In the Matter of:

Regular Board Meeting

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CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET

FIRST FLOOR, ART ROSENFELD HEARING ROOM

SACRAMENTO, CALIFORNIA

THURSDAY, JULY 19, 2018

1:00 P.M.

Reported by:

Elise Hicks
APPEARANCES

COMMISSIONERS

Kate Gordon, Chair, California Citizens Oversight Board
Adrienne Alvord, California Citizens Oversight Board
David Dias, California Citizens Oversight Board
Heather Joy Rosenberg, California Citizens Oversight Board
Barbara Lloyd, California Citizens Oversight Board
Andrew McAllister, Commissioner, California Energy Commission
Michael Murza, Advisor to Chair Weisenmiller, California Energy Commission

ALSO PRESENT

Drew Bohan, Executive Director, California Energy Commission

ENERGY COMMISSION STAFF

Jack Bastida, Associate Governmental Program Analyst
Jennifer Masterson, Fuels and Transportation Division
Elise Ersoy, Local Assistance and Financing Office
Haile Bucaneg, Local Assistance and Financing Office

STATE CONTROLLER’S OFFICE

Lisa Kurokawa, Compliance Audits Bureau, California State Controllers Office
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SACRAMENTO, CALIFORNIA, THURSDAY, JULY 19, 2018

CHAIR GORDON: Welcome, everybody, to this meeting of the Prop 39 Oversight Board. I will do the roll call.

Jack, you want to call the names?

MR. BASTIDA: Sure. Kate Gordon?

CHAIR GORDON: Here.

MR. BASTIDA: Mark Gold? Adrienne Alvord?

BOARD MEMBER ALVORD: Here.

MR. BASTIDA: David Dias?

BOARD MEMBER DIAS: Here.

MR. BASTIDA: Barbara Lloyd?

BOARD MEMBER LLOYD: Am I up?

MR. BASTIDA: All right, we’ll go back.

Randall Martinez? David Dias?

BOARD MEMBER DIAS: You did. Thanks.

MR. BASTIDA: Oh. You want to be here twice.

BOARD MEMBER DIAS: Yeah.

CHAIR GORDON: Yeah. We’re just going to double count you; right?

MR. BASTIDA: Yeah, we’ll double count
you.

And Heather Rosenberg, we’re waiting on.

CHAIR GORDON: No. Heather is on the phone.

MR. BASTIDA: Oh, Heather. Heather Rosenberg?

CHAIR GORDON: Hi, Heather.

BOARD MEMBER ROSENBERG: I’m here.

MR. BASTIDA: All right.

CHAIR GORDON: Thank you, Heather for --

BOARD MEMBER ROSENBERG: Uh-huh.

CHAIR GORDON: We’re waiting on Barbara.

So we have, right now, four Board Members, and we need five for a quorum. And we are hoping Barbara Lloyd will join us when she gets in a room.

I also wanted to take a second to thank Commission McAllister for being here from the CEC. And Michael Murza, who is representing Chair Weisenmiller, thank you for being here.

Just very briefly, I also wanted to say welcome to our newest Board Member, Adrienne Alvord, who is at Union of Concerned Scientists. Many people may know her from Sacramento, having been a Fran Pavley staffer back in the day. And
she and I have been lucky enough to work with her and I’m very excited to have her here.

So thank you for joining us, Adrienne.

BOARD MEMBER ALVORD: Likewise. Thank you very much, Kate.

CHAIR GORDON: Great. All right, we are going to move on to the approval of the minutes. Can I have a motion, or if there’s discussion that needs --

MR. BASTIDA: We can’t, can we?

BOARD MEMBER DIAS: Oh, we can’t. We can’t vote on the minutes. We’re going to hold off minutes. We’re going to table minutes.

Great point. Thank you, Robert’s Rules, person to my right.

All right, we have just -- our agenda today is mostly focused on two things. We will have an update on the School Bus Replacement Program. We learned about that program at the last meeting, I think, or the one before. Folks may remember that this is the program that uses, under SB 110, uses a portion of the remainder of the funds after the program funds are spent from the first five years of Prop 39. We’re also going to have a presentation and, if we have a
quorum, a vote on the audit. The audit is one of
the main functions of this Board, as you know.

Before we move to those two things, I
just wanted to very quickly give an update on
this past legislative session. Many of you, I
know, were watching that.

As folks know from our legislative report
that we sent to the legislature in March, this
program, the original five years of the Prop 39
program are over, as in the first five years of
guaranteed from the original proposition have
ended. That doesn’t mean the program has ended.
There are many more things to do on the program
and a lot of money to go out and a lot of
projects to focus on. But the spending, the last
deadline for the spending, has ended.

There was a senate bill last year, Senate
Bill last year which would -- it just effectively
extended the ability to have a program, as well
as directing remaining funds to the School Bus
Program and to ECCA-Ed. SB 110 requires that
this program get an annual appropriation in order
to have new funds put into it. We,
unfortunately, were not able to convince the
legislature of the utility of an annual
appropriation this year, although we had some
two productive discussions in the building and, I think, a lot of engagement from people across the state on the value of the program.

So I just want to say that I am disappointed, we as a Board are disappointed. We had recommended in our report to the legislature that the program continue to have appropriations, particularly for the ECCA-Ed program and for the Workforce Pre-Apprenticeship Program, but we’re not, unfortunately, able to do that.

So, luckily, ECCA-Ed is a revolving fund and we’ll continue to have some funds, including remaining funds from this year -- this five-year period. And I think the Department of Workforce -- the Workforce Development Board is trying to figure out a way to continue funding its Pre-Apprenticeship Program through existing funds.

But we did not get an additional appropriation. I just wanted to share that with folks. And anyone who wants to ask about that can do in public comment in the meeting, unless anyone on the Board wants to.

Hearing none, let’s move on to the School
Bus Replacement Program from -- a report from the CEC.

MS. MASTERSON: Good afternoon.

CHAIR GORDON: Oh, you’re already there.

MS. MASTERSON: I’m already here. My name is Jennifer Masterson and I work in the Fuels and Transportation Division. I’m part of the School Bus team. Also in the room on the School Bus team, if you guys can raise your hand, is Liz Shirakh, you guys know Liz, Sarah Williams, Diana Gonzalez, Michelle Vater, and at the end, Tomas Ortiz.

Today I’m going to give you a quick overview of our program with updates. And then all of us are available at the end, if you have any questions.

As you know, the Energy Commission received $75 million in grant funds to be used to replace the oldest school buses in California. The eligible applicants are school districts, county Offices of Education, and recently just added is the JPA. Priority is given to the oldest school buses operating in disadvantaged communities and schools that have the majority of students eligible for free or reduced-price
meals. All new school buses must be cost effective.

Our program design has three components. The first component is the school bus replacement part, which is divided into two phases. The first phase is to solicit the school district’s COEs and JPAs to establish a list of buses eligible for replacement. This is the solicitation that was just released on May 31st. Our second phase is to solicit manufacturers to design, construct and deliver the replacement buses that we determined in the first phase. This will be released later in the year. We also have a workshop on the 24th of July to present our concepts and receive feedback.

The second component of our program is to provide fueling infrastructure to support the buses. And lastly, we will provide workforce training and development to awardees who choose electric buses. The infrastructure and workforce training components are being funded from another funding source and is not coming out of the $75 million.

