

Santa Ana Unified School District
1601 E. Chestnut Avenue
Santa Ana, California 92701

MINUTES

REGULAR MEETING
SANTA ANA BOARD OF EDUCATION

August 24, 2004

CALL TO ORDER

The meeting was called to order at 5:05 p.m. by Board President Richardson. Other members in attendance were Dr. Yamagata-Noji, Mr. Tinajero, Mrs. Avila, and Mr. Palacio.

Cabinet members present were Dr. Mijares, Dr. Bennett, Dr. Stabler, Mr. Best, Dr. Stainer, Dr. Bratcher, Ms. Brown, Mr. Sharp, and Mrs. Araujo-Cook.

MEETING RECESSED AND RECONVENED

At 5:05 p.m., the Regular meeting was recessed to Closed Session to consider real estate negotiations, legal matters, personnel matters, special education contracts, and student discipline issues.

The Regular meeting was reconvened at 6:15 p.m.

There were approximately 85 members of the community and District staff in the audience.

PLEDGE OF ALLEGIANCE

The meeting was opened with the Pledge of Allegiance led by Dr. Yamagata-Noji.

REPORT OF ACTION TAKEN IN CLOSED SESSION

By a vote of 5-0, the Board took action to continue the Master Contract and Individual Service Agreements between the SAUSD and Tustin Center for disabled students named in Closed Session for the 2004-05 school year.

By a vote of 5-0, the Board took action to ratify payment for costs incurred related to parent transportation for a disabled student named in Closed Session for the 2003-04 school year.

By a vote of 5-0, the Board took action to approve the recommendation of the expulsion readmission panel to readmit former students with identification numbers 126432, 128789, and 104735 to District schools for the fall semester of the 2004-05 school year.

SUPERINTENDENT'S REPORT

Dr. Mijares stated that he was extremely pleased to report that the Board had given approval for the hiring of 16 more teachers for assignment to core subjects. Funding for these positions has been made possible because the District's budget picture has brightened significantly.

Attention was directed to the beautiful artwork posted in the Board room from Kennedy and Garfield elementary and Carr Intermediate schools.

The Superintendent informed the Board that four Santa Ana High School varsity baseball players would be traveling to Italy representing North America on a baseball team. Freshmen Eric Torres and Ramiro Velasco and Sophomores Christian Acosta and Christian Ramirez were selected for this team.

Dr. Mijares introduced a video report depicting a recent visit to Heninger Elementary School by several Japanese exchange students.

A report was given on the Summer Science and Technology Program wherein students were selected from Willard, Spurgeon, McFadden, and Sierra Academic Talent Search programs to learn about chemistry, geology, and astronomy. Thanks were extended to Santa Ana College and Marco Ramirez for heading up this summer science program.

A video report from Channel 24 was shown to highlight the recent visit to UCI by Middle College High School students. This was a great opportunity for these young people to get a real taste of college life.

Dr. Mijares congratulated Eric Walker, a third grader at Lincoln Elementary School, for his honor at the MIND Institute's 2004 Education Awards Dinner to be held in October. Eric participated in the MIND Institute's math and music program, scoring at the 99th percentile of the California State standards test in math. The Honorable Richard Riordan, California Secretary of Education, will be presenting Eric's award to him at the dinner.

The Superintendent called up Ms. Bernedette Medrano, Executive Director, for a report on the Santa Ana Education Foundation's summer activities. She was accompanied by Lorena Maae and Julie Green. Lorena Maae represented Citibank in donating pocket folders with paper and pencils to all intermediate students and 500 pencil boxes for first graders. Julie Green represented Wells Fargo Bank, which graciously provided dictionaries for every sixth grader and musical instruments for the elementary music program and for Sierra's Jazz Band. Ms. Medrano also informed the Board that Staples had donated bags filled with supplies to 400 teachers.

Superintendent Mijares and Board President Richardson extended their appreciation to the Foundation and its Board for the many great opportunities brought to the students of Santa Ana Unified School District through their efforts.

PRESENTATION: BOND OVERSIGHT COMMITTEE'S FIRST ANNUAL REPORT

Dr. Mijares asked that Ms. Brown, Assistant Superintendent, Facilities Planning/Governmental Relations, step to the podium for the presentation. She introduced Mr. Michael Metzler, Chairman of the Measure C Independent Citizens Bond Oversight Committee, who was accompanied by Committee members Mr. Oscar Garza, Ms. Ellen Koldewey, Mrs. Irma Macias, and Mr. Robert Munoz.

Mr. Metzler read to the trustees the following Statement of Compliance:

The Santa Ana Unified School District Independent Citizens Bond Oversight Committee submits this Annual Report to the Board of Trustees in conformance with the standards of the Strict Accountability in Local School Construction Bond Act of 2000, also known as Proposition 39.

Based on the information provided by the District for the reporting period of July 1, 2003, through June 30, 2004, the Committee finds that

the Santa Ana Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

*During this fiscal year, no funds were used for any teacher or administrative salaries or other operating expenses prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution. Proceeds from the sale of bond funds in this reporting period were used only for the permitted purposes of construction, rehabilitation, and replacement of school facilities. We note also that bond revenue was spent only as specified in the voters' ballot and Board resolution of Measure C.

