CHAIRPERSON GORDON: Yes, actually.  
21 That's great, right. So they would also have  
22 authority over the work plan.

23           So I guess can I have a motion to form  
24 that Committee, and then we can talk about  
25 membership?

1 MR. BASTIDA: Uh-huh.

2 MR. MARTINEZ: Moved.

3 MS. ODBERT: Second.

4 CHAIRPERSON GORDON: Can we just do a  
5 voice vote? All in favor?

6 (Ayes.) Anyone opposed? On the phone?

7 Okay, great. Thank you.

8 Now, membership, keeping that number two  
9 to three people --

10 MR. SAKURAI: Chair, a question?

11 CHAIRPERSON GORDON: Yes, please.

12 MR. SAKURAI: So the goal of the  
13 Committee is to also develop a scope for the  
14 audit and come back to the Board for approval of  
15 that scope?

16 CHAIRPERSON GORDON: Yes.

17 MR. SAKURAI: Okay.

18 CHAIRPERSON GORDON: So to identify a  
19 scope for the audit, identify the Auditor, which  
20 we're already on our way to doing that, I should  
21 say, there's been discussion with the Controller,  
22 Jack reported on that at the last meeting. And  
23 then to work with the Auditor to develop the  
24 audit.

25 MR. SAKURAI: Another question. The

1 audit is a program audit, or is it a financial  
2 audit? Or is it both?

3 CHAIRPERSON GORDON: This is why we need  
4 a Committee. The audit has been defined by  
5 legislation which means that its definition is  
6 not as clear as it might otherwise be. Do you  
7 have it open? You may know the answer to this  
8 question. What does it say, because I don't have  
9 it in front of me?

10 MR. SAKURAI: I can tell you what it  
11 says, but I think this is interpretation and  
12 having Legal, but "Commission and review an  
13 annual independent audit of the Job Creation Fund  
14 and of the selection of projects completed to  
15 assess the effectiveness of the expenditures in  
16 meeting objectives of this Division."

17 To me, that's more of a Program Audit --

18 CHAIRPERSON GORDON: Program Audit.

19 MR. SAKURAI: -- Program Audit, as  
20 opposed to --

21 CHAIRPERSON GORDON: I think that's  
22 right. Well, and this is exactly why it would be  
23 in the scope of the Committee to figure out what  
24 that means and then get it to happen. But it  
25 does sound like more of a program.

1           MR. SAKURAI:  It's all so circular, I  
2 mean, yeah, it would be nice to have somebody who  
3 could actually look at the legislative intent,  
4 know what -- because I'm coming at this, learning  
5 about all this from these meetings, so it would  
6 be nice to have --

7           CHAIRPERSON GORDON:  Well, and the  
8 Committee certainly would be empowered to go back  
9 to the authors of the legislation and their staff  
10 who are all still around here and ask them.  I  
11 mean, I think there will be a little bit of  
12 digging to find out what that means, but that  
13 needs to happen and that's why we need this  
14 Committee.

15           MR. HARRIS:  Chair, I understand that we  
16 have found legal representation?

17           CHAIRPERSON GORDON:  No, Jack was just  
18 saying we're close.

19           MR. BASTIDA:  We're working on it.

20           CHAIR WEISENMILLER:  I should just say,  
21 California doesn't have anything like a  
22 Congressional Record, per se, but you certainly  
23 have various Committee analysis of the bills  
24 which give you some understanding of what the  
25 intent was.

1           CHAIRPERSON GORDON: Great. So given all  
2 that, it's, a) probably our biggest task, and b)  
3 one of the least understood. So it's exciting,  
4 it's an exciting Committee to be on. And I'm  
5 hoping people will be on it. So can we get  
6 volunteers, or do I -- I have the ability to  
7 appoint as Chair, I just want you to know that.  
8 So if there are not enough volunteers, I will  
9 just start calling on people. Are you going to  
10 take up this challenge?

11           MR. RAY: Steve may have greater skills.

12           CHAIRPERSON GORDON: More than one of you  
13 can be on this Committee.

14           MR. SAKURAI: You know, this is one of  
15 those positions where you kind of didn't want to  
16 get asked to serve. That's actually the  
17 Oversight Committee, you know, when the  
18 Constitutional Officer says, "Can you help me?"  
19 It's like, "Okay." And we help. You know, I'd  
20 love to have the time. One of the  
21 recommendations I had was for the -- is it the  
22 Controller that has a vacant position?

