

**Santa Monica-Malibu Unified School District
Board of Education Meeting
MINUTES**

April 14, 2010

A special meeting of the Santa Monica-Malibu Unified School District Board of Education was held on Wednesday, April 14, 2010, at the District Offices: 1651 16th Street, Santa Monica, CA. The Board of Education called the meeting to order at 5:42 p.m. in the Board Room.

I. CALL TO ORDER

- A. Roll Call – Board of Education
Barry Snell
Kelly Pye
Ben Allen – *excused absence*
Oscar de la Torre

Jose Escarce – *excused absence*
Maria Leon-Vazquez – *arrived at 5:50pm*
Ralph Mechur

- B. Pledge of Allegiance
Led by Mr. Mechur.

II. PUBLIC COMMENTS

Public Comments is the time when members of the audience may address the Board of Education on items not scheduled on the meeting's agenda. All speakers are limited to three (3) minutes. When there is a large number of speakers, the Board may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Board members may not engage in discussion of issues raised during "III. Public Comments," except to ask clarifying questions, make a brief announcement, make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to twenty (20) minutes.

III. MAJOR ITEMS (30)

- A.01 Public Hearing to Consider Entering into Solar Energy Service Contracts (5)..... 1
A.02 Adopt Resolution No. 09-33 – Findings and Approval of Solar Energy Service Contracts with Regeneration Finance, LLC, and Approve Authorization for Filing of Notice of Exemptions (15).....2-6
A.03 Public Hearing – Measure R Parcel Tax 2010-11 Annual Plan (10)7-8

IV. ADJOURNMENT

It was moved by Mr. de la Torre, seconded by Ms. Pye, and voted 5/0 (Dr. Escarce and Mr. Allen were absent) to adjourn the meeting at 6:29 p.m. The next regular meeting will be held on **Thursday, April 22, 2010, at 5:30 p.m.** at the District Office: 1651 16th Street, Santa Monica, CA.

Approved: 04-22-10



President



Superintendent

MAJOR ITEMS

TO: BOARD OF EDUCATION

ACTION/MAJOR

04/14/10

FROM: TIM CUNEO / JANECE L. MAEZ / VIRGINIA I. HYATT

RE: PUBLIC HEARING TO CONSIDER ENTERING INTO SOLAR ENERGY SERVICE CONTRACTS

RECOMMENDATION NO. A.01

It is recommended that the Board of Education hold a public hearing to consider entering into solar energy service contracts. The hearing is scheduled for Thursday, April 14, 2010.

COMMENT: Pursuant to Government Code section 4217.12 the Board of Education of the Santa Monica-Malibu Unified School District ("Board") will consider entering into solar energy service contracts ("Contracts") with REgeneration Finance, LLC to install solar panel systems on the roofs of the following nine schools: (1) Grant Elementary School, (2) Franklin Elementary School, (3) McKinley Elementary School, (4) John Muir Elementary School, (5) Will Rogers Elementary School, (6) Roosevelt Elementary School, (7) Juan Cabrillo Elementary School, (8) Pt. Dume Marine Science School, and (9) Webster Elementary School; and to sell to the District the electrical power generated by these solar panel systems at a below-market rate.

The law requires that the Board hold a public hearing, receive testimony from the public, discuss, and either approve or disapprove the proposed solar energy service contracts following this item.

OPEN PUBLIC HEARING (5:43pm)

MOTION MADE BY: Mr. Mechur

SECONDED BY: Mr. de la Torre

STUDENT ADVISORY VOTE: N/A

AYES: Four (4)

NOES: None (0)

ABSENT: Dr. Escarce, Mr. Allen, Ms. Leon-Vazquez

CLOSE PUBLIC HEARING (5:44pm)

MOTION MADE BY: Mr. Mechur

SECONDED BY: Ms. Pye

STUDENT ADVISORY VOTE: N/A

AYES: Four (4)

NOES: None (0)

ABSENT: Dr. Escarce, Mr. Allen,
Ms. Leon-Vazquez

TO: BOARD OF EDUCATION

ACTION/MAJOR

04/14/10

FROM: TIM CUNEO / JANECE L. MAEZ / VIRGINIA I. HYATT

Postponed
from 03/18/10

RE: ADOPT RESOLUTION NO. 09-33 – FINDINGS AND APPROVAL
OF SOLAR ENERGY SERVICE CONTRACTS WITH REGENERATION
FINANCE, LLC AND APPROVE AUTHORIZATION FOR FILING OF NOTICE
OF EXEMPTIONS

RECOMMENDATION NO. A.02

It is recommended that the Board of Education ("Board") adopt Resolution 09-33 to make the findings required by Government Code section 4217.12, find that the proposed project embodied in the proposed energy service contracts (collectively, the "Agreements") is categorically exempt from the California Environmental Quality Act ("CEQA"), and to approve the proposed project and Agreements.