*During this fiscal year, bond revenue has been expended only on new construction and modernization of projects listed in the School Board bond resolution and the SAUSD website.

*Independent performance and financial audits will be conducted for the reporting period.

Mr. Oscar Garza, Vice Chairman, stepped to the microphone to outline the following six recommendations:

(1) Develop a policy for use of interest money specifically that interest follows principal for all Capital Facilities Funds. In particular, we strongly recommend that interest bond monies be used for only the publicly approved Measure C projects listed on the District's official website. When loans are made using Measure C funds, full disclosure to the public and the Bond Oversight Committee regarding the terms and conditions and status of repayment should be made in a timely manner.

(2) Reimburse Measure C Bond, Fund 21, for expenditures related to the legal costs for the Tustin Settlement Agreement.

(3) At the close of escrow, deposit all net proceeds into Measure C Bond, Fund 21, from the sale of the Farmer's site.

(4) Develop a "Best Practices Procedure" that addresses the awarding and hiring of Measure C Professional Services contracts over \$15,000 to include Request for Qualifications and/or Request for Proposal and Board authorization.

(5) Conduct an Annual Independent Financial and Performance Audit.

(6) Require Board certification that evaluation of safety, class size reduction, and information technology needs have been taken into account in developing the project list.

Following the report, members of the Board thanked Committee members for their diligent efforts in providing a good and thorough process.

In response to a question from Mr. Tinajero, Mr. Metzler stated that the public will have access to the report on the District's website.

In response to Board questions, Mr. Garza stated that this report covered the period July 1, 2003, through June 30, 2004. He further stated that a subsequent report to the Board will cover the period from the inception of Measure C through June 30, 2003, pending the results of the examination currently underway by Capital Program Management which is expected to be concluded by the end of the calendar year.

PRESENTATION: ADOPTION OF REVISED 2004-05 BUDGET

Education Code Section 42127(a) requires school district governing boards to hold a public hearing and adopt the final 2004-05 budget on or before September 1, 2004.

Dr. Stabler stated that the State Legislature passed and the Governor adopted the State's Budget in early August. That State Budget has a structural deficit of \$3.4 billion, which reflects the serious nature of budget matters, and should cause the District to be extremely cautious and attentive.

This District's budget has a 2% reserve for economic uncertainties, which is an area that the Board and District have been striving to attain, as it is the minimum requirement. Another major consideration in the budget is the amount set aside for salary restoration. Action in conjunction with the adoption of the Budget will also include language providing that any expenditure of the salary restoration money will require approval by a 4/5 majority of the Board. Any funding derived from the State budget which was not expected (the deficit reduction and equalization portions) have been set aside as a program restoration reserve. The net result is a positive certification for the 2004-05, 2005-06, and 2006-07 school years. Specifics with respect to the budget are as follow:

Key Assumptions that did not Change

- Expenditure:
 - FTE Reductions (-290 & -131 FTEs)
 - Salary Reductions (-4% & -1%)
- Revenue:
 - Revenue Limit ADA = 58,983
 - Without Charter & County Schools = 57,267
 - Revenue Limit COLA = 2.41%
 - Deficited Base Rev Limit = \$4,758 per ADA
 - Step & Column Increase = +1.5%
 - Health Benefit +3%

Key Assumptions that Changed

- Revenue:
 - Equalization Added
 - Deficit Reduction Impact Added
- Expenditure:
 - Indirect Rate Reduced (10.7% to 7.05%)
 - Increased Pro-rated Worker's Comp Rates
 - Programs Charged for Pro-rated Retiree Benefit
- Reserves:
 - School Site Carryover
 - Prepaid Expenses
 - Program Restoration
- Other: Fund 56 (Debt Service Fund)

General Fund (Unrestricted)

General Fund (Restricted)

(\$s in 000's)	2003-04 Unaudited Actuals	2004-05 Dual Adopt Budget	Chg	% Chg
Revenue	300,488	287,805	(12,683)	-4.2%
Expenditures				
Certificated Salaries	176,122	160,458	(15,664)	-8.9%
Classified Salaries	34,926	28,369	(6,557)	-18.8%
Employee Benefits	60,771	53,715	(7,056)	-11.6%
Non-Sal Expenses	24,967	33,038	8,071	32.3%
Total	296,786	275,580	(21,206)	-7.1%
Excess	3,702	12,225	8,523	230.2%

(\$s in 000's)	2003-04 Unaudited Actuals	2004-05 Dual Adopt Budget	Chg	% Chg
Revenue	158,318	156,433	(1,885)	-1.2%
Expenditures				
Certificated Salaries	53,553	52,448	(1,105)	-2.1%
Classified Salaries	30,159	32,234	2,075	6.9%
Employee Benefits	23,243	27,127	3,884	16.7%
Non-Sal Expenses	69,318	53,721	(15,597)	-22.5%
Total	176,273	165,530	(10,743)	-6.1%
Excess	(17,955)	(9,097)	8,858	-49.3%

General Fund (Combined)