Distribution of funds. The $75 million from SB 110 will fund EV school buses. These
funds will be evenly distributed between four regions. An additional $3.7 million will fund CNG buses, $165,000 per bus, and CNG renewable fuel is not a requirement. Oops, let me go back. $13 million has been set aside for installation of EV chargers. We are going to award up to $60,000 per bus. And the goal is to install of this prior to the buses being delivered. An additional $2.4 million from ARFVTP will be used to install CNG infrastructure. The school districts, COEs and JPAs will be required to purchase and install the infrastructure using their own established procurement procedures, while adhering to all applicable state and local laws.

The evaluation criteria is based on three criterium. The age of the school bus receives the majority of the points, which are 70, 20 points for free and reduced-price meals, and 10 points for disadvantaged communities.

Workforce training and development. Once awards are made and school needs are determined, the Energy Commission will provide workforce training and development. These resources will include best practices for charging, operations
of an EV bus, and training for EV maintenance.

Phase two of the solicitation is scheduled to be released later in the year.

We’re having a pre-solicitation workshop on July 24th where we will present our concepts and ask for feedback for the school districts, COEs, JPAs, as well as the bus manufacturers. Some of our concepts will include bulk pricing, scoring criteria with preference points for California presence, battery range, warranty and services, and training and infrastructure support.

Our schedule is here. Like I said, we released the first part of the solicitation on May 31st. The schools -- we had a pre-application workshop for the school districts on June 12th. We have a pre-solicitation workshop for phase two of the manufacturing solicitation which is on July 24th, next week. The deadline to submit applications for the schools is September 20th. We’re going to establish the bulk pricing for electric bus solicitation approximately in October. We plan to award the buses in February, install infrastructure between April and December, and begin delivering the buses in October of 2019.
How to stay connected? Here’s a link to our School Bus Replacement application. The next link is our School Bus website. And then, of course, our contact information, email address and our hotline number.

And that’s it, so I can open it up if you have any questions.

CHAIR GORDON: Great. Thank you so much. And I’m sorry, I should have recognized, Drew Bohan, who is the Executive Director of the California Energy Commission.

Thanks for joining us.

All right, Board Members, first, before I ask for questions from you, Barbara Lloyd, have you managed to join us yet? Not yet. All right.

I wanted to open it up for questions on the School Bus Program.

BOARD MEMBER DIAS: This is -- I guess I approach. Dave Dias. I don’t know if I’m supposed to say my name or not because we’re on a webinar.

You have the $13 million for EV infrastructure and $60,000 per awarded school bus, but then below $2.4 for the clean natural gas, and $500,000 for each bus or for --
MS. MASTERCSON: The CNG infrastructure.

BOARD MEMBER DIAS: For how many? Per bus or --

MS. MASTERCSON: No, per location.

BOARD MEMBER DIAS: Per location?

MS. MASTERCSON: Yes.

BOARD MEMBER DIAS: Okay. That’s what I wanted to know. Okay. Thank you.

MS. MASTERCSON: Yeah.

BOARD MEMBER DIAS: But, oh, wait a minute, one other thing.

You could just -- you don’t get quite -- it doesn’t divide equally?

MS. MASTERCSON: Yeah, that’s all we have is the $2.4.

BOARD MEMBER DIAS: Okay. Thank you.

MS. MASTERCSON: You’re welcome.

CHAIR GORDON: Just on that same note, is the -- the 75 is from -- oh, I see. The 3.7 is from -- the 3.7 and that $13 million and all the infrastructure money is all from a different source; is that right? Only the 75 is from that?

MS. MASTERCSON: Correct. Correct.

CHAIR GORDON: Thank you. That is very helpful.
One question that I had, just a broader question, we, last meeting that we discussed this program, we had a long discussion at the Board, it’s in the minutes from the last meeting, about this program and potential recommendations. And then Vice Chair Gold and I ended up writing a letter just from us, not from the full Board, and wondered if you had any response to that, or have you been able to address those, any of those issues specifically?

MS. MASTERSON: Is that the one that went to Commissioner Scott?

CHAIR GORDON: Yes.

MS. MASTERSON: I believe they responded. I tried to incorporate some of those questions that you had in the presentation. If you have a specific one that you --

CHAIR GORDON: It was mostly Vice Chair Gold, who was very focused on some of the technical details.

I do remember we discussed -- one question we discussed on the workforce piece, which was how are you allocating those funds on workforce? Is it to existing workers at those sites who can then be responsible for the buses.
Are you doing any new worker training? How does that look?

MS. MASTERS: So right now the workforce funds are coming from the ARFVTP, and we have a workforce component already. So our first step is to find out who gets awarded. And then based on where those locations are, we’re going to come up with a plan. But most likely we’ll be working with the community colleges in the area of the awardees.

CHAIR GORDON: Oh, I remember the other big question, which was the big question on how you’re evaluating cost effectiveness in this portion of the program. Since it’s such a big issue on the other side, on the K-12 Program, how are you thinking through that?

MS. MASTERS: So we have developed -- I will ask Tomas to come up here because he worked on that and so he knows that a little bit better than I do. But we are in just -- since the $75 million is just going towards the EV buses, we just did the cost effectiveness on that piece.

Go ahead.

MR. ORTIZ: Hi. I’m Tomas Ortiz.
MR. ORTIZ: Okay, yeah, so for the cost effectiveness, what we essentially did was we looked at the expected costs to the CEC. There are other grants out there that can actually stack with ours and actually allow the funds to go further, allowing us to buy even more buses.

So we did an evaluation using a 20-year lifespan and assumed costs and determined, based on fuel efficiency, average miles traveled, greenhouse gas reductions, maintenance savings, things like that, you know, looking over a 20-year lifespan, we were able to determine that it is cost effective.

CHAIR GORDON: And just so that I understand, the thing I have always heard about school buses, you should tell me if this is wrong, but the assumption is you only use them at the beginning and the end of the day, the school day. They’re not used throughout the day, like city buses. Did you calculate -- did you include that assumption into your cost effectiveness projections?

MR. ORTIZ: Yes. So we did this using assumed average miles annually, so annually. They travel approximately 13,000 miles a year, so
that’s how we did it. It wasn’t so much how the routes are broken up throughout the day, but more just annually, how they look.

CHAIR GORDON: Any other questions on that point from folks?

Also, I want to ask Heather to, obviously, weigh in if you have a question.

BOARD MEMBER ROSENBERG: Yeah. Thank you. I appreciate it.

I think it’s pretty clear. We had a discussion about this on the last call-in, so I think that it makes sense to me.

CHAIR GORDON: I’m trying to think if there was anything else that Mark would say if he were here.

BOARD MEMBER ROSENBERG: I mean, I do have a question about whether to include -- the applications are coming from the districts themselves; right? And they’re prioritizing buses that -- I mean, are there safeguards, so we’re not just replacing fairly new buses and that they’re targeting older buses, or is it just relying on the districts to do that assessment themselves?

MR. ORTIZ: Yeah. So part of the
application process is that they have to turn in both the registration and the CHP Form 292. So the registration is going to determine the age of the bus and when it was purchased, so we can determine length or ownership, as well. So we’re making sure they’re not just buying these buses and then using them to apply for a new bus. And the CHP 292 will also determine how many miles were actually traveled in the previous year to make sure that these are buses that are actually on the road, as well.