23           CHAIRPERSON GORDON: Yeah.

24           MR. SAKURAI: To maybe appoint somebody  
25 who has that governmental background because, you

1 know, I wouldn't know where to start. You know,  
2 I read this and I have about 10 more questions,  
3 and want to dig 10 documents deeper, and so a lot  
4 of it is, you know, asking staff for work. And  
5 that next question is how, you know, how much  
6 support do we have? I mean, there's a lot to do  
7 here and, you know, one of the things I'm looking  
8 for is a recommendation on what the timeline is,  
9 what the steps are, you know, who the universe of  
10 potential Auditors are. I'm an investment  
11 person, not a program person.

12 MR. BASTIDA: Yeah, so I've been in  
13 really, I've had two meetings with the State  
14 Controller's Office just to kind of pare down  
15 what would be involved if they would do an  
16 Interagency Agreement with the Board and the  
17 Controller's Office to provide an independent  
18 audit of the Job Creation Fund, and both meetings  
19 have been very successful, they're all for it.  
20 We have \$300,000 set aside for the audit for that  
21 purpose. And I would be working with the  
22 California Energy Commission's Budget Office to  
23 do the actual language for the contract, so that  
24 would be fairly easy, I believe. There's  
25 processes already in place that, you know, for

1 Interagency contracts. For the actual audit, I  
2 would be kind of relying on the Controller's  
3 Office to see what they would recommend going  
4 forward with an Independent Audit. So that's  
5 where I'm at right now.

6 CHAIRPERSON GORDON: So Jack will  
7 certainly be there to support this Committee.

8 MR. BASTIDA: Yes.

9 CHAIRPERSON GORDON: I think this  
10 Committee is probably the one that will require  
11 the most staff support, so it's the one that  
12 we'll get the most staff support.

13 MR. MARTINEZ: Madam Chair, I continue to  
14 believe Steve has the most --

15 CHAIRPERSON GORDON: I'm with you on  
16 this. You're the one asking all the questions.  
17 We're going to have to appoint you.

18 MR. SAKURAI: I have the questions, but  
19 you know, the thing about this Committee is we're  
20 all creators, we're not -- you know, this is  
21 almost more of a Regulatory Oversight Board, and  
22 I'm an Investment Officer, but in most  
23 organizations it would be the CFO or the  
24 Accounting Officer who would do a lot of this.  
25 So, you know, I don't have the skill set, I have

1 the questions. And I guess, you know --

2 MR. RAY: Questions are half the battle.

3 MR. SAKURAI: Yeah, questions are half  
4 the battle. So I guess I'll --

5 CHAIRPERSON GORDON: Well, I'm hoping  
6 that you, Walkie (ph), will agree to Chair this  
7 Committee and that you, Steve, will join this  
8 Committee and work with Jack for major support  
9 with the Controller's Office. But your point is  
10 taken that we should get the Controller's Office  
11 to appoint a member of our Board and ideally  
12 somebody with this expertise. So let's make that  
13 --

14 MR. SAKURAI: So objecting, I'll go with  
15 the Chair --

16 CHAIRPERSON GORDON: Does anyone else  
17 want to be on this Committee? Randall?

18 MR. MARTINEZ: Yes.

19 CHAIRPERSON GORDON: Yes. I was hoping  
20 you would join it, too. Great, so we have a  
21 three-member Committee now, that's great, thank  
22 you. This one is really important. And it will  
23 get attention, so I'm really glad. Thank you,  
24 all, for joining it. Walkie (ph) is going to be  
25 the Chair unless you object to that.

1           MR. MARTINEZ: Oh, thank you, but I'm not  
2 a financial person either. I'm a Developer. But  
3 I'm happy to do my best, however I do think you  
4 bring something to the picture which is  
5 invaluable, so I'm going to --

6           MR. SAKURAI: Hopefully!

7           MR. MARTINEZ: -- want both of your  
8 active involvement.

9           MR. SAKURAI: So clarification, I guess.  
10 Since we don't have legal staff, but we've run on  
11 every bit of hope and grit, we can call meetings  
12 any time and the \$300,000 number is for all  
13 audits, so whether it's an operation or a  
14 financial audit?