(\$s in 000's)	2003-04 Unaudited Actuals	2004-05 Dual Adopt Budget	Chg	% Chg
Revenue	458,806	444,238	(14,568)	-3.2%
Expenditures				
Certificated Salaries	229,675	212,905	(16,770)	-7.3%
Classified Salaries	65,084	60,604	(4,480)	-6.9%
Employee Benefits	84,014	80,842	(3,172)	-3.8%
Non-Sal Expenses	94,284	86,759	(7,525)	-8.0%
Total	473,057	441,110	(31,947)	-6.8%
Excess	(14,251)	3,128	17,379	-121.9%
Reserves				
Economic Uncertainties	1.5%	2.0%		
Salary Restoration	0.0%	2.7%		

Multi-Year Projection

(\$s in 000s)	2004-05	2005-06	2006-07
Total Revenues	444,238	448,650	457,351
Total Expenditures	441,110	438,922	467,160
Excess/(Shortfall)	3,128	9,728	(9,809)
Ending Balance	36,040	45,767	35,959
Reserve			
- Economic Uncertainties \$	8,822	8,778	9,343
- Salary Restoration \$	11,751	20,520	9,250
- Program Restoration \$	3,075	3,030	1,930
- Economic Uncertainties %	2.0%	2.0%	2.0%
- Salary Restoration %	2.7%	4.7%	2.0%
- Program Restoration %	0.7%	0.7%	0.4%

Dr. Stabler introduced Mr. Kelvin Tsunozumi, Director of Budget, to present the changes from the preliminary adopted budget presented to the Board on June 22, 2004. He reviewed the June 22 preliminary budget and the unaudited actuals for the 2003-04 school year.

Board members asked questions and received answers as Mr. Tsunozumi reviewed individual categories.

Mr. Tsunozumi pointed out each area in which the District's budget had improved due to more funding being received from the State than had been expected at the time of the June 22 meeting.

Following his presentation, Mr. Tsunozumi reviewed with the Board the budget calendar:

*The Board will take action to adopt the 2004-05 Budget at this meeting.

*The final closing of 2003-04 unaudited actuals will be presented at the September 14 Board Meeting.

*The First Interim Report will be presented at the December 14 Board Meeting.

Mr. Ron Bennett, School Services of California, the District's fiscal advisor, stepped to the podium. He noted that, eight months ago when he was first asked to assist with the financial crisis, the District was scheduled to deficit spend a total of \$25 million during the 2003-04 school year. In the

end, the deficit spending was \$14 million. This was a result of difficult decisions by the Board, staff, employee associations, and school sites to conserve resources so that the year 2004-05 could be started in a more favorable position. While this is still a big deficit, he stated that it is considerably better and he emphasized that it is the people of the District who make such improvements happen. He further pointed out that, through these efforts, Santa Ana Unified School District has received a positive certification. He commended the District for developing a solid plan and having the resolve to get the success which has been depicted in this budget briefing.

Mr. Richardson extended his appreciation on behalf of the Board to the entire community, staff, and the Orange County Department of Education for their efforts to assist the District in bettering the financial dilemma.

PUBLIC PRESENTATIONS

Mr. Richardson asked that those members of the audience wishing to address the Board step to the podium.

Ms. Rachele Fleming, Middle College High School parent, spoke to the trustees regarding personnel issues dealing with cuts in security and speaking on behalf of a math teacher.

Ms. Victoria Zargoza, President of the District Advisory Committee (DAC), read to the Board the letter sent by the District Advisory Committee and the District English Learners Advisory Committee (DELAC), in response to the 2003-04 Orange County Grand Jury Report, "Speaking English in Santa Ana - Proposition 227 Then and Now." The letter enumerated concerns with statements in the report and a concern regarding lack of input from parents, including members of DAC and DELAC Committees.

Ms. Maria Arias, Walker parent, asked the Board to again consider designating Walker as a single cycle school.

Mr. Raul Garcia-Ortiz, Fremont teacher, expressed concern regarding the waiver process and specifically asked that parents be given enough information to make the choice.

Mr. Michael Murphy, Valley High School teacher, again requested the Board to consider incorporating Algebra A and B.

Ms. Susan Seager, retired Fremont teacher, spoke regarding the after school program, suggesting that the Board use the services of THINK Together and further urged the Board to provide bilingual education for those students whose parents want that choice.

Mr. Moreno Ramon, 1413 Carlton Place, suggested that the Board save the dollars spent on bilingual education and put them to use in other programs.

PRESENTATION: PROGRESS REPORT OF DISTRICT'S CRITICALLY OVERCROWDED SCHOOLS (COS) PROGRAM

Ms. Brown stated that the State had developed the COS Program as a solution for those urban school districts having difficulty competing for new school funding on a first-come, first-served basis. The State reserved funds for critically overcrowded schools out of Proposition 47 and Proposition 55. Staff received approval from the Board of Education to submit seven applications, five elementary and two intermediate schools, to the State for possible future funding. In August 2003 the District received a preliminary apportionment,

which allows a four-year time period for the District to complete due diligence, select sites, design schools, and go forth with the process. A requirement of this funding mechanism is that the Board receive a progress report and conduct a Public Hearing once each year.