BOARD MEMBER ROSENBERG: Okay. Great.
CHAIR GORDON: Commissioner, you wanted to weigh in?
COMMISSIONER MCALLISTER: Yeah. So it’s very strange to be sitting in this seat. That’s my seat over there, you know? Maybe I’ll switch.
But --
CHAIR GORDON: You can move if you want.
COMMISSIONER MCALLISTER: Yeah.
CHAIR GORDON: We’re very lax here.
COMMISSIONER MCALLISTER: I should have thought of that, but they put my nametag here.
So I guess I wanted to just throw out an idea that -- I mean, I do agree with this. You
know, you do need to confirm that they actually
do retire those buses that are -- you know, that
actually they do -- they are removed from
service; right? So I think you have a plan for
that.

But there may be other opportunities for
the -- you know, since we will have electric
buses at these schools, they will have -- they
will be, presumably, plugged in during the day;
right? They’ll be used in the morning and used
again in the afternoon, so that their duty cycle
could favor sort of some renewable integration
work. And the schools might actually be able to
make some money on that if they play their cards
right.

And so I guess, you know, maybe there’s a
sort of innovative business model to be applied
at the schools. I see some nodding heads, so you
probably already thought about this.

MR. ORTIZ: Yeah. We’ve already started
looking into vehicle-to-grid and vehicle-to-
building applications, as well as more integrated
onsite solutions. So if there’s a way that we
can also incorporate solar energy and battery
storage into this for the infrastructure portion
of it, that would help greatly make this even
more cost effective.

COMMISSIONER MCALLISTER: Or use the
buses themselves is a grid resource; right?

MR. ORTIZ: Yes. Yeah.

COMMISSIONER MCALLISTER: Yeah.

MR. ORTIZ: Yeah. So these could be
moved to different locations. Say if the school
has a power outage, you know, we can take the
bus, move it there, plug it in and, you know,
take some of the power from the bus.

CHAIR GORDON: I was going to ask about
emergency generation. Thank you. That’s a great
point, because these are, basically, just sitting
around, being batteries all day long.

MR. ORTIZ: Yeah.

CHAIR GORDON: So one other question on
just your assumption on the 20-year lifespan. I
mean, I say this as an electric vehicle owner who
leased my vehicle because of the massive
improvements in battery technology that are
happening, even in a couple of years, what’s your
sense or what’s your thinking about that, about
this investment in a technology that could be
completely revolutionized, you know, within that
20-year lifespan, or is that something that you’re thinking through or that this will be thinking through?

MR. ORTIZ: Yes. Absolutely so we anticipate that the bodies themselves of the buses are going to last well past 20 years. The batteries are going to be need to be replaced after approximately 12 years, once they, you know, start degrading a little bit. With that, you know, school districts might need to work with their local utilities, you know, especially if we’re going to be doing vehicle-to-grid and vehicle-to-battery -- or, excuse me, vehicle-to-building integration here. You know, the utilities are definitely going to want to be involved in this, as well.

And in 12 years, you know, we’re already seeing that batteries are getting more powerful and smaller. So, you know, when it’s time for these batteries to be replaced, they’re actually going to become much more efficient by that time and actually make this an even better investment.

CHAIR GORDON: Great. That’s really helpful. Thank you. And thanks for thinking it through. I’m sure you were anyway. But the cost
effectiveness question has always been a big one for us because we’re used to thinking of it in terms of the savings-to-investment ration of the original program. So it’s helpful to see another way of looking at it.

Just as a reminder to the Board, this program will be part of what we will have to audit in the first year of its existence, and so we will have to audit both the existing program under its current cost effectiveness ratio and this program under this cost effectiveness ratio. So it’s good to have a little primer on it right now. Thank you.

MR. ORTIZ: Yeah.

CHAIR GORDON: Thanks. Other questions, Heather, anyone from the Board?

Barbara, have you joined us yet, by chance?

MR. BASTIDA: Barbara is online now.

CHAIR GORDON: Barbara, say something so we can believe that you’re on the line?

BOARD MEMBER LLOYD: Can you hear me now?

CHAIR GORDON: Yes. Fantastic.

BOARD MEMBER LLOYD: Yay.

CHAIR GORDON: We have a quorum. I’m so
thrilled.
We need to go back to -- thank you. My fabulous Robert’s Rules, Board Member Dias, next to me is reminding me, we have to go back to approve the minutes, now that we have a quorum. So everyone, I assume the Board Members had a chance to review the minutes. Can we get a motion on these?

BOARD MEMBER DIAS: Motion to approve.
CHAIR GORDON: Thank you, Board Member Dias.

BOARD MEMBER LLOYD: I’m --
CHAIR GORDON: Which one is this?
BOARD MEMBER LLOYD: I’m happy to second it.
COMMISSIONER DOUGLAS: Was that Heather or Barbara?
BOARD MEMBER ROSENBERG: That was Barbara.
CHAIR GORDON: Great. Thank you.
BOARD MEMBER LLOYD: Although, it’s all of us.
CHAIR GORDON: Oh, everyone. Everyone is seconding.
Can we just do a roll call? Because it’s
too confusing with the phone.

MR. BASTIDA: Sure. This is to approve the minutes of the March 22nd, 2018 Board meeting.

CHAIR GORDON: Yes.

MR. BASTIDA: Kate Gordon?

CHAIR GORDON: Yes.

MR. BASTIDA: Adrienne Alvord?

BOARD MEMBER ALVORD: I think because I wasn’t there, I should probably abstain.

MR. BASTIDA: Okay. David Dias?

BOARD MEMBER DIAS: Yes.

MR. BASTIDA: Barbara Lloyd?

BOARD MEMBER LLOYD: Yes.

MR. BASTIDA: And Heather Rosenberg?

BOARD MEMBER ROSENBERG: Yes.

MR. BASTIDA: Okay.

CHAIR GORDON: Great. Minutes approved. I might just, so I can double check this legal question, am I right that Adrienne has to abstain on everything today, or can she vote?

MR. BASTIDA: She can vote.

CHAIR GORDON: Great. All right. Not on the minutes, you can’t, but you can on the audit, if you are so moved to vote.
Great. Thank you. And thank you again, everyone, for being so patient about this. Just a lot of things have happened to a lot of people associated with the Board in the last two days and it was challenging to get everyone here.

All right, we are going to move on.

Thank you, Jennifer.

We’re going to move on to the audit conversation. Again, this is a report on the audit from the Controller’s Office and one of the main activities of this Board.

And, Barbara, I’m very glad you’re on, because Barbara has been a very important liaison to the auditors from this Board. So, Barbara, I’m hoping you will chime in whenever you see fit. Great.

BOARD MEMBER LLOYD: Okay.

CHAIR GORDON: Thanks.

(Background telephone conversation.)

CHAIR GORDON: Barbara, can you actually mute while you’re not speaking? Because we’re hearing background.

BOARD MEMBER LLOYD: All right. I’m doing that right now.

MS. KUROKAWA: Hello. Good afternoon,
Chair and Board Members. Thank you for allowing the State Controller’s Office to present our audit results. My name is Lisa Kurokawa. I am a Bureau Chief of the Compliance Audits Bureau at the State Controller’s Office, Division of Audits. Today I’m going to be giving you an update on the program audit of the California Clean Energy Jobs Act.

So under the authority of the interagency agreement between the Citizens Oversight Board and the Controller’s Office, we conducted a program audit of the Job Creation Fund. Our audit report was issued on Friday, July 13th, so just last Friday.

Our audit was conducted in two phases, so I’ll discuss phase one first.

Phase one of our audit was to audit a selection of completed projects to determine whether the energy projects were consistent with the Jobs Creation Fund’s programs guidelines. So as she has up there on the board, through June 30th, 2017 there were 69 local educational agencies and 36 community college districts that reported completed projects. So from this listing of a total of 105, we selected 20
districts for testing. So of the 20 districts we went to, 16 were LEAs and 4 were community college districts. So in total, of the 20 districts, we audited about $20 million out of $54 million, so it’s about 38 percent of the reported project costs we audited.