DISCUSSION:

In mid-2008, Solar Santa Monica gave the Santa Monica-Malibu Unified School District ("District") a grant to evaluate the potential for a public-private partnership agreement for the generation of electricity from photovoltaic (i.e., solar) panel systems at the District's schools. The District engaged Think Energy to conduct the evaluation. Nine schools were identified for solar panel systems: (1) Grant Elementary School, (2) Franklin Elementary School, (3) McKinley Elementary School, (4) John Muir Elementary School, (5) Will Rogers Elementary School, (6) Roosevelt Elementary School, (7) Juan Cabrillo Elementary School, (8) Pt. Dume Marine Science School, and (9) Webster Elementary School (collectively "School Sites"). The existing electrical demand for these schools was determined to be 2,237,980 kilowatts per year.

In October 2008, the District conducted a Request for Proposals process (#9.11) to ascertain whether electrical supply from solar panel systems at the School Sites would be in the best interests of the District. The District received valuable information from that process, but did not ultimately enter into a contract with any of those potential vendors.

PermaCity, Inc. brought REgeneration Finance LLC ("REgeneration") to the District who offered electrical power from solar panel systems generating a total of 863.310 kilowatts per year at \$0.131 per kilowatt hour with an annual escalator of four percent over 25 years.

During the board meeting of December 10, 2009, District staff presented an analysis of REgeneration's offer which is anticipated to save the District the approximate total amount of \$1,073,109 in energy cost and avoid the production of 23,822 tons of greenhouse gases over the next 25 years.

District staff negotiated with REgeneration to develop the proposed Agreements that will provide the District with these benefits from the reduced electrical power cost and protections to the School Sites. The District will need to grant REgeneration easements for the solar panel systems over the Agreements' 25-year term. Once REgeneration has prepared descriptions of the solar panel systems' footprints, District staff will return to the Board with proposed easements for approval.

REgeneration provided the District with conceptual designs of the solar panel systems that would be installed upon the School Sites' roofs. The Class 1 Categorical Exemption under CEQA Guideline section 15301 exempts minor alterations to existing public facilities: "Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical

features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. [¶]...[¶] Examples include but are not limited to: [¶] (a) Interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances....”

REgeneration's solar panel systems would be low profile occupying the roofs of the School Sites, and such would not extend above the rooflines more than at most several inches. The power lines would run from the panels down walls and underground to inverters near the School Sites' existing electrical rooms. The solar panel systems would provide an alternative electrical source for the existing school uses and would not expand the existing uses. Thus, REgeneration's solar panel systems fit the definition of the Class 1 Categorical Exemption and are exempt from CEQA.

A copy of the contract, the First Amendment, and the solar panel system conceptual designs are available for review in the Purchasing Office upon request.

Ms. Hyatt's handout showing the cost savings over the term of the agreement can be found under Attachments at the end of these minutes.

Mr. Mechur asked about the change in agreement duration and potential savings from when the item was postponed in December. Ms. Hyatt explained that since the December board meeting, the agreement had been extended to twenty-five years and the district's estimated minimum savings had been adjusted up to \$2,827,346.

Mr. de la Torre expressed his interest in the potential curriculum and vocational education benefits of such an agreement. Ms. Hyatt said the plan does incorporate the concept of solar power and alternative energy sources into the curriculum. However, since the panels will be on roofs, there is a liability concern for any vocational education component. Mr. de la Torre asked if local vendors would be used for this project. Ms. Hyatt said the installer was a local company. Mr. de la Torre requested to see a copy of the final contract when it was complete.