Ms. Brown stated that one of the specifications for project eligibility is that the COS site must be located within the attendance area of a source school, within a one-mile radius for an elementary source school, or within a three-mile radius of a secondary school. The State has certified the need and apportioned up to \$236,742,690 for these projects. At this meeting, the Board will conduct a public hearing regarding the COS progress report. The District will then report to the State Allocation Board, certifying that the California Department of Education has determined that there is at least one approvable and adequate site for each of the seven COS projects within the identified general location area.

APPROVAL OF MINUTES

It was moved by Mr. Tinajero, seconded by Dr. Yamagata-Noji, and carried 4-0, Mrs. Avila not present, to approve the Minutes of the Regular Board Meeting of July 27, 2004.

APPROVAL OF CONSENT CALENDAR

Dr. Mijares asked that the Board withdraw action on the following two items: Approval of Consultant Agreement Between Santa Ana Unified School District and Focus on Results for the 2004-05 School Year; and Approval of Extended License Agreement Between the Santa Ana Unified School District and Delhi Community Center for Rental of Facility for 2004-05 School Year.

The following items were removed from the Consent Calendar for discussion and separate action: Awards and Approval of 2004-05 Renewal Rates for Employee Benefits Insurance Plans.

It was moved by Mr. Tinajero, seconded by Mr. Palacio, and carried 4-0, Mrs. Avila not present, to approve the remainder of the Consent Calendar as presented.

The following gifts were accepted subject to the condition that the District does not guarantee maintenance of the items or expenditure of District funds for their continued use.

<u>Gifts</u>	<u>Donors</u>
Carver Elementary \$1,811 for student incentives	Washington Mutual Bank WaMoola for Schools Program Mr. Roy Kaplan Princeton, NJ
Garfield Elementary \$655 for field trips	Life Touch National School Studios Ms. Connie Cimaglia Eden Prairie, MN
Hoover Elementary Two bicycles and two helmets	First Congregational Church Mr. Victor Bogdanoff Santa Ana
Mitchell Child Development Center \$109 for classroom supplies	Orange County's United Way Ms. Maria Chavez Wilcox Irvine
Walker Elementary \$50 toward field trips	Mr. Leo & Mrs. Donna Connolly Laguna Niguel
Visual and Performing Arts One Viola and Seven Violins	Mrs. Betty Lively Lakewood

Visual and Performing Arts Clarinet	Philharmonic Society of Orange County* Ms. JoAnn Fuerbringer Irvine
SAUSD - various school sites Three Sony Trinitron televisions and two Panasonic televisions	Emulex Corporation Mr. Dean Lissner Costa Mesa
SAUSD Employee Spirit \$500 for Annual Management Team Retreat	The Penn Air Group, Inc. Mr. Herman "Woody" Philhower Cypress
SAUSD Employee Spirit \$1,000 for Annual Management Team Retreat	Timothy M. Cary & Associates Mr. Tim Cary Cameron Park
SAUSD Employee Spirit \$1,000 for Annual Management Team Retreat	OCTFCU School & Community Relations Ms. Cathy Murillo Santa Ana
SAUSD Employee Spirit \$1,500 for Annual Management Team Retreat	AIG/VALIC Mr. Ed Boero Anaheim

Approval of purchase orders issued July 14 through August 11, 2004, to purchase material, supplies, etc., with funds previously approved.

Approval of warrant listings prepared July 16 through August 11, 2004, to pay budgeted District financial obligations.

Authorization to reject all bids and re-bid for construction of the Lathrop Intermediate and Roosevelt Elementary modernization projects.

Acceptance of the July 30, 2004, completion of contract for Bid Package No. 6 grading contract for the construction of the Segerstrom High School project with C. W. Poss in the amount of \$757,186.38.

Approval of Project Change Order No. 2 for Bid Packages 83, 85, 86, 87, 88, 89, 92, 93, and 99 for construction of the Manuel Esqueda Elementary School project in the amount of \$105,029.67 for a revised total construction cost of \$15,380,674.84.

Approval of Project Change Order No. 1 for Bid Package 2 for construction of the Godinez Fundamental High School project for a credit of \$(39,633.09) for a revised contract amount of \$2,474,866.91.

Approval of Project Change Order No. 2 for Bid Package 2 for construction of the Godinez Fundamental High School project in the amount of \$163,900.80 for a revised total construction cost of \$2,638,767.71.

Ratification of the appointment of Virtually Green to provide a case study for Heroes Elementary for the amount of \$25,000.

Ratification of the amended Memorandum of Understanding (MOU) between Santa Ana Unified School District, South Coast Church, and Nexus Development Corporation for supplemental vehicular and pedestrian access to the Taft School site.

Authorization of the disposal of obsolete textbooks, pursuant to Education Code Sections 39520 and 39521, and Board Policy and Administrative Regulation 3270.

Ratification of agreement between the Santa Ana Unified School District and the Orange County Department of Education/Pacific Life Foundation Grant for the

Advancement Via Individual Determination (AVID) program for the 2004-05 school year.

Approval of contract between the Orange County Department of Education and the Santa Ana Unified School District for the Inside the Outdoors - School Program (Grades 1-3) for 2004-05 school year.