The objective of our testing at the districts was to determine the districts’ compliance with the various Public Resources Codes. We have identified four audit findings at the districts.

The first finding, we found that seven local educational agencies sole-sourced a portion of their project costs when awarding the Prop 39 contracts, which is a violation of Public Resources Code 26235(c). And we have identified those seven agencies on page 12 of our audit report. So in our audit report, she has those seven pages up, in our audit report, we recommended that the California Department of Education take appropriate action in response to funds paid to these seven districts that did not meet the no-sole-source requirement.

And then finding two, we found that 12 local educational agencies and 3 college
districts, totaling 15, did not include the projected energy savings in their awarded contracts, which is a violation of Public Resources Code 26206(d). And she has the 15 listed up there. We recommended in our audit report that these districts comply with the Public Resources Code sections and include the energy savings in the awarded contracts.

Finding three, we found that two LEAs applied their Prop 39 funds to project costs incurred prior to the eligibility period. So in total, we found about $335,000 to be ineligible. And we recommended in our audit report that Department of Education take appropriate action in response to funds paid that are not eligible for Prop 39 funding.

Finding four, we have four LEAs that submitted their final project completion reports after the deadline, which is a violation of Public Resources Code section 26240(b). LEAs are required to submit their final project completion reports to the CEC 12 to 15 months after their projects have been completely installed. And then we identified the four there. And you can see, the months vary from 18 months to 31 months.
after project completion. And we recommended in our audit report that the LEAs comply with the Public Resources Code and submit their reports no later than 15 months after project completion.

And then a second phase of our audit was to review the Energy Commission’s controls over implementation and administration of the Job Creation Fund. So we found that of the 16 LEAs that we went to, one of them -- they all submitted Energy Expenditure Plans, of which one was improperly reviewed and approved by the Energy Commission. It resulted in an overpayment of funds to that one LEA. Specifically, we found that the CEC did not consider total project costs and leverage funds when reviewing and approving the EEP, resulting in an overpayment of $47,000 to that LEA.

I will say, that LEA did amend their EEP. They worked with the Energy Commission during audit field work, amended their EEP to the reduced amount, and submitted a revised final plan, and then submitted a new EEP to spend that remaining overpayment, so that’s where we’re at.

So this is the conclusion of my presentation. I’m available to answer any
questions you may have.

CHAIR GORDON: Thank you so much for that. I’m sure we have a lot of questions. I wanted to give Barbara just a chance for any, because you’ve worked more closely than the rest of us with the auditors. Any chance for a reaction or thoughts on any of these issues? And then wanted to give the CEC a chance to react to its issue before the larger discussion.

So, Barbara, do you want to weigh in here?

BOARD MEMBER LLOYD: I think that the Controller’s Office has, as I understand it, done a good job of allowing people to skewer what they could in terms of it being in record keeping and the like.

CHAIR GORDON: Barbara, you’re breaking up.

BOARD MEMBER LLOYD: Are you --

CHAIR GORDON: You’re breaking up. I’m not sure why.

BOARD MEMBER LLOYD: Yes. There was a lot of echo.

CHAIR GORDON: It’s better.

BOARD MEMBER LLOYD: Okay. I think
there’s also opportunities for some of these districts to appeal findings. And maybe the Controller’s Office would like to speak to that.

MS. KUROKAWA: Sure. You know, we have identified finding one with the sole-source issue and finding three as ineligible costs. They have -- finding one and three, we considered to believe monetary dollar framings. And districts have the ability to appeal to the Education Audit Appeals Panel on these findings, anything, a portion that’s significant.

So we have no problem with them appealing. And we identify that option available to them in the audit report.

CHAIR GORDON: Do you know if any of the schools that you identified last year, specifically on the sole-source issue, have appealed? Do you know if that process has happened?

MS. KUROKAWA: Yeah. So I will say, finding one and finding there are similar findings to our last year’s audit report. They’re kind of repeat findings, just at different districts. Last year, we had, I believe, four LEAs that sole-sourced their
project costs. And I can tell you for a fact that one filed a summary review with the Education Audit Appeals Panel. And the Education Audit Appeals Panel waived the finding in terms of the monetary reimbursement. So the Education Audit Appeals Panel uses a lower standard of -- they go by substantial compliance.

So the Panel waived, I believe it was Happy Camp, I think Union Elementary School District, they waived the reimbursement of their monetary finding, I think it was about $184,000 last year, because they demonstrated substantial compliance with Public Resources Code sections. And I think they submitted a corrected action plan.

And then I believe another district filed a summary review. I have not gotten those results back. And then I know Bonsall Unified submitted -- filed a formal appeal. And they didn’t go the summary route, they went straight to a formal appeal, and that just transpired. So presume what happened at Happy Camp, with that finding kind of being waived, may possibly happen for the others, but they have to file an appeal.

So we use a strict -- we audit strictly
to the Public Resources Code sections. The Education Audit Appeals Panel uses a lower standard of -- they go by substantial compliance, we go by compliance.

So I’m reporting the facts. That’s my requirement under Yellow Book Audit Standards.

VICE CHAIR GOLD: Under the formal appeal process, is there any possibility that there’s some sort of legal determination of sole-source, meaning something more broader than the Public Resources Code? I know we’ve had this conversation a lot of times. I’m just trying to figure out how to reconcile the --

MS. KUROKAWA: I don’t know that the -- you have to go to the Appeal Panel for that answer. I don’t know that they audit to -- they define what sole source is. I think they just go by what education -- they use a different criteria in Education Code as long as the district demonstrates compliance or substantial complaint.

CHAIR GORDON: With the Public Resources Code or --

MS. KUROKAWA: With --

CHAIR GORDON: -- with something else?
MS. KUROKAWA: -- with the Code section, Public Resources Code. I would have to go to the Appeal Panel for more information on that.

CHAIR GORDON: Okay.

MS. KUROKAWA: In terms of ineligible costs, we had that finding three regarding the districts last year. I think it was Nuvie Bridge Early College High School. They incurred the costs prior to the eligibility period. I believe they remitted the funds back. I don’t think the finding was appealed at all. And they remitted that money back.

BOARD MEMBER DIAS: When you were originally talking you said something about that when you audited, you didn’t do the whole entire school district, you only audited certain projects, is this true, or did you do every project that they did, that they completed?

MS. KUROKAWA: We tested -- we reviewed invoices -- so we went to 20 districts out of like 105. So of the 20 districts, we only audited their Prop 39 funding. And we looked at like documentation, like invoices, the contract agreements for just the Prop 39 portion.

BOARD MEMBER DIAS: All of it?
MS. KUROKAWA: All of it.

BOARD MEMBER DIAS: Okay. That’s good.

MS. KUROKAWA: So when we said that we audited $20 million, we looked at documentation to support $20 million.

BOARD MEMBER DIAS: Thank you.

CHAIR GORDON: Jim is just, who is at home for various reasons, is just reminding me that we have a representative from CDE actually on the line.

So, Derrick Andrade, you’re on the line, am I right about that?

MR. ANDRADE: Yeah. Good afternoon everyone. This is Derrick Andrade.

CHAIR GORDON: Great, Derrick. Thank you for being on the line. Since you’re here just -- and before I go to the one point on this list that’s CEC related, several of the points in the audit refer to your agency for remedies. And I’m wondering if you want to react to any of those points and give us any information on how you’re planning to do that, what you saw from last year’s audit, et cetera? Derrick? Oh, yeah, now we can hear you.