Mr. Snell asked for clarification regarding the ownership and maintenance of the PV panels. Ms. Hyatt explained that REgeneration would own the panels and be responsible for maintaining them, and that the district would purchase energy generated by the panels at a better rate than that offered by traditional electrical companies. Pt. Dume already has PV panels on its roof, and Ms. Hyatt said the district would look into incorporating those panels into this PPA.

Ms. Pye asked about additional roof maintenance resulting from the panels. Ms. Hyatt said the roof maintenance vendor and REgeneration are working together to ensure the longevity of the both the roofs and the panels and will clearly define the responsibilities of each.

Ms. Leon-Vazquez expressed concern about locking in an escalation rate of 4%, especially when a new energy deregulation bill has recently gone into effect. Ms. Hyatt explained that a thirty-year average of 6.7% rate increase was used in the cost-savings analysis. She added that even if utility rate increases were to decrease slightly due to deregulation, that the locked-in 4% rate in this PPA would be a better option for the district.

MOTION MADE BY: Mr. Mechur
SECONDED BY: Ms. Pye
STUDENT ADVISORY VOTE: N/A
AYES: Five (5) (Dr. Escarce and Mr. Allen were absent)
NOES: None (0)

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 09-33

**FINDINGS AND APPROVAL OF SOLAR
ENERGY CONSERVATION CONTRACTS WITH
REGENERATION FINANCE, LLC**

WHEREAS, Government Code section 4217.12(a) authorizes a public agency to enter into an energy service contract and related facility ground lease if the public entity's governing board finds that its anticipated cost from energy conservation facilities (as defined in Government Code section 4217.11) will be less than its anticipated marginal cost of thermal, electrical, or other energy that would have been consumed in the absence of such purchases and that the fair rental value of the real property occupied by the energy conservation facilities will be offset by the below-market energy purchases or other benefits provided under the energy service contract; and

WHEREAS, in October, 2008, the Santa Monica-Malibu Unified School District ("District") conducted a Request for Proposals process (#9.11) to ascertain whether electrical supply from photovoltaic (i.e., solar) panel systems would be in the best interests of the District; and

WHEREAS, REgeneration Finance, LLC ("REgeneration") has represented to the Santa Monica-Malibu Unified School District ("District") that REgeneration has developed certain energy conservation measures as defined in Government Code section 4217.11 ("Energy Conservation Measures"); and

WHEREAS, the District has analyzed the energy needs of nine schools: (1) Grant Elementary School, (2) Franklin Elementary School, (3) McKinley Elementary School, (4) John Muir Elementary School, (5) Will Rogers Elementary School, (6) Roosevelt Elementary School, (7) Juan Cabrillo Elementary School, (8) Pt. Dume Marine Science School, and (9) Webster Elementary School (collectively "School Sites") and has determined that REgeneration's provision of Energy Conservation Measures at the School Sites ("Energy Conservation Facilities") will result in a reduction of energy consumption or demand that will result in a net cost savings to the District ("Energy Cost Analysis"); this Energy Cost Analysis was presented by District staff at the December 10, 2009 Board of Education ("Board") meeting; and

WHEREAS, based upon the Energy Cost Analysis, the cost to the District for electrical power from REgeneration's Energy Conservation Facilities will be less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of the REgeneration's Energy Conservation Facilities; and

WHEREAS, as shown in the conceptual designs, REgeneration's Energy Conservation Facilities would be low profile panel systems that would occupy the roofs of the School Sites and such would not extend above the rooflines more than at most several inches and the power lines would run down walls and underground to inverters near the School Sites' existing electrical rooms ("Proposed Project"); such installations would be a minor alteration to the public schools to provide an alternative energy source for the existing school uses; and

WHEREAS, the District and REgeneration signed a Letter of Intent dated March 1, 2010 and subsequently have developed solar energy service contracts in the form of a proposed Solar Services Agreement and First Amendment to Solar Services Agreement (collectively, the "Agreements") that would provide the District with an initial electricity rate of \$0.131 per kilowatt

hour and then escalated each year by four percent to \$0.27 over the 25-year term of the Agreements; and

WHEREAS, REgeneration has demonstrated that electrical cost to the District from REgeneration's Energy Conservation Facilities is anticipated to be offset by below-market energy purchases or other benefits provided under the Agreements pursuant to Government Code section 4217.12(a)(2); and