Approval of contract between the Orange County Department of Education and the Santa Ana Unified School District for the Inside the Outdoors - Field Program (Grades 4-5) for the 2004-05 school year.

Approval of Participation in the Outdoor Science School Program through the Orange County Department of Education for selected Santa Ana Unified School District schools for the 2004-05 school year.

Approval of continuation of the Minnie Street Family Resource Center Grant Award at Kennedy Elementary School for the 2004-05 school year.

Authorization to approve a TSA/403(b)7 tax-sheltered annuity plan with The Vanguard Group.

Ratification of continuation of the interagency personnel agreement with the Orange County Department of Education for the 2004-05 fiscal year.

Approval of the recommendations of the administrative hearing panels to expel students for the recommended terms and with the recommended remediation conditions.

101163 - Cesar Chavez High School
for violation of Section (c) and (j), that the Board expel him from the schools of the District, and that he may apply for readmission on or after June 15, 2005.

144646 - Santa Ana High School
for violation of Section (b), that the Board expel him from the schools of the District, and that he may apply for readmission on or after June 15, 2005.

Ratification/Approval of Extended Field Trips:

Century High School - Leadership Class
UC Santa Barbara Leadership Conference
Santa Barbara, California
August 11-13, 2004 (Wednesday-Friday)

Century High School - Pep Squad
Spirit Camp at Cal Lutheran University
Thousand Oaks, California
August 5-8, 2004 (Thursday-Sunday)

Saddleback High School - Cross Country Team
Cross Country Summer Training Camp
El Prado Group Camp Site
Mt. Laguna, California
August 21-28, 2004 (Saturday-Saturday)

Santa Ana High School - Athletic Department
Cross Country Training Camp
Mammoth Lakes, California
August 21-28, 2004 (Saturday-Saturday)

Migrant Education Program
Camp Conrad
San Bernardino, California
August 9-14, 2004 (Monday-Saturday)

AWARDS

Dr. Yamagata-Noji stated that she would prefer to withhold action on the awards, one of which is a contract for the construction of Mountain View High

School, pending the discussion later in this meeting pertaining to the Master Program Budget for the School Building Program.

It was the consensus of the members to delay action on this item.

APPROVAL OF 2004-05 RENEWAL RATES FOR THE EMPLOYEE BENEFITS INSURANCE PLANS

Dr. Yamagata-Noji removed this item from the Consent Calendar to clarify the rates.

Mr. Best indicated that this item would formalize the Board's previous review and direction.

Mr. Gary Ward and Ms. Ellen Harness, consultants with Mercer Human Resource Consulting, stepped to the podium for the clarification. Mr. Ward stated that the information provided to the Board reflected the changes which were brought to the Board in May with no further changes in the current level of benefits. In round numbers, the overall renewal increase is about one-and-a-half percent for all programs.

Mr. Richardson extended appreciation to the consultants for their efforts on behalf of the District.

Dr. Yamagata-Noji asked that the concept of basing the percentages on claim utilization be considered at the time these rates are again considered.

It was moved by Dr. Yamagata-Noji, seconded by Mr. Tinajero, and carried 5-0 to approve the 2004-05 renewal rates for the employee benefits insurance plans.

ADOPTION OF RESOLUTION NO. 04/05-2574 - INTENTION TO LEASE PORTION OF SADDLEBACK HIGH SCHOOL AND INVITATION TO PROSPECTIVE TENANTS TO BID ON SAME

Dr. Stabler stated that AT&T Wireless is interested in leasing a small section of the Saddleback High School campus for the purpose of installing a cellular telephone tower. Prior to entering into a lease, a Public Hearing must be held for the purpose of declaring the property as surplus and inviting other interested parties to bid for the lease.

He further stated that 10% of the revenue generated from this and any similar lease would be designated to the school site. In the case of Saddleback, funds have been made available for installation of the scoreboard.

Public Hearing

Mr. Richardson declared the meeting open for public comment on the District's intention to lease a portion of Saddleback High School and the invitation to prospective tenants to bid on the same. There were no comments made. The President then declared the Public Hearing closed and called for a vote on this issue.

It was moved by Mr. Tinajero, seconded by Dr. Yamagata-Noji, and carried 4-0, Mr. Palacio not present, to adopt Resolution No. 04/05-2574 stating the intention to lease a portion of Saddleback High School and extending an invitation to prospective tenants to bid on the same.

A copy of the resolution is attached to the Minutes of this meeting.

ADOPTION OF RESOLUTION NO. 04/05-2575 - RESOLUTION OF THE SAUSD BOARD OF EDUCATION DECLARING ITS INTENTION TO INCURE BONDED INDEBTEDNESS WITHIN

COMMUNITY FACILITIES DISTRICT (CFD) NO. 2004-1 (CENTRAL PARK PROJECT) OF THE SAUSD

Ms. Brown asked that Denise Hering, the District's bond counsel from Stradling Yocca Carlson & Rauth, introduced the next two items related to the Central Park plan and forming the Community Facilities District.

Ms. Hering stated that the Mello-Roos Act provides a two-step process to form a Mello-Roos district and to incur bonded indebtedness. The two resolutions on this agenda make up the first step.