15          MR. BASTIDA: Yes, per year. Per year.

16          CHAIRPERSON GORDON: So are there banked  
17 funds from prior years?

18          MR. BASTIDA: No, you don't use it, you  
19 lose it is my understanding.

20          CHAIRPERSON GORDON: All right. Well,  
21 no, I do think Jack will be very responsive to  
22 this Committee, you can absolutely call meetings,  
23 and please keep me informed since we don't have a  
24 quorum with four, so keep me informed, please.

25                 Okay, the next Committee that I'm hoping

1 we will form is we have a report that is due to  
2 the Legislature, the report is going to have a  
3 lot of inputs, as you already have seen, this is  
4 just one of them, there are four more, I think.  
5 Besides this, some of which will not come until  
6 right before the report is due, how to think  
7 through that timeline what we're actually  
8 required to do, how to present that information,  
9 that is not an area where we have a piece of  
10 money set aside, so we do not actually have the  
11 ability to get someone else to write the report.  
12 So these are all big questions as to how that  
13 looks, how we do it, what are the attachments,  
14 how much do we just rely on these attachments to  
15 summarize the questions. So I think we have to  
16 have a Committee to focus on the report. And I  
17 would propose to take primary responsibility for  
18 writing it for Board approval. I am offering to  
19 be on that Committee.

20 MR. HARRIS: I'd be happy to volunteer  
21 myself.

22 CHAIRPERSON GORDON: Oh, I think we thank  
23 you. I think we have to actually move to approve  
24 a Committee first, so we have to create the  
25 Committee. So can I get a motion?

1 MR. RAY: So moved.

2 MR. HARRIS: Second.

3 CHAIRPERSON GORDON: Great. All in favor  
4 for creating a Report Committee with  
5 responsibility for essentially writing a report  
6 and bringing it to the Board?

7 (Ayes.) Anyone opposed? Great. All  
8 right, I've already volunteered for that  
9 Committee, Arno has already volunteered for that  
10 Committee. I'm looking at you. Chelina has now  
11 volunteered. Anyone else want to -- anyone want  
12 to be on two Committees? I know this is  
13 exciting. I think that's a good start. We  
14 should reach out to Dana, who was not able to be  
15 at the meeting today. We should just talk to her  
16 and give her and Jack some updates about what  
17 happened in the meeting and if she or Mr. Kreman  
18 (ph) want to be on a committee -- he's on the  
19 phone, isn't he, Gary?

20 MR. BASTIDA: He was. He dropped out,  
21 though.

22 CHAIRPERSON GORDON: Then we'll have to -  
23 -

24 MR. HARRIS: We could circulate the  
25 Minutes to everybody.

1           CHAIRPERSON GORDON: Then we'll have to  
2 think about that and how that will work. Those  
3 were the two big Committees that I had in my  
4 mind. That's a lot of work. I wondered after  
5 today's discussion whether we need for want a  
6 Committee that's also focused on the kinds of  
7 questions that were raised today in terms of  
8 current operation or whether that's something  
9 that the Report Committee, which is probably  
10 going to be paying a lot of attention to that,  
11 would want to consider? I don't know, do we want  
12 to create a third Committee to think about sort  
13 of current operations and recommendations? Or do  
14 we want to just subsume that under an existing  
15 Committee?

16           MS. ODBERT: Operations of the program?

17           CHAIRPERSON GORDON: Yeah, how it's  
18 currently operating, sort of what we heard today.  
19 Arno, you had your hand up.

20           MR. HARRIS: My advice is, just having  
21 Chaired other Boards before, is go slowly in  
22 making Committees because you can set up a whole  
23 lot of infrastructure and then find that nobody  
24 is meeting and there isn't enough for what you  
25 want, or maybe see how the need develops there.

1 But that's just my advice.

2 CHAIRPERSON GORDON: Great. That's good  
3 advice. Walkie, are you leaving us?

4 MR. RAY: I don't want to miss a plane.

5 CHAIRPERSON GORDON: Okay. We're going  
6 to try to end it in the next 10 minutes, just so  
7 everyone knows. But thank you for being here.