WHEREAS, District staff has determined that there is no fair rental value for the School Sites' roofs where REgeneration's Energy Conservation Facilities would be located; and

WHEREAS, on this date, pursuant to Government Code section 4217.12, the District gave notice of a public hearing for the Board's consideration of the entering into the Agreements, and prior to considering this resolution, the Board held such public hearing; and

WHEREAS, the District desires to contract with REgeneration for the Proposed Project pursuant to the Agreements.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby finds as follows:

1. That the Board held a public hearing at its regularly scheduled meeting concerning the Proposed Project prior to consideration of this resolution.
2. Based upon the Board Item, the facts developed at the public hearing, the Agreements, the conceptual designs, and the administrative record as a whole, the Proposed Project is exempt from the California Environmental Quality Act under the Class 1 Categorical Exemption (Title 14, California Code of Regulations, section 15301).
3. Based upon the Board Item, the facts developed at the public hearing, the Agreements, the conceptual designs, and the administrative record as a whole, pursuant to Government Code section 4217.12, the Board hereby finds that the anticipated cost to the District for electrical power under the Agreements will be less than the anticipated marginal costs to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of such purchases under the Agreements.
4. Based upon the Board Item, the facts developed at the public hearing, the Agreements, the conceptual designs, and the administrative record as a whole, the savings to the District from purchasing power from REgeneration under the Agreements will offset the fair rental value of the roof top spaces that REgeneration's Energy Conservation Facilities would occupy.
5. Based upon the Board Item, the facts developed at the public hearing, the Agreements, the conceptual designs, and the administrative record as a whole, it is in the best interests of the District to enter into the Agreements.
6. That the Superintendent is authorized to enter into the Agreements, file Notices of Exemption, and to take all steps and perform all actions necessary to execute and implement the Agreements and to take any actions deemed necessary to best protect the interests of the District.

BE IT FURTHER RESOLVED that the Board hereby approves the Proposed Project.

PASSED AND ADOPTED by the Santa Monica-Malibu Unified School District of Los Angeles County at the regularly scheduled meeting held on this 18th day of March 2010.

AYES: 5
NOES: 0
ABSTENTIONS: 0
ABSENT: 2



Barry Snell, President
Board of Education

I, Tim Cuneo, Secretary of the Board of Education of the Santa Monica-Malibu Unified School District, do certify that the foregoing Resolution was regularly introduced, passed and adopted by the Board of Education at its regularly scheduled meeting held on March 18, 2010.



Tim Cuneo, Superintendent
Santa Monica-Malibu Unified School District

TO: BOARD OF EDUCATION

ACTION/MAJOR

04/14/10

FROM: TIM CUNEO / JANECE L. MAEZ

RE: PUBLIC HEARING – MEASURE R PARCEL TAX 2010-2011 ANNUAL PLAN

RECOMMENDATION NO. A.03

It is recommended that the Board of Education hold a public hearing on the matter of the Measure R parcel tax to allow for public input on whether the priority programs to be supported by Funding Measure revenues should be modified in the Proposed Annual Plan. The hearing is scheduled for Wednesday, April 14, 2010.

COMMENT: Proposed Annual Plan: Section 5.B., ACCOUNTABILITY, PLANNING, PUBLIC INFORMATION, AND COMPLIANCE REVIEW PROVISIONS-Annual Plan, requires that an expenditure plan shall be developed annually for the succeeding fiscal year that will recommend expenditures of the tax proceeds, consistent with the intent of the Funding Measure. It further states that “The Proposed Annual Plan shall be presented for Board action each fiscal year in conjunction with the District’s annual budget adoption process for the subsequent fiscal year. To facilitate public discussion, the Proposed Annual Plan shall be made available for public review ninety (90) calendar days prior to Board adoption of its annual budget.” The Plan is attached and has been available for public review on the District’s website and in the Office of the Superintendent since March 18, 2010.

Public Comment Process: Section 5.C. provides that “No fewer than 60 calendar days before the Board acts on the annual budget for the subsequent fiscal year, the Board shall hold a noticed public hearing on the Proposed Annual Plan in order to allow for public input on whether the priority programs to be supported by Fund Measure revenues should be modified. No fewer than 30 calendar days before the Board acts on the annual budget for the subsequent fiscal year, the Proposed Annual Plan and the findings from the public hearing shall be reviewed by the Independent Citizens Oversight Committee which shall forward its recommendations to the Board.” It also states that “Members of the public may comment on the plans, reports, and conditions of the Funding Measure during the public comment period of any meeting of the Independent Citizens Oversight Committee or any meeting of the Board.”