This resolution states the intent to establish the Community Facilities District, followed by the next agenda item, which calls for a Public Hearing and requires that staff prepare a report describing the Community Facilities District, the facilities that are proposed to be financed, the cost of those facilities, and additional information having to do with the tax formula. That report would be prepared for presentation to the Board at the September 28, 2004, Regular Board Meeting in conjunction with the Public Hearing.

It was moved by Mr. Tinajero, seconded by Dr. Yamagata-Noji, and carried 4-0, Mr. Palacio not present, to adopt Resolution No. 04/05-2575, resolution of the Santa Ana Unified School District Board of Education declaring its intention to incur bonded indebtedness within CFD No. 2004-1 (Central Park Project) of the Santa Ana Unified School District.

A copy of the resolution is attached to the Minutes of this meeting.

ADOPTION OF RESOLUTION NO. 04/05-2576 - RESOLUTION OF THE SAUSD BOARD OF EDUCATION DECLARING ITS INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT (CFD) NO. 2004-1 (CENTRAL PARK PROJECT) OF THE SAUSD, TO AUTHORIZE THE LEVY OF SPECIAL TAXES WITHIN THE PROPOSED DISTRICT AND APPROVING OTHER ACTIONS RELATED THERETO

It was moved by Mr. Tinajero, seconded by Dr. Yamagata-Noji, and carried 4-0, Mr. Palacio not present, to adopt Resolution No. 04/05-2576, resolution of the Santa Ana Unified School District Board of Education declaring its intention to establish a Community Facilities District (CFD) No. 2004-1 (Central Park Project) of the SAUSD, to authorize the levy of special taxes within the proposed District and approving other actions related thereto.

A copy of the resolution is attached to the Minutes of this meeting.

ADOPTION OF DISTRICT'S FINAL 2004-05 BUDGET

Dr. Stabler requested that the Board adopt the Budget. He stated that, as requested by the Board, he had received a legal opinion regarding the legality of adding the verbiage to require a 4/5 vote for any expenditure from the Salary Restoration fund to the adoption motion. County Counsel assured the District that this would be acceptable.

Dr. Stabler further complimented Mr. Tsunozumi for the expertise he has brought to this District and demonstrated in his earlier presentation of the Budget.

It was moved by Dr. Yamagata-Noji and seconded by Mr. Richardson to adopt the District's final 2004-05 annual budget, including the establishment of a Salary Restoration Reserve from which funds may not be spent for any other purpose without a 4/5 vote by the Board of Education.

Public Hearing

Mr. Richardson declared the meeting open for public comment on the District's adoption of the final 2004-05 budget.

Ms. Florence Ball Freeman, teacher at Lowell, thanked the Board for being concerned about the salary restoration funds.

There being no further comment, the President declared the Public Hearing closed.

Upon call for the vote, the motion carried 4-0, Mr. Palacio not present.

APPROVAL OF THEATRE PRODUCTION COURSE FOR IMPLEMENTATION - 2004-05 SCHOOL YEAR

Dr. Bratcher extended appreciation to the Board on behalf of the high school principals present in the audience for the restoration of 16 high school teaching positions.

Dr. Bratcher stated that inclusion of this course will enable students to meet the "g" portion of the University of California's a-g requirements. It ties theatre and drama curriculum with production components.

It was moved by Mr. Tinajero, seconded by Mr. Palacio, and carried 5-0 to adopt the Theatre Production course for implementation in the 2004-05 school year.

PUBLIC HEARING: PROGRESS REPORT ON THE DISTRICT'S CRITICALLY OVERCROWDED SCHOOLS (COS) PROGRAM

Mr. Richardson stated that the Board had heard the earlier presentation on this topic. He declared the meeting open to public comment on the District's Critically Overcrowded Schools (COS) program. Hearing no comment, the President declared the Public Hearing closed.

APPROVAL OF ALGEBRA ESSENTIALS COURSE FOR IMPLEMENTATION - 2004-05 SCHOOL YEAR

Dr. Bratcher introduced the Algebra Essential course, stating that this course will update a current high school course, Transitional Algebra, and is designed to assist students in understanding basic algebraic concepts coupled with specific, guided activities to prepare students for success in Algebra I. This course will be offered to ten percent of the incoming ninth graders in order to have minimal effect on the site's API score.

As part of the presentation, Dr. Bratcher highlighted the Secondary School Mathematic Sequence, showing the progress of students through mathematics curriculum from grades 6 to 12.

During the presentation, Dr. Noji suggested that staff consider the possibility of utilizing tutors in the classroom while class is going on to assist students. She stated that tutors have been successful at the college level and asked that this technique be investigated.

Mr. Palacio further requested that mandatory summer school be investigated as an intervention for those students who are failing Algebra.

Mr. Richardson requested that the Board be given feedback on the new program. Dr. Bratcher indicated that a report would be given at the conclusion of each 6-week grading period.

Following review, it was moved by Mr. Tinajero, seconded by Mr. Palacio, and carried 5-0 to adopt the Algebra Essentials course for implementation in the 2004-05 school year.

Dr. Bratcher gave his thanks to the teachers, curriculum committee, and principals who have been involved in the development of this course.

