

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

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Burke, Williams & Sorensen, LLP

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Oversight Committee Consultant

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Director

Frank Padilla

Administrator

Citizens' Bond Oversight Committee

Regular Meeting

333 S. Beaudry Avenue

Los Angeles, CA 90017

Wednesday August 19, 2009

Committee Members Present:

E. Bar-El; J. Naimo; C. Espinosa; C. Rice; S. Folsom; L. Levitan; A. Medina; R. Slawson; B. Valles

Committee Members Absent:

D. Crippens; C. Bergson; D. Jenkins

Agenda Item 1. Call to Order

Ms. Bar-El called the meeting to order at 10:15 a.m.

Agenda Item 2. Chair's Remarks

Ms. Bar-El chaired the meeting.

Virginia Tanzmann and Charles Bergson recently resigned their positions on the BOC. Ms. Bar-El thanked Ms. Tanzmann and Mr. Bergson for their service to the BOC. Ms. Bar-El noted that with the resignation of Mr. Bergson a vacancy is now open for a LAUSD Student Parent representative. This position is filled directly by the Board of Education (BOE).

Agenda Item 12. Public School Choice: A New Way at LAUSD

Presenter: Monica García, President, Board of Education

Board President Monica García provided information on the Public School Choice: A New Way at LAUSD resolution.

Ms. Rice thanked President García for her presentation. Ms. Rice appreciated the focus and sense of urgency of the resolution. She noted that the BOC's jurisdiction is making sure that the promises made to bond voters are not violated. Ms. Rice expressed concern about the capacity to execute this type of reform. She added that she was comfortable with Superintendent Cortines in charge of the process.

Mr. Folsom noted that creating neighborhood schools is the focus in all of the bond measures. Mr. Folsom requested confirmation that the new schools mentioned in the resolution would be neighborhood schools. President García responded affirmatively.

Ms. Bar-El recommended adding language to the resolution that says students coming from the local catchment area will be served first and foremost. As it now reads, the language says students coming from the designated overcrowded schools will be served first and foremost. President García responded that there is commitment to create neighborhood schools for the students.

Mr. Medina asked President García to share the major concerns expressed at recent community meetings. President García responded that many concerns were expressed. There was concern that the resolution signaled the privatization of education. There was concern that the business of public schools would become an elite practice. There was concern that the District could not implement good ideas. There was concern that the process was moving too fast. Some members of the public felt there had not been enough public discussion. President García reported that the biggest concern was over jobs. Commitments have been made by the District to all 13 bargaining units. President García believes everyone has to work together.

Mr. Slawson took issue with the resolution. He believes the resolution will move the District in the wrong direction. He added that was deregulation of the public school system. He added that there is no evidence that charter schools are performing better than traditional schools. Mr. Slawson referenced a report that compared charter schools to LAUSD schools and that there was no difference between them. Mr. Slawson expressed concern that LAUSD elected officials were handing over the operation of schools to unknown operators. Mr. Slawson reported that even when charter schools do outperform traditional schools, one reason is that they do not take all students. He added that every student does not apply to charter schools. Parents that are knowledgeable, interested, and have time, are the ones that get their children into charter schools. The parents that are working two jobs or the single parent families are not getting into charter schools because they don't have the time to take an interest in charter schools. Mr. Slawson expressed concerned about the District's ability to pass future bonds. The taxpayers within the LAUSD took on the payments of these bonds because they believed that the money was going to be used to build schools in their neighborhoods. President García stated that magnet schools have a protective practice and do not take every student. President García wants to see the successes of magnet schools, pilot schools, etc., transferred throughout the District. President García stated that the intention is to lead the instructional team to model the aggressive bold optimistic vision that facilities provided back in 2001.

Ms. Bar-El stated that if the resolution is passed by the Board of Education, she expected to see BOC representation on any implementation task force. Ms. Bar-El mentioned that the Mendez LC became part of the Mayor's Partnership Schools. She added that this action was not presented to the BOE. Ms. Bar-El asked if the other new schools that are expected to open within the Mayor's Partnership Schools catchment areas would also be part of the Mayor's Partnership Schools. She asked if there was going to be a process to decide how this happens in the future. She also asked if there was going to be formalization of the process that has occurred with the Mendez LC. President García responded that all of the secondary schools in Boyle Heights voted to be in the Partnership Schools.

Public Speaker: Bill Ring, Parent Collaborative

Public Speaker: Juan Parrino, UTLA

Public Speaker: Susan Gosman, CSEA

Public Speaker: Robbie Hunter, Building Trades

Agenda Item 13. Public Comment

Public Comment: Felipe Aguirre, Councilman, City of Maywood

Public Comment: Richard Ryan, District Director, Office of Assemblyman John A. Perez

Agenda Item 3. Consent Calendar

Ms. Bar-El introduced the Consent Calendar consisting of the following:

- June 17, 2009 Minutes
- July 8, 2009 Minutes
- BOC Bylaws Amendment

There was a motion, second, and vote.