Public Comments:

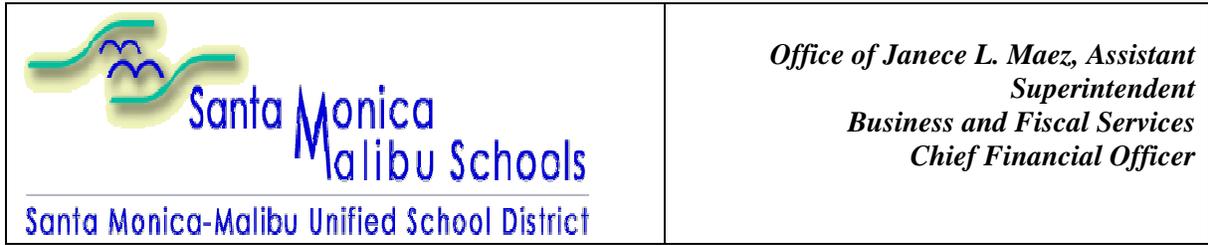
- *Janis Gabbert, a member of the community, asked for information regarding music program funding by Measure R. President Snell directed the question to staff.*

OPEN PUBLIC HEARING (6:24pm)

MOTION MADE BY: Ms. Pye
SECONDED BY: Mr. de la Torre
STUDENT ADVISORY VOTE: N/A
AYES: Four (4)
NOES: None (0)
ABSENT: Dr. Escarce, Mr. Allen, Mr. Mechur

CLOSE PUBLIC HEARING (6:28pm)

MOTION MADE BY: Ms. Pye
SECONDED BY: Mr. de la Torre
STUDENT ADVISORY VOTE: N/A
AYES: Five (5)
NOES: None (0)
ABSENT: Dr. Escarce, Mr. Allen



TO: For Public Review
 FROM: Janece L. Maez
 RE: Proposed Annual Plan of Measure R Expenditures for 2010-11
 DATE: March 18, 2010

In accordance with *The Santa Monica-Malibu Schools Quality Education Funding Renewal Measure* (Measure R) Section 5.B, Accountability, Planning, Public Information, and Compliance Review Provisions-Annual Plan, the District must develop a Proposed Annual Plan to recommend expenditures of the tax proceeds that are consistent with the intent of Measure R, which shall be made available for public review ninety (90) calendar days prior to Board adoption of its annual budget.

Here is the Proposed Annual Plan of Measure R Expenditures for the 2010-11 fiscal year:

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT
 PARCEL TAX - MEASURE "R" BUDGET / PLAN**

	2009-10 BUDGET	2010-11 PLAN
REVENUE:	10,264,436	10,400,000
EXPENDITURES:		
COST TO ADMINISTER	13,043	14,000
PHYSICAL EDUCATION	537,398	550,000
COMMUNITY SERVICES	56,781	57,000
TECHNOLOGY	1,160,097	1,200,000
OTHER PROGRAMS	2,139,944	-
SUBTOTAL EXPENDITURES FOR MEASURE "R":	3,907,263	1,821,000
BALANCE USED TO PRESERVE PROGRAMS AND REPLACE FUNDS LOST DUE TO INADEQUATE STATE FUNDING	6,357,173	8,579,000
TOTAL BUDGET/PLAN MEASURE R	10,264,436	10,400,000

In accordance with Section 5.C-Public Comment Process, the Board shall hold a noticed public hearing on this plan no fewer than 60 calendar days before the annual budget is adopted for the subsequent fiscal year. Public notice will be published for the public hearing, to be held at the April 14, 2010 Board Meeting at the District's Administration Offices Board Room, 1651 16th Street, Santa Monica, CA 90404-3891. Section 5.C also states that no fewer than 30 days prior to the annual budget adoption, the Independent Citizens Oversight Committee will review the public hearing findings and make its recommendation to the Board.