APPROVAL OF PERSONNEL ACTION

It was moved by Dr. Yamagata-Noji, seconded by Mr. Tinajero, and carried 5-0, to approve the Personnel Calendar as presented.

A copy of the Personnel Calendar is attached to the Minutes of this meeting.

DISCUSSION: MASTER PROGRAM BUDGET (MPB) FOR THE SCHOOL BUILDING PROGRAM

Ms. Brown stated that the Board had received an updated Master Program Budget at the July 13, 2004, Board meeting. At that time, Capital Program Management, the District's consultant for school building financial management, presented the District's project priorities and funds needed. After consideration at this meeting of the updated planning costs, bid results, and escalated construction costs, the Board will have the opportunity to discuss the building program and give direction as to its priorities.

Mr. Jay Davison of Capital Program Management stepped to the podium and reviewed the budget and expenditure report, which shows a new balance of \$30,340,638, an increase of about \$2.3 million above the last number reported to the Board. These figures are updated with expenses through June 30, 2004, and include the interest income for the fiscal year. He reviewed the nine projects which have been completed (Adams Modernization, Madison Modernization, Monroe Modernization, Taft Modernization, Old Griset construction, Jackson Addition, Lincoln Addition, Roosevelt Addition, and Washington Addition). He stated that all expenditures on these projects have been subtracted. The excess money from those budgets have been reclaimed and added to the balance available for future projects. This amounted to approximately \$1 million.

Mr. Davison emphasized that the money the Board is expecting to spend by awarding contracts at this meeting relies on future income, not on funds currently available.

Mr. Palacio asked for an accounting on the interest from the settlement with Tustin. Mr. Davison indicated that interest from that particular settlement had been added to the General Fund. Mr. Palacio stated that he did not recall the Board giving authorization for the interest dollars to be put into the General Fund.

Mr. Richardson reminded the Board that one of the recommendations of the Bond Oversight Committee will establish a policy requiring that all interest money follow the funds, which will assure that interest remains in the construction program.

Mr. Palacio stated his strong desire that the interest money be moved back into the Tustin Settlement funds.

Dr. Noji asked for and received clarification regarding several of the funding lines as presented. She indicated that she needs to be able to have the figures of which projects were completed with which funds in order to be able to answer questions as to how Measure C funds were expended. Mr. Davison indicated that a new report being developed will include an exact explanation of the information she has requested.

Following discussion, Mr. Davison stated that bids have been received for the following modernization projects: Hoover, Lowell, Jackson, McFadden, Lathrop, and Roosevelt. Staff has recommended that the Board accept the first four, which came in under budget by more than 2.5 million. Lathrop and Roosevelt came in over bid and Board authorization has been received to re-bid those projects.

Mr. Davison further stated that the bids for the Mountain View construction project had been received this date and had been reflected in this report at \$11.3 million, about \$900,000 over budget. Staff has recommended that the Board approve the award for the project.

He further reported that, based on the assumption that the remaining four projects are bid in a similar way as those presented at this meeting, \$11.1 million would be required to complete these modernization projects (Lathrop, Roosevelt, Fremont, and Sierra), \$2 million less than had been previously projected. Under those circumstances, the Board now has an estimated \$33,083,234 to prioritize.

A discussion of various scenarios ensued.

With respect to awarding a contract for the Mountain View project, Ms. Brown stated that a signed notice to proceed must get to the State by September 26, 2004, in order to maintain the District's State funding.

Mr. Palacio stated that he felt the District needed to move forward with the Mountain View project or face losing the State money. He indicated his desire to move forward.

Mrs. Avila asked about the possibility of moving forward with the three elementary schools, Otsuka, Heroes, and New Griset. She stated that the Board had promised the public that it would produce elementary schools.

Mr. Tinajero stated that he was prepared to move forward on the Mountain View project and that the District cannot afford to lose the matching funds from the State.

Dr. Yamagata-Noji indicated that she had always had concerns with the Mountain View project in terms of its site and design. She further stated that starting the project without having full funding in the bank brings her to a very serious reconsideration. She stated that it would be her preference to proceed with Valley's modernization, a desire that she has had for 14 years. She indicated her preference to proceed with Heroes and Griset. She stated that she felt the discussion of prioritization should have preceded the Board being asked for approval of the Mountain View project.

Further discussion ensued prior to the President asking that the Board proceed with the awarding of contracts.

AWARDS

The President received consensus to separate the question, taking action on all awards other than Mountain View.

Hoover, Lowell, Jackson, and McFadden

It was moved by Mr. Palacio and seconded by Mr. Tinajero to authorize the Administration to award a contract to DJM Construction Company, Inc. in the amount of \$4,974,000 for construction of the Hoover and Lowell Elementary

modernization projects; and further to award a contract to PW Construction in the amount of \$6,590,000 for the construction of the Jackson Elementary and McFadden Intermediate modernization projects.

Mountain View

It was moved by Mr. Palacio and seconded by Mr. Tinajero to authorize the Administration to award a contract to S. J. Amoroso in the amount of \$11,387,000 for the construction of Mountain View High School.

Mrs. Avila asked about the cost per student to build Mountain View, stating that it seemed a large amount of money for a small number of students. Mr. Tinajero stated that, when compared to the cost per student at Segerstrom High School, he did not feel the construction fees out of line.