Aye: 9
Nay: 0
Abstain: 0
Absent: 3

The Consent Calendar Passed Unanimously

Agenda Item 8. Existing Facilities SEP Amendment – A&I and Board Member Funded Projects
Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Resolution 2009-32

This SEP Amendment is for 66 projects valued at \$3,281,235.

There was a motion, second, and vote.

Aye: 7
Nay: 0
Abstain: 2
Absent: 3

Resolution 2009-32 Passed

Agenda Item 9. Existing Facilities SEP Amendment – A/C Projects
Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Resolution 2009-33

This is a \$40 million program that is intended to provide air-conditioning to facilities that do not have air-conditioning or whose air-conditioning systems are inoperable. This program will be executed in two phases. This SEP Amendment is for Phase I and consists of 113 classrooms and 122 data equipment rooms. The list was compiled with direct input from each of the Local District Facilities Directors. The value of Phase I is \$7.8 million.

There was a motion, second, and vote.

Aye: 9
Nay: 0
Abstain:
Absent: 3

Resolution 2009-33 Passed Unanimously

Agenda Item 10. Existing Facilities SEP Amendment – Measure R Major Repairs
Presenter: Neil Gamble, Director, Maintenance and Operations

Resolution 2009-34

This SEP Amendment is for Measure R Major Repairs. There is approximately \$315 million. Ten million was allocated to Board Members, \$28 million allocated for air-conditioners, and \$277 million allocated for repair projects to be identified based on the Facilities Condition Index. Approximately 85 percent of the program is executed. This request is to

reallocate funding to some high priority projects. These include lead in water mitigation plan, install smart irrigation controllers, and replace deteriorated lock hardware with card access locks.

There was a motion, second, and vote.

Aye: 9
Nay: 0
Abstain:
Absent: 3

Resolution 2009-34 Passed Unanimously

Agenda Item 11. Library Services SEP Update

Presenter: Esther Sinofsky, Director, Instructional Media Services

Resolution 2009-35

This is the Library Services SEP Update 2009. Ms. Sinofsky reported that two RFPs are being worked on. The first one is for the new integrated library system. The second one is for book vendors that will provide the opening day collections. Ms. Sinofsky provided a brief summary of the Library Services SEP Update.

There was a motion, second, and vote.

Aye: 9
Nay: 0
Abstain:
Absent: 3

Resolution 2009-35 Passed Unanimously

Ms. Bar-El asked Mr. Mehula to speak briefly to the FSD re-organization. Mr. Mehula talked about the delay of Measure Q and how it will impact the FSD. He reported that the FSD staff located at the 7th and Bixel location will be moving to the Beaudry Building in December/January. Mr. Mehula reported that selections for new leadership positions will be going to the Board of Education for approval next week.

Ms. Rice noted she was pleased with President García's acknowledgement that FSD was a model for innovation, accountability, performance, and excellence. She is glad to see that the District is recognizing that FSD set their expectations high and exceeded them. It took nine years to make the machine work. The results can be seen with the new schools being built on time and for the most part, on budget. Ms. Rice reported that FSD did not come out of the District's culture. She added that President García is trying to take the District in the direction of the FSD. She added that the BOE cannot impose the regular framework of the District on FSD. Ms. Rice stated that she is fully aware of the District's budget constraints, but cautioned that District contract requirements cannot be imposed upon the FSD because there is the potential for shutting FSD down. She added that the reason FSD exceeds expectations and has performed as a national model is because it is not part of the District's culture. Ms. Rice urged Superintendent Cortines and the BOE not to put District constraints on the FSD. She added that FSD moves in a particular rhythm and it has its own set of mega construction problems to manage and cannot be managed in the same way as the rest of the District. Ms. Rice cautioned the Superintendent and the BOE to understand that there is a fundamental difference in the operations of FSD. She added that the FSD is subject to the rules of the bonds, the rules of contracts, and the rules of mega construction management and that is different from what the District does.

Agenda Item 5. Monthly Program Status Report – New Construction

Presenter: Fred Smith, Acting Deputy Chief Facilities Executive, New Construction

Mr. Smith provided an update on the New Construction Program. Mr. Smith reported that the new construction program consists of 438 projects. Approximately 68 percent of the projects have been completed. To date 80 new schools have been completed, 51 schools remain to be completed. Mr. Smith reported that six new schools would be opening in September.