8 MR. RAY: I'm sorry I need to --

9 CHAIRPERSON GORDON: You're not going to  
10 get to vote on Court Reporting.

11 MR. RAY: Well, I'll have my proxy.

12 CHAIRPERSON GORDON: All right. Great,  
13 thank you everybody. I know that this is -- for  
14 everyone in this room, this is an extra thing on  
15 top of a lot of other things that we're doing,  
16 but I think we heard today just how important  
17 this program is and we actually do have a fair  
18 amount of attention being paid to us by other  
19 people, so it's real important. Go ahead.

20 MR. SAKURAI: You know, one thing before  
21 we move on to the next item, if I could request  
22 the staff, it would be nice if you could put  
23 together a binder, include in it the Regulations  
24 or Guidelines of all the programs, as well as any  
25 legislation that exists, or supplemental

1 documents, that would inform us about what the  
2 Legislature and what the intent, you know, sort  
3 of maybe the history.

4           CHAIRPERSON GORDON: That's a good point.  
5 And we did -- just as a reminder, we did table  
6 the discussion about the mission of the overall  
7 Board until getting Legal counsel, that's why it  
8 wasn't on this agenda, but let's hope it can be  
9 on the next agenda. And for that discussion,  
10 those documents would also be, as well.

11           Can we move to Item 7? Any final  
12 comments?

13           Item 7. I'm actually going to ask Jack  
14 to explain why Item 7 is on the agenda and what  
15 we need to do.

16           MR. BASTIDA: Yeah. So we've been  
17 actually for the first few meetings using the  
18 Court Reporting service currently over on the  
19 corner there, we've been using California Energy  
20 Commission's Court Reporting service, and in an  
21 effort to sort of separate out what the Citizens  
22 Oversight Board is doing and what the Energy  
23 Commission is doing, it's been kind of suggested  
24 to have our own Court Reporting Service to do a  
25 purchasing order agreement for the Court

1 Reporter. We don't have to do a contract, a full  
2 contract for the Court Reporter because it's  
3 under a \$5,000 range, but I do need to make a  
4 purchasing order agreement if it passes here to  
5 have that service.

6           What they provide, they provide a  
7 detailed -- pretty much anything that is said at  
8 the meeting is transcribed and that is uploaded  
9 to the website, so any member of the public can  
10 read what will happen at the meeting.

11           CHAIRPERSON GORDON: I think we need a  
12 motion. You're recommending that we do this?

13           MR. BASTIDA: Yes, I'm recommending that  
14 we do this. And I would do it with going through  
15 the Chair for authorization before I made the  
16 purchase.

17           CHAIRPERSON GORDON: Do you have a  
18 question, Steve?

19           MR. SAKURAI: Yeah, my apologies. So the  
20 \$300,000 is in regards to the audit, but what is  
21 the overall budget, you know, for reimbursement  
22 of legal fees?

23           MR. BASTIDA: Reimbursement actually  
24 comes out of a separate fund is what I'm told,  
25 from the Budget Office, but the Court Reporting

1 fees would be out of that \$300,000. It wouldn't  
2 be any more than \$5,000 a year, probably a lot  
3 less, but that's where it comes out of.

4 MR. SAKURAI: And we're pretty certain  
5 that the legal fees have their own source of  
6 funds?

7 MR. BASTIDA: So the legal fees would be  
8 also out of the \$300,000, but as of right now,  
9 because we're trying to do with the California  
10 Natural Resources Agency, trying to get them to  
11 help us with legal support, that wouldn't be a  
12 cost to the Board.

13 MR. SAKURAI: Do we know any other costs  
14 that might be --

15 MR. BASTIDA: That's the only thing I can  
16 think of so far. Travel actually comes out of  
17 CEC's budget.

18 CHAIRPERSON GORDON: The only other thing  
19 that's been raised in other meetings, which we  
20 didn't talk about today at all, but is this  
21 question of whether anything is ever done with  
22 data coming into the CEC through Prop. 39 that is  
23 sort of just there, I mean, there's a wealth of  
24 data that we are not doing anything with right  
25 now. And if anyone were ever to hire someone to

1 do something with those data, we would have to  
2 pay for it.