MR. ANDRADE: Okay. From the
Controller’s report, it sounds like findings one and three have a finance component to it, similar to the prior year’s audit. And so I my -- I have a question.

Were the LEAs issued a letter, similar to how it was done last year, notifying them of their appeal rights?

MS. KUROKAWA: On this audit, no. If you look on the audit report, page --

MR. ANDRADE: I don’t have the audit report.

MS. KUROKAWA: Oh, okay. Yeah, they were --

MR. ANDRADE: Did you send that to our department?

MS. KUROKAWA: Yeah. It went in the mail.

MR. ANDRADE: Okay.

MS. KUROKAWA: You guys should have received a copy of it by now.

The first page of it, the transmittal letter of our audit report identifies findings one and three as being a portion that’s significant. And we let them know that they have -- what their summary -- the ability to file
an Education Audit Appeal summary review or a formal review.

MR. ANDRADE: Okay. So it’s included in the report?

MS. KUROKAWA: Yeah. Last year --

MR. ANDRADE: And so there would not be a special letter that --

MS. KUROKAWA: No. Last year --

MR. ANDRADE: -- goes out?

MS. KUROKAWA: -- we sent out a special letter. This year, we included it in the audit report. And we specifically identified finding one and three.

MR. ANDRADE: And that audit report is also going to each of the districts?

MS. KUROKAWA: Yeah. It’s going to every district, every district superintendent, the president of the board, as well as the county Office of Education.

MR. ANDRADE: Okay. And I think -- so how -- thank you for answering that question. And I think we’ll look at the audit report, you know, once it’s available and, similar to last year, after the LEAs have an opportunity to appeal that or not, then we’ll invoice as needed.
MS. KUROKAWA: I guess, Derrick, I think
the question I have is: Do you have any follow-
up to last year’s audit from June 30 or 2017?
Have you guys invoiced any of those districts?
MR. ANDRADE: Yes. We’ve -- we have
invoiced them. We’re still waiting for Bonsall
now, who is filing the --
MS. KUROKAWA: They filed the formal
appeal recently.
MR. ANDRADE: -- a formal appeal. Right.
So we got notification of that. So, yeah, so all
of the other ones have -- we’ve invoiced and
they’ve returned the funds.
MS. KUROKAWA: Which districts are those?
MR. ANDRADE: Let me see. Let me find
that.
CHAIR GORDON: Derrick, do you need a
second to find that? I can deal with something
else.
MR. ANDRADE: Yeah. I don’t have that.
I don’t have that exactly at my fingers right
now, but we’ve issued the invoices and I can pull
that up and send it.
MS. KUROKAWA: Can --
MR. ANDRADE: And I’ve provided that for
the Commission, as well.

CHAIR GORDON: Okay. Well, can you actually -- it would be very helpful, I think, to us as the responsible auditors of this program, could you provide us with like a one-page kind of overview of what the response was taken from the last audit and what has happened with those districts? I think this is the first time we’re hearing that. It’s great to hear that things have moved forward, but it would be very helpful to have that in writing, if you could do that?

MR. ANDRADE: Sure. And should I send it through Jack?

CHAIR GORDON: Yeah, that will be great, Jack and Jim, if you have their info. But Jack is definitely -- can get it to us. Thank you.

MR. ANDRADE: Sure.

CHAIR GORDON: And also the Controller’s Office.

MR. ANDRADE: And to the SCO --

CHAIR GORDON: Before --

MR. ANDRADE: -- as far as the recovery of the funds.

CHAIR GORDON: Yeah. Exactly. So on the items from last year, I don’t remember what they
were numbered last year, but on sole source and
on spending before -- items one and three last
year, as well -- on spending before the term of
the program. If you could just give us an
overview of who’s appealed, who has sent in a
summary --

MS. KUROKAWA: Just a summary review --
CHAIR GORDON: -- a summary review --
MS. KUROKAWA: -- of who’s filed a formal
appeal --
CHAIR GORDON: -- and -- right --
MS. KUROKAWA: -- and what those results
are.
CHAIR GORDON: -- and what the results
are and then to what -- and to whom you’ve
actually invoiced and whether you’ve gotten
payment. That would be very helpful. That way
we’ll be able to see the results of the audit
from last year and better understand sort of that
process.
MR. ANDRADE: Sure. No problem.
CHAIR GORDON: Thank you. Moving -- and
thank you again for being on the line. We really
appreciate it.
Just so that I’m clear, the formal review
and the summary review, those are both CDE processes; right? You run that process --

MR. ANDRADE: No.

CHAIR GORDON: -- is that right?

MS. KUROKAWA: No, they don’t.

MR. ANDRADE: No.

CHAIR GORDON: No? One of them --

MR. ANDRADE: No.

CHAIR GORDON: -- is a Controller process?

MS. KUROKAWA: No. It’s --

MR. ANDRADE: There’s a --

MS. KUROKAWA: Go ahead Derrick.

MR. ANDRADE: Okay. There’s a separate entity, the Education Audit Appeals Panel, and they review that. And so the districts appeal through that entity.

MS. KUROKAWA: And they can file a summary review within a certain period of time, and that’s just pretty -- more informal. And then if they don’t file a summary review, they have the ability to file a formal appeal.

CHAIR GORDON: And you remind us, and is it in the letter that you sent to the LEAs, how much time they have to do those processes?
MS. KUROKAWA: So they have 30 days from the date of the postal service delivered -- delivery of our audit report to request a summary review of any of the findings on the grounds of substantial compliance. And then -- I have it in the audit report. It’s kind of specific. And then they have the -- if the over -- if the summary review gets -- if they lose that appeal, then they can file a formal appeal. And then agencies, if they want to go straight to a formal appeal, I believe they have the ability to do that, as well. And I don’t know if there’s a timeline on the formal appeal. I’m not --

CHAIR GORDON: Okay.

MS. KUROKAWA: -- familiar with that process.

CHAIR GORDON: Great.

MR. ANDRADE: I believe it’s 60 days --

MS. KUROKAWA: Okay.

MR. ANDRADE: -- for the formal appeal.

CHAIR GORDON: Great. Thank you. The key for me is that they were informed of this in your letter to -- each of the LEAs was informed of the issue that you were raising in one and three?
MS. KUROKAWA: Yeah. So on our year-one audit report issued June 30th of ‘17, we did not include that appeal information in the audit report. And so we sent all five districts a follow-up letter. This is our -- this report that we issued last Friday, July 13th, 2018 has all of that information included in the audit report in the transmittal letter, the first two pages of the audit report.

CHAIR GORDON: Great. Thank you for doing that. That’s very helpful.

I want to go to Board questions. But first, I want to give, because Drew is here and being very patient, I want to give -- if you want to say anything, Drew, or Commissioner, just in terms of CEC’s response, I know you wrote a letter in response on the one item that was related to CEC, so do you want to weigh in on that?

BOARD MEMBER MCALLISTER: I mean, Executive Office has sort of managed the process from our perspective. And I think, you know, they’ve done a good job and responded to the pieces that we had to.

I don’t know if, Drew, you what to add?
The letter that the Executive Director wrote is in your packet. So any -- I believe we’ve addressed the issues that were found on that.

Drew?