Mr. Smith reported that one of the architectural firms alerted the District to the possible use of defective tube steel on some public projects within the state. FSD inspection took immediate action to identify LAUSD projects where structural tube steel could have come from the suspected supplier and detailed inspections of all the steel were initiated. Inspections and testing are still in progress. To date no steel has identified that needs to be rejected.

Agenda Item 4. Monthly Program Status Report – Existing Facilities

Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Mr. Dillon provided an update on the Repair and Modernization Program.

Agenda Item 6. Monthly Program Status Report – Planning and Development Branch

Presenter: John Creer, Director, Planning and Development

Mr. Creer provided an update on the Planning and Development Branch (PDB). There have been a total of 38 joint use projects approved by the BOE. The BOE has approved \$40.4 million in Joint Use funds and \$27 million in Innovation funds for a total of \$67.4 million in bond funds allocated over 114 campuses. PDB obtained \$129 million in partner contributions and commitments.

Mr. Creer highlighted health clinic projects at Carson HS, Sun Valley MS, and 9th Street ES. Upcoming projects include 4 school based health clinics, 2 additional youth centers, 1 additional aquatics joint use project, and 1 cultural center.

Mr. Creer reported on the charter school facilities bond program. Approximately \$92 million in charter bond funds have been allocated to 155 projects. Mr. Creer reported that there are four workforce housing projects in the pipeline.

Agenda Item 7. Deferred Maintenance Financing Overview

Presenter: Eric Blum, Director, Program Management

Mr. Blum provided an overview of deferred project financing. FSD is exploring this as result of the current situation with both the state and local bonds. Mr. Blum reviewed the current program objectives.

Mr. Blum discussed the decrease in assessed valuation (AV) and the impact to the bond program. The decrease in AV creates issues with access to Measure Q and also creates a timing issue in terms of accessing the remaining bond funds to finish the current construction and modernization program. He added that there is also a tax rate issue. Mr. Blum elaborated on the tax rate issue.

Mr. Blum reviewed the process for general obligation bond tax assessments. Mr. Blum reported on the economic impacts of bond issuances. The plan is to issue \$3.9 billion in bonds for fiscal year 2009-10. By Spring 2010 there will be approximately \$800 million in state applications waiting for apportionment. The state is currently not apportioning funding, but is issuing unfunded approvals. Mr. Blum presented the various options to approach the cash shortfall. The first option is to use certificates of participation. The second option is to use 3rd third party financing. The third option is to delay project awards until state funds are certain and timing is known. Mr. Blum reviewed the next steps.

Mr. Naimo noted that he read that the tax amount for a \$100,000 property could go up to \$200 in the near future. He asked if this information was accurate. Mr. Blum responded that he did not have the information with him. He believed the maximum forecast is somewhere over \$200 but he did not have the exact number. Mr. Naimo asked if the projected tax amount was inclusive of the bonds that were going to be sold this fiscal year. Mr. Blum responded that the projection is inclusive of all the bond issuances that would occur. Mr. Naimo questioned whether or not the rate of increase is such, that it calls into question the amount of bonds the District decides to issue this year. He wanted to know if that had been thought through. Mr. Blum responded that it has been thought through in the sense that program needs \$3.9 billion plus the state match to complete the program. If \$3.9 billion is not issued this year only \$3.4 billion would be issued next year. This would cause \$500 million difference due to the debt limit on the issuance of general obligation bonds.

Ms. Bar-El noted that in the past the District was a part of the bubble and had no problem issuing bonds. She added that predictions were made that the bubble would bust. It busted and the District is feeling the results of the bust. She noted that this situation was not a result of FSD decisions but a result of the current economic situation. Ms. Bar-El added that the importance of construction has not diminished.

Mr. Folsom noted that Mr. Blum would be back at the September BOC meeting for another presentation. He requested Mr. Blum address Mr. Naimo's questions in more detail at that time. Mr. Folsom noted that that in the presentation there mentioned a possibility that putting an end to Concept 6 may not occur by the deadline. Mr. Folsom asked if there was any contemplation that Concept 6 will not end by 2012. Mr. Blum responded that the Williams settlement mandates that the District be off of a Concept 6 calendar by July 2012. He added that the program needed to be completed to meet the mandate. Mr. Blum did not have the specifics of which projects needed to get the District off of Concept 6 versus a multi-track calendar. Mr. Folsom requested that these questions be answered in September. He added that the BOC needs to know that these projects are getting done.

Ms. Bar-El adjourned the meeting at 12:45 p.m.

Minutes of August 19, 2009 Approved per Bond
Oversight Committee on October 21, 2009

John Naimo

John Naimo, Secretary