Mrs. Avila again stated her concern about moving forward with this project, in part because of the location and the necessity for underground parking.

Dr. Mijares stated that the District has worked extensively with the community in resolving their concerns and explaining how the District would create an environment that would be positive for the community. He stated that he believes that the neighbors are now comfortable with the plans. He emphasized that the land became available and did not require condemnation. He pointed out that the needs of continuation high school students are so pronounced that the District must do something to relieve the crowding.

Mr. Richardson stated his rationale for moving forward, noting the serious need to improve the situation of the students served by this unique program.

Dr. Yamagata-Noji again expressed her concern that the Board is being asked to make a decision without being able to see the full picture, particularly in terms of funding for future projects.

Upon call for the question, the motion to authorize the award of contract for the construction of Mountain View carried 3-2, Dr. Yamagata-Noji and Mrs. Avila dissenting.

Ms. Brown stated that a revised chart, reflecting the actions of the Board at this meeting, will be presented at the September 28 meeting in order to assist the trustees in further assessing the priorities for the school building program.

DISCUSSION: AFTER SCHOOL PROGRAM IN GRADES K-8

Dr. Bratcher stated that a presentation had been made on the after school program at a previous meeting, with staff recommending an outside organization for the administration of the program. Questions generated from that meeting led to the placement of a discussion item on this agenda.

He stated that funding for the program comes from three grants: the 21st Century Learning grants and the two after school education safety programs. At the previous meeting, the Board asked for further information on the components of the program, grant requirements, accountability, and staffing issues. He asked Dr. Machado and Ms. Stephanie Almaguer to step to the podium for a briefing on this matter.

Dr. Machado reviewed with the Board funding for each school, including the source, the days the program operates, and the number of students served. Program activities include homework time, tutoring in reading and math, recreation time, enrichment opportunities, and a required snack. She also reviewed the salary issues involved in staffing the program.

Mr. Bill Shaeffer, of the legal firm Breon, Shaeffer & Bryant, stepped to the microphone to report that he had been asked to give a legal opinion as to the options available to the District in the event the Board wishes to transfer some of these activities to an outside agency such as THINK Together. He stated that the law is clear in that the District cannot unilaterally transfer all of the work, nor can the District contract out the work of the classified employees. However, with respect to certificated employees, the work can be transferred unilaterally if the District so chooses, either to another unit, i.e. the classified employees, or to an outside agency.

Dr. Machado reviewed the job responsibilities of the four positions involved: site coordinator, academic enrichment teacher, planning teacher, and after-school instructional provider. She also highlighted those community resources which the District has developed: THINK Together, Boys & Girls Club, YMCA, ARTS Orange County, Toyama Karate-Do, Junior Achievement, University of California - Irvine, Santa Ana College, and Cal State University Fullerton.

Dr. Machado detailed the programs funded by ASEP grants which did not meet projected budgets. She further reported that the final figures for the 21st Century Learning Center grants will not be available until at least the end of September. District staff is investigating the assignment of encroachments incurred to other categorical funds which allow money for after school programs.

Lengthy discussion ensued.

Mrs. Avila asked as to whether the program could be assessed mid-year and adjustments made at that time.

Dr. Machado stated that the complexity of calculating salaries, dependent on the individual salaries of those teachers wishing to participate and the length of time each will participate, makes it difficult to project the expenditure at each site.

Dr. Mijares stated that the Administration will continue discussions with the employee associations in an attempt to lower the costs of this program, one which the associations support because of its benefits to our students. He stated that principals can go to their school site councils for approval to use other categorical funding to enable the project. He assured the Board that the encroachment will not be paid from the District's unrestricted General Fund. He stated that THINK Together is currently administering five sites and that ten sites could use the help of such an agency. He proposed that an action item be brought back to the Board for the expansion of the work done by THINK Together from five sites to ten sites.

Mr. Richardson suggested that the Board may not be ready to take action at the next Board meeting.

Following further discussion, members of the Board asked that a more structured plan be provided prior to a request for action on this item.

BOARD AND STAFF REPORTS/ACTIVITIES - REPORTS ON VISITS TO SCHOOLS, CONFERENCES ATTENDED, OR MEETINGS SCHEDULED

Due to the lateness of the hour, no reports were forthcoming.

RECESS TO CLOSED SESSION

At 12:05 a.m., the Regular Meeting was recessed to Closed Session to consider personnel matters and negotiations.

REGULAR MEETING RECONVENED

The Regular Meeting was reconvened at 12:45 a.m.

REPORT OF ACTION TAKEN IN CLOSED SESSION

Mr. Richardson reported that, by a vote of 5-0, the Board took action in Closed Session to appoint Jamie Brown to the position of Director of Accounting and Payroll, effective August 25, 2004.

ADJOURNMENT

There being no further business to come before the Board, the Regular Meeting was adjourned at 12:46 a.m.

FUTURE MEETING

The next regularly scheduled meeting of the Board of Education will be held on Tuesday, September 14, 2004, at 6:00 p.m.

ATTEST:

Al Mijares, Ph.D.
Secretary
Santa Ana Board of Education