I did send a letter on July 5th back to the Controller’s Office. We got a heads-up on the one portion of the audit that was related specifically to the Energy Commission. I just got the full packet yesterday. And our response was basically, yes, this anomaly you discovered was -- we agree. That’s right, this about $40,000 discrepancy was accurately identified. We fixed it. There was no money paid out to the school in excess of what they were entitled to. So CDE did not pay them that money. We went and found other projects that were appropriate and handled it that way.

In addition, we, very soon after that particular project had come in, we switched over to a new automated system. And so this is one of
the artifacts of a manual system where we were looking through spreadsheets. Staff is now going back and looking at every single one of the ones that we approved using the manual system to make sure there aren’t other issues.

CHAIR GORDON: Thank you. And thank you for your prompt response to that issue. We really appreciate it. And I know there’s a lot of things to manage here.

We did appear -- notice that Clovis is on all of your lists for all of the findings. And that’s striking, trying to figure out what’s going on there. I don’t know if you have any insight into that from the CEC or whether that’s a small district or just something we should be paying attention to.

MS. KUROKAWA: I don’t know what to say. Findings one through four affected Clovis Unified School District. I don’t know the size of it. If we want to talk specifically about Clovis, I would have to refer to page -- if we can go to page 24 of the audit report? Yeah. It looks like they received about $3.3 million. And we found that they only sole-sourced about $20,300 of their planning funds. So it’s -- I mean, they
received a fair amount and they spent it on, it looks like at least, you know, probably a dozen different school sites. And we have the specific responses there. Yeah, I guess I just don’t.

CHAIR GORDON: No worries. It just was a side note. They got a good SIR, though, so, I mean, that’s something.

MR. BOHAN: Chair?

CHAIR GORDON: Uh-huh?

MR. BOHAN: If I may add just one perspective, and that is I think this is clear from the audit, but, you know, we’re still relatively early in the program in terms of completed projects. So the universe of completed projects is fueled in 70. And so to call this as credit, I don’t know why they appealed on a couple of the audits, but they got the work relatively quickly. So they are one that was reviewed a couple times.

CHAIR GORDON: That is helpful and fair.

Thank you.

Other questions from the Board? I have a couple of higher-level questions, but others? Adrienne, you’re new to all this. Do you want to ask any clarifying questions about the
1 audit or the process?

2 BOARD MEMBER ALVORD: Not at this time.

3 CHAIR GORDON: Barbara or Heather?

4 BOARD MEMBER ROSENBERG: I mean, I can --

5 I’m new to this kind of program, and so I’m just trying to evaluate --

6 MR. BASTIDA: Heather --

7 BOARD MEMBER ROSENBERG: -- whether

8 this -- can you hear me? I’m really echoing.

9 CHAIR GORDON: Yeah. We just -- we were trying to figure out if it was -- who it was, but we figured out this is Heather speaking.

10 BOARD MEMBER ROSENBERG: It’s Heather, yeah.

11 Is this the order -- you know, is this the typical level of problem that you see? Is this, you know, alarming? Is it big? Is it small? I don’t have the context to know. It looks like a lot of challenges.

12 MS. KUROKAWA: Well, I mean, in terms of context, I mean, we had the same findings year one as we did on this audit report. This report, we actually added two additional findings, one being finding four with the annual reports, the final project reports not submitted timely, and
the issue with the Energy Commission. So these
are repeat findings from last year.

In terms of like significance, you know, we audited about $20 million. And if she would
go to page eight, scroll up and go to page eight
of our audit report, specifically for LEAs, we
audited 17 -- the third column -- we audited
$17,415,000 and we identified $835,000 as being
unallowable, with either the sole-sourcing or
ineligible costs. I guess that’s the best
context I can give you.

BOARD MEMBER ROSENBERG: That’s helpful.
I mean, I guess then the question is, you know,
what kind of steps need to be in place to adopt
this? But I think that we’ll get to that, post
this meeting, to understand the nature of the
problem.

CHAIR GORDON: And let me give context,
also, from last year because we had --

BOARD MEMBER ROSENBERG: Thank you.

CHAIR GORDON: -- a lot of
corversation -- sure, thanks, Heather -- a lot of
corversation about the sole-source issues
specifically after last year’s findings, and I
just wanted to give context, two things.
One is that after that finding we asked and the CEC did emphasize with LEAs that sole source is not allowable under the Public Resources Code. That was a communication that happened and education that happened.

The issue with the sole-source contracting is not, we think, just people wantingly ignoring the law. There is a valid discussion among lawyers about what is meant by sole source in this context. And the Controller’s Office has a perspective on that is because they go with the Resources Code language. Other lawyers or other agencies have different perspectives. This is an active conversation among the lawyers.

So I just wanted to say that it’s -- one of the reasons we’re emphasizing the appeal process is so that that can get hashed out for each of the LEAs, because we can’t -- we’re not lawyers. We can’t determine what the right answer is to that question, but it is an active debate. And the Controller’s Office has taken the most strict reading of the Public Resources Code, as is appropriate. But the appeal can lead to some discussion of what that means in
individual districts.

I hope that’s a fair representation.

BOARD MEMBER MCALLISTER: Yeah. I mean, I would just add, there are standard practices that a lot of public entities, including school districts, use to sort of leverage each other’s procurements. And so there’s an established practice that’s perfectly legal that they use to do that. And so a lot of them are in that habit of sort of, you know, as an efficiency measure and kind of to help each other out.

So when this statute came in and sort of said, you know, specified no sole sourcing, there are different interpretations about -- because the original, the sort of standard practice at the schools is it satisfies other definitions of sole source, so --

CHAIR GORDON: Right. There’s also another statute on the books that says energy contracts do not -- that energy contracts can be sole sourced in the state. So there are all kinds of conflicting readings here. And the lawyers and all relevant agencies have all gotten together to discuss this multiple times.

So I just wanted to reassure the Board,
especially the new members, that this is not --
we don’t -- I, at least, don’t think this is a situation where people are just ignoring what everyone is saying about educating around the statute. I do think that it’s an active discussion. And it’s particularly important that we highlight the appeal process in order to try to get at it, so thank you again for doing that.

Last year we, the Board, actually was involved in the discussions about sending out those additional letters and making sure that happened. And this year, I’m very happy to see that this is in the actual letter, so thank you for doing that.

Good question, Heather.

Other questions that -- and please feel free, new Members, to ask questions like that. Because we have several new members, so no question is a dumb question.

And on that note, Adrienne?

BOARD MEMBER ALVORD: I may move you wrong, but I’m curious because --

MR. BASTIDA: Turn your mike on.

BOARD MEMBER ALVORD: Hi there. I’m curious because the L.A. finding on -- or the
finding on the projected energy savings and award contracts, I know that probably doesn’t cause as much concern as the financial stuff. But given this is the purpose of the awards, I sort of went through it and it looked like a lot of the folks just didn’t see it or that was the problem. I wondered if this was consistent with the last audit you did. And, you know, because it was such a high number, if there’s anything that we need to do differently?

MS. KUROKAWA: So last year we had 15, as well, the exact same. I believe it was the exact same number. So this is a pretty consistent pattern. And I believe the Energy Commission, we’ve talked to them, have, after last year’s audit being 15 out of 20, I believe that they went and did an email blast. They have it in their guidelines, as well, that they need to include the savings. They did an email blast after the audit. I believe that, you know, we’ve -- the information has been disseminated as best we can.

CHAIR GORDON: Can we clarify on this, though, and maybe CEC can clarify, the energy savings is also part of the project review;
correct? So we know what the projected energy
savings are --

MS. KUROKAWA: Correct.