JLM/dms

ATTACHMENTS

ATTACHED IS THE FOLLOWING DOCUMENT

- Charts: "SMMUSD PPA, Option A" and "SMMUSD PPA, Option R" (*associated with Item No. A.02*)

SMMUSD PPA Option A

GS2 TOU-A
bill offset
with 6.7%
Utility
Escalation

PPA cost with
745 kW (AC)
.131 PPA at 4%
Escalation

PPA
Cumulative
savings

edited 3.29.10 MW

First year savings:	\$224	2010	1	162,720	\$ 162,496	\$ 224
		2011	2	172,754	\$ 168,151	\$ 4,828
		2112	3	183,407	\$ 174,002	\$ 14,233
		2013	4	194,717	\$ 180,057	\$ 28,892
		2014	5	206,724	\$ 186,323	\$ 49,293
		2015	6	219,472	\$ 192,807	\$ 75,957
		2016	7	233,005	\$ 199,517	\$ 109,445
		2017	8	247,374	\$ 206,460	\$ 150,358
		2018	9	262,628	\$ 213,645	\$ 199,341
		2019	10	278,823	\$ 221,080	\$ 257,084
		2020	11	296,017	\$ 228,774	\$ 324,327
		2021	12	314,270	\$ 236,735	\$ 401,862
		2022	13	333,650	\$ 244,973	\$ 490,539
		2023	14	354,224	\$ 253,498	\$ 591,265
		2024	15	376,068	\$ 262,320	\$ 705,012
		2025	16	399,258	\$ 271,449	\$ 832,821
		2026	17	423,878	\$ 280,895	\$ 975,804
		2027	18	450,017	\$ 290,670	\$ 1,135,150
		2028	19	477,767	\$ 300,786	\$ 1,312,131
		2029	20	507,228	\$ 311,253	\$ 1,508,106
		2030	21	538,506	\$ 322,085	\$ 1,724,527
		2031	22	571,713	\$ 333,293	\$ 1,962,948
		2032	23	606,968	\$ 344,892	\$ 2,225,024
		2033	24	644,397	\$ 356,894	\$ 2,512,527
		2034	25	684,134	\$ 369,314	\$ 2,827,346
				9,139,718	\$ 6,312,372	\$ 2,827,346

Solar Santa Monica



SMMUSD PPA Option R

GS2 TOU-R
bill offset
with 6.7%
Utility
Escalation

PPA cost with
745 kW (AC)
.131 PPA at 4%
Escalation

PPA
Cumulative
savings

edited 3.29.10 MW

First year savings:	\$41,060	2010	1	203,556	\$ 162,496	\$ 41,060
		2011	2	216,108	\$ 168,151	\$ 89,018
		2112	3	229,435	\$ 174,002	\$ 144,451
		2013	4	243,583	\$ 180,057	\$ 207,976
		2014	5	258,603	\$ 186,323	\$ 280,256
		2015	6	274,550	\$ 192,807	\$ 361,998
		2016	7	291,480	\$ 199,517	\$ 453,961
		2017	8	309,454	\$ 206,460	\$ 556,955
		2018	9	328,537	\$ 213,645	\$ 671,846
		2019	10	348,796	\$ 221,080	\$ 799,562
		2020	11	370,304	\$ 228,774	\$ 941,093
		2021	12	393,139	\$ 236,735	\$ 1,097,497
		2022	13	417,382	\$ 244,973	\$ 1,269,906
		2023	14	443,120	\$ 253,498	\$ 1,459,528
		2024	15	470,445	\$ 262,320	\$ 1,667,653
		2025	16	499,455	\$ 271,449	\$ 1,895,659
		2026	17	530,254	\$ 280,895	\$ 2,145,017
		2027	18	562,952	\$ 290,670	\$ 2,417,299
		2028	19	597,666	\$ 300,786	\$ 2,714,180
		2029	20	634,522	\$ 311,253	\$ 3,037,448
		2030	21	673,649	\$ 322,085	\$ 3,389,013
		2031	22	715,190	\$ 333,293	\$ 3,770,909
		2032	23	759,292	\$ 344,892	\$ 4,185,309
		2033	24	806,114	\$ 356,894	\$ 4,634,529
		2034	25	855,823	\$ 369,314	\$ 5,121,038
				11,433,410	\$ 6,312,372	\$ 5,121,038