3 MR. SAKURAI: Yeah, I had another  
4 question that related to this. You know, we've  
5 been hearing about transparency and, I don't know  
6 if a website is contemplated that connects any  
7 appropriate pieces, but you know, what our  
8 funding source is -- you know, if that is  
9 something that the Board --

10 MR. BASTIDA: Yeah, we could definitely  
11 in the future put an item on the website that  
12 kind of shows a breakdown of the board's budget  
13 if that is something that is wanted here, we can  
14 work to do that.

15 MR. SAKURAI: But the actual work would  
16 be part of the CEC?

17 MR. BASTIDA: Yes.

18 MR. SAKURAI: Okay, thank you.

19 MR. BASTIDA: The CEC maintains the  
20 website for the Board, it's kind of a separate  
21 URL, you know, it has its own URL, but it's part  
22 of the Energy Commission's website, they provide  
23 IT, as well.

24 CHAIRPERSON GORDON: The CEC does provide  
25 us with staff administration for the program as a

1 whole, so, you know, Jack's salary, for instance,  
2 is not coming out of our \$300,000.

3 MR. BASTIDA: Although I do report to the  
4 Chair, I don't report to anyone else within CEC.

5 CHAIRPERSON GORDON: I can fire him, but  
6 I don't pay him. Isn't that great?

7 MR. BASTIDA: That's right.

8 CHAIRPERSON GORDON: Go ahead, Steve.

9 MR. SAKURAI: You know, we've discussed  
10 this, there's not a lot of additional costs that  
11 any of us, particularly staff, contemplate?

12 MR. BASTIDA: I don't think so. I think  
13 that we've kind of looked at everything and  
14 there's no other additional costs that are coming  
15 up.

16 MR. SAKURAI: One thing I will say also  
17 for the record is that, well, because we don't  
18 have legal support right now, I did meet with the  
19 Chief Counsel of the CEC and one of the things  
20 that's being discussed is a MOU between the COB,  
21 between the Board and the Energy Commission, just  
22 to spell out, you know, different levels of  
23 responsibility. I've sort of started drafting  
24 one of those, but I can't really go into too much  
25 detail because I don't have legal support right

1 now, but once we have somebody to look at that,  
2 that would be something that I would want to do.

3 CHAIRPERSON GORDON: Okay. So given all  
4 of those clarifying questions and answers, one  
5 more I guess is, if we purchase Court Reporting  
6 services, would it be for a term contract?

7 MR. BASTIDA: So as of right now, what I  
8 would do is I would probably purchase two  
9 meetings worth because the Fiscal Year goes until  
10 June, so we probably would only hold two meetings  
11 between now and June, and then after June what  
12 we'd probably do is purchase like four meetings  
13 from that June to the next June.

14 CHAIRPERSON GORDON: So we can revisit  
15 this --

16 MR. BASTIDA: And we can also purchase  
17 more if we need it.

18 CHAIRPERSON GORDON: Okay. Maybe we  
19 should do a motion on those two, and then we can  
20 always revisit this question because we may have  
21 budget things that come up.

22 MR. MARTINEZ: So moved.

23 CHAIRPERSON GORDON: Great.

24 MS. ODBERT: Second.

25 CHAIRPERSON GORDON: Thank you. All in

1 favor?

2 (Ayes.) Anyone opposed? Any  
3 abstentions? Great. Well, thank you everybody.  
4 I think we have no public left; I think we have  
5 exhausted the public.

6 MR. BASTIDA: Is there anyone on line,  
7 maybe?

8 CHAIRPERSON GORDON: Is there anyone on  
9 line, anyone calling in that wants to make public  
10 comment?

11 MR. BASTIDA: I don't see any hands  
12 raised.

13 CHAIRPERSON GORDON: Yeah, we do have to  
14 move to end the meeting, right? Just adjourn it?  
15 All right, meeting adjourned. Thank you,  
16 everybody. This was very productive. And we  
17 will be in touch and Committees will be working.  
18 Thanks, Jack.

19 (Adjourned at 4:00 p.m.)

20

21

22

23

24

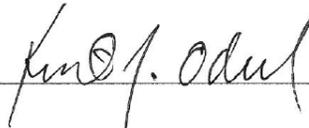
25

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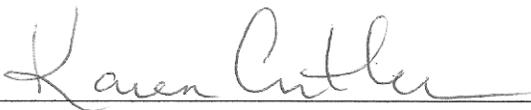
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Karen Cutler  
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