CHAIR GORDON: -- somewhere? It’s just
that --

MS. KUROKAWA: It’s --

CHAIR GORDON: -- it’s supposed to be in
the contract; is that right or is --

MS. KUROKAWA: Correct.

CHAIR GORDON: -- that incorrect?

MS. KUROKAWA: That’s correct. All these
agencies know what the energy savings is. I
mean, that’s why they do -- like the SIR is
very important. They know what the projected
energy savings amount is. It needs to be in the
contract per the code section.

COMMISSIONER MCALLISTER: And you --

MS. KUROKAWA: So we audit --

COMMISSIONER MCALLISTER: So you --

MS. KUROKAWA: -- to the plain language
of the law.

COMMISSIONER MCALLISTER: Sorry. So
you’re talking about a contract with the
contractor that’s actually doing the work; right?

So this is a number that they report to us. We
won’t approve a plan without that number. And then it goes out, back to the school, and they implement. And they’re supposed to put that number in the contract with the implementing contractor.

BOARD MEMBER ALVORD: And, presumably, that’s to hold a contractor accountable if it doesn’t work.

MS. KUROKAWA: Right. My understanding, a lot of the contractors don’t want to have that in their contract because they --

BOARD MEMBER ALVORD: I saw that.

MS. KUROKAWA: -- like I said in the finding two, they don’t control building operations, whether -- or changes to the hours of the facilities, so they don’t like to have that in there. And -- but it’s something that if you’re going to receive Prop 39 funding, it’s in the code section, they need to do it, so we adhere to that.

CHAIR GORDON: Is it -- I believe there are some energy savings contractors who won’t put it in, I mean, that it’s a practice that they refuse to put it in. Do we know if there’s any -- I mean, is there anything that we can do?
We just may keep seeing this finding.

COMMISSIONER MCALLISTER: So there’s Staff in the room that, I think, has a more intimate relationship with these applications. And maybe if Elise or another staff member could get on and --

CHAIR GORDON: Elise, give your name first please?

MR. BASTIDA: Turn your mike on.

MS. ERSOY: Elise Ersoy. I manage the Local Assistance and Financing Office.

What I’d like to differentiate here, so when an LEA submits an EEP to the Energy Commission, yes, they put in their estimated savings based on an energy audit. We then ensure that it’s cost effective, meets our savings-to-investment ratio and so on. Then we tell CDE, they’ve been approved.

Once the contract -- once they receive those funds and the contracting happens, the sole-source that we were talking about, once they go through the contracting process, I believe, and Lisa can correct me, but I believe that is where this number is missing. So it’s not that we don’t have an estimated, it’s in the actual
contract. That’s -- and I don’t know if that clears everything up.

CHAIR GORDON: No, we understand that.

MS. ERSOY: Okay.

CHAIR GORDON: I think the question is -- we’re just trying to figure out, right, we’re just trying to figure out how to -- this will keep happening if there are contractors who refuse to put that number in their contracts, so we’re just trying to figure out, is there anything that can be done --

MS. ERSOY: We’re happy to do --

CHAIR GORDON: -- about that?

MS. ERSOY: -- more e-blasts. We’re happy to do, you know, more outreach.

CHAIR GORDON: Can you --

MS. ERSOY: I don’t know if the -- if CDE has any oversight of those contracts.

MR. ANDRADE: No, we do not.

MS. ERSOY: Okay.

CHAIR GORDON: Can you put in your -- I don’t know if this would help, it’s just a thought. Is it possible to put in your approval of the project a reminder that that number has to be in the contract? I assume they’re going to
read that, probably.

MS. ERSOY: We could. I’m going to have Haile -- Haile’s our lead, our technical lead here.

MR. BUCANEG: Hello. Hello. My name is Haile Bucaneg, and I was working on the program, as well.

In our application, we do ask that the LEA self-certifies some information, basically, as they’re going forward, such as reporting. And one of the new self-certification items that we put in after the first round of findings was that they had to -- that their contract was to include this information, so that’s in there. We can -- the only thing that I can really think is to do continual e-blasts out to the LEA.

Or, I guess, also in -- when we approve -- well, that’s not going to work at this point. I was going to say, when we approve an EEP, we can put it into our approval letter. We have a template approval letter that goes out, but we’ve already reached the end of our application process, which was June 30th, so that wouldn’t help at this time.

CHAIR GORDON: And the remedy you have in
here, Lisa, is to put it in the contract. Can
they actually do that? I mean, you’re going
back -- you can’t actually go back and amend a --

MS. KUROKAWA: Well, it --

CHAIR GORDON: -- prior contract; right?

MS. KUROKAWA: Correct. You can’t amend
a prior contract. But, I mean, it’s conceivable
they may have pending EEPs with the Energy
Commission, and we want to have them implement
that, if there’s any future contracts.

COMMISSIONER McALLISTER: I guess, I
mean, this is, so, yeah, this is where like, you
know, program design and sort of rules meet
reality in the marketplace. And so it’s a
very -- it’s, actually, not unexpected at all
because you have such a diversity of school
districts and you have a standard practice,
that’s just the way business is done. And if
we’re asking people to do it in a slightly
different way then, you know, some -- it’s going
to fall through the cracks in some place, which
is not to excuse it all, obviously.

But I think it’s sort of a continual
improvement kind of thing where, you know, it
would be good for contractors to get used to this
kind of thing out there in the market, to
actually be more accountable. And so that’s a
good policy that’s in the program, but it’s just
not standard practice.

And so I think partly, this is just a
market evolution impetus that the program is
actually trying to get done, so it’s kind of the
nature of the beast. You know, we’re expecting
accountability, more than the standard practice
in the marketplace, and that’s a good thing.

MR. BUCANEG: Right. And just one thing
that Elise pointed out is we do have, as you
mentioned, we have a number of EEPs that are
still in construction, so we do have contact
information from those LEAs. We can try and take
a look and see if we can do any additional
contact with those LEAs, just to remind them
about this item, so --

CHAIR GORDON: Is there any way to
educate the contractors? I don’t know if anyone
has that list or that outreach function, but that
seems like part of the issue here.

MR. BUCANEG: The only way I can think of
is through the e-blasts. We do have some
contractors that are listed as part of our
contact information from the Energy Expenditure Plan application. If we send out emails through that, those guys will receive that.

But, yeah, the only other way outside of that would be to use our e-blast function. And that would be dependent on if the contractors signed up for our listservs.

BOARD MEMBER ALVORD: Okay. Is there any way this could be addressed through some of the, I don’t know, energy efficiency training or licensing that it’s used on Workforce, or even the Contractors State Licensing Board?

BOARD MEMBER DIAS: Well, as a Board Member of the CSLB, I’m not going to throw them under the bus, but they might be able to do something with the -- you know, through an e-blast, as well, to inform the contractors. That’s about the only thing I could think of, so --

MS. KUROKAWA: I think on this one issue, I just want to bring one thing to clarification. This is the one finding that effected both LEAs and CCDs. So this is something that needs to be, also, disseminated from the Chancellor’s Office, as well.
BOARD MEMBER DIAS: Okay.

CHAIR GORDON: Are you, at the CEC, planning an e-blast around these findings generally, sort of a reminder to people about these issues?

MR. BUCANEG: We’ve done an e-blast previous from the previous findings, and we can do that at this point. I don’t think it will too difficult. And we have -- a lot of our information is kept locally in our database, so we work with our IT Department a lot, so they’ve been backing us up and we can get those done.

CHAIR GORDON: That would be great.

And, Jack, can we just be in touch with the Community College Board and recommend the same thing?

MR. BASTIDA: Yes.

CHAIR GORDON: Great.

One higher-level question, Lisa, to you, and it’s -- for those who are new to the Board or in the room who don’t know this, we have a three-audit contract with the Controller’s Office and this is the second of three. And what we’ve seen already, of course, is we’ve gone -- I think the first year there were only 17 completed projects
or something, and this year there’s however many, 100-and-something, and next year there will be far more than that.

MS. KUROKAWA: Correct.

CHAIR GORDON: How are you feeling about the sample size? Are you concerned about the sample size? Are you going to increase it? What’s your sense of what that will look like next year?

MS. KUROKAWA: We have no problem increasing the sample size if we get more funding.

CHAIR GORDON: I knew you were going to say that.

MS. KUROKAWA: Honestly, we have about $300,000 remaining in our contract. And we are also, this next year, also doing a financial audit, as well. So we’ve allocated $100,000 for that financial audit, so that leaves $200,000 for us to go out to 20 districts.

CHAIR GORDON: Okay.

MS. KUROKAWA: So we think, honestly, that’s the most we can actually do on that budget.

And you are correct, what we have seen,
we’ve already gotten the sample size from the Chancellor’s Office. And the projects are far greater, like the costs are larger, and the population to pick from is far greater, as well. But we’re limited to the $200,000 that we have.

CHAIR GORDON: Yeah. You and us both.

MS. KUROKAWA: Yeah.

CHAIR GORDON: We’re all limited --

MS. KUROKAWA: So --

CHAIR GORDON: -- the $300,000 --

MS. KUROKAWA: -- so --

CHAIR GORDON: -- unfortunately, so --

MS. KUROKAWA: -- we think, actually, honestly, 20 districts is quite ambitious, and that’s the most we can do.

CHAIR GORDON: Thank you. That’s very helpful. We’re having ongoing discussions about this issue.

Just for new members, we have only $300,000 allocated to us for this function. And we are anticipating this issue next year. And then the addition of the School Bus Program in the following year. So it is going to become something we need to address and we’re trying to figure out how. I don’t know if anybody has any
thoughts on that or any other higher-level thoughts on the audit process?
And, Heather and Barbara, I want to give you another chance to weigh in.

BOARD MEMBER LLOYD: I’m happy with the conduct of the audit. And as far as future, I agree, if there were additional funding --

MR. BASTIDA: That’s Barbara.

BOARD MEMBER LLOYD: -- to cover workloads, that would be great.

Sorry, I should have announced. That’s correct.

CHAIR GORDON: Barbara, I’m sorry, I got confused in the questions about who was speaking. Can you say that last point one more time?

Barbara, you’re un-muted, I think. Your point about Workforce?

Or someone else can repeat it, since I didn’t hear it.

Oh, Barbara, we lost you. If you are back on, will you repeat that point? We actually need you back for a quorum for a few.

BOARD MEMBER ROSENBERG: This is --

CHAIR GORDON: Heather, can you --

BOARD MEMBER ROSENBERG: Sorry. This is
Heather.

CHAIR GORDON: Yeah, Heather, go ahead.

BOARD MEMBER ROSENBERG: And I had agreed with what she said, so -- which I understood to be that she was comfortable with the contracts and discussion, and no further questions right now.

CHAIR GORDON: Great. That’s easy. Barbara, we do need you back, though, for about -- do we have you back?

Jack?

BOARD MEMBER LLOYD: Yeah, I’m here.

CHAIR GORDON: Oh, great, Barbara, thank you. Great.

Any other questions from the Board?

Great. Can we -- do we think we can have a motion on this point? Again, we are voting on approving the audit.

BOARD MEMBER DIAS: Motion to approve.

BOARD MEMBER LLOYD: I will second.

Barbara.

CHAIR GORDON: Barbara seconds. Great.

Can we have a roll call please, Jack?

MR. BASTIDA: Yeah. All right. Kate Gordon?
CHAIR GORDON: Yes.

MR. BASTIDA: Adrienne Alvord?

BOARD MEMBER ALVORD: I’m going to abstain, only because I didn’t have a chance to read it thoroughly. I hope it’s not a reflection on the audit.

MR. BASTIDA: David Dias?

BOARD MEMBER DIAS: Yes.

MR. BASTIDA: Barbara Lloyd?

BOARD MEMBER LLOYD: Yes.

MR. BASTIDA: Heather Rosenberg?

BOARD MEMBER ROSENBERG: Yes.

MR. BASTIDA: Okay.

CHAIR GORDON: We have four yeses and an abstention, and I can’t figure out if that works. Does that work to pass? It’s the majority of those present; right? Okay. Good. All right. Thank you. I guess I need to go back and read Robert’s Rules, obviously. Okay. Great.

Thank you everybody.

And thank you, Lisa. This has been, I know, a heroic effort on your part. And we appreciate everything you’ve done to move it forward and to address last year’s issues and just be very cooperative and collaborative with
us, so thank you.

Oh, and I’m sorry, is Controller Yee okay? We hear she was in a car accident?

MS. KUROKAWA: Yeah, she was in an accident over the weekend and she’s fine. I believe she’s probably back to work today or tomorrow with additional doctor visits in the future.

CHAIR GORDON: Great. Well, tell her, we hope she recovers quickly.

Okay, that was the majority of our agenda. I think we are going to public comment, and so the floor is open. Please give your name slowly at the beginning of your comment, if you have a comment. And anything that was on the agenda today, including on the phone, or not.

(Music playing on the telephone line.)

MR. BASTIDA: Hold on one second.

CHAIR GORDON: Oh, hold on one second while we open up the phone line. If there’s someone on the -- oh, we were probably on hold for that person; right?

MR. BASTIDA: I re-muted everybody for now.

CHAIR GORDON: Okay. Sorry, those on the
phone, we had to mute you because somebody has us on hold. We will open the phone line back up, I promise, before the end of public comment.

In the room, is there anybody who has anything that they want to say, including Staff, if you have any burning desire to speak?

Look at that. All right, well, I guess we’ll open up the line again and see if there’s anyone on the phone.

(Music playing on the telephone line.)

CHAIR GORDON: I’m sorry. That is some serious hold music. All right, well, I’m not sure what to do about that. I’m not sure what the rules are on that.

MR. BASTIDA: If you have a question, you can send a text.

CHAIR GORDON: Why don’t we mute that for now? Mute them for now, and then we will tell people how they can weigh in.

MR. BASTIDA: Oh, you found it?

CHAIR GORDON: Yeah. Go ahead.

MR. BASTIDA: You found it?

CHAIR GORDON: No. She just muted it.

MR. BASTIDA: Okay.

CHAIR GORDON: Jack, can you tell people
on the phone how they can weigh in?

MR. BASTIDA: Yeah. So if you want to weigh in or have a question, please use the text feature in WebEx and we will read it out loud, or raise your hand and we’ll ask --

CHAIR GORDON: And please do that right now because, otherwise, we are going to end the meeting.

MR. BASTIDA: Nobody is raising their hand, so --

CHAIR GORDON: Okay. With that, just thank you, everybody, for joining us for this meeting and for continuing to be engaged in the program. We really appreciate it.

And, Drew, thanks particularly to you for hanging out here and listening in and participating. And also, of course, Commissioner and Chair Weisenmiller’s staff, Michael.

And with that, the meeting is adjourned.

Thank you.

(The regular meeting of the Clean Energy Jobs Act Citizens Oversight Board adjourned at 2:21 p.m.)