District to vote on labor agreement

EDUCATION: Santa Ana plan would require a percentage of union workers on building projects.

March 14, 2000

By ELIZABETH CHEY
The Orange County Register

SANTA ANA — School officials will consider a labor agreement with Orange County's construction trade unions at tonight's board meeting.

The project-labor agreement affects all district building projects estimated at $5,000 or more, requires a percentage of union members on all jobs, and allots 20 percent of the work to craft apprentices, said Richard Slawson, executive secretary of the Los Angeles/Orange County Building and Construction Trades Council.

The agreement would last until all construction projects from Santa Ana's recently passed $145 million bond are complete, which union officials estimate to be about five years.

In return, the unions promise to finish projects on time and within budget, and not to strike.

Critics say such a deal would shut out nonunion contractors, diminish the number of project bids and reward the union's political support of the school bond.

"It's payback, a quid pro quo agreement," said Eric Christen of the Coalition for Fair Employment in Construction. "It automatically reduces competition, leaving the few union-run contractors with all the bids."

The agreement, if approved, would be the second of its kind in Orange County. Santa Ana would join Los Angeles Unified as the only other school district to make such an arrangement. Orange County supervisors last January entered a politically charged project-labor agreement concerning the proposed El Toro airport.

Elizabeth Chey can be reached at (714) 796-6960, or e-mail elizabeth_chey@notes.freedom.com.
UNIONS: A Big Win in Santa Ana

Continued from B1

garty, executive director of the Orange County Central Labor Council. "This is a responsible means to ensure that when work goes out . . . we make sure that people are getting decent wages, benefits and the things necessary to maintain a standard of living within the community."

Opponents called the decision political and financially "stupid" and likely to boost construction costs. "It's obvious. When you reduce competition, you increase costs," said Eric Christen of the Coalition for Fair Employment and Construction, which represents building companies across the state. "Most people who work and will work on projects in Santa Ana don't reside in the city. . . . And union halls are predicated on seniority piled on top of seniority, not on where you live."

In November, Santa Ana voters approved a bond issue to help pay for construction of 11 elementary and two high schools, rework some campuses and adding libraries on others.

"The unions wait till this bond passes and come up with all these promises," Christen said. "But this is going to ratchet up the costs of construction and severely diminish the buying power of these bond dollars."

The only board member to vote against the agreement, Rosemarie Avila, said it was unfair, given that most workers in Orange County are not in unions.

"This is to me an issue of fairness," she said. "Eighty percent of the county's workers are nonunion. Why should one smaller group be given an advantage?"

Avila added, "These people justify their greed and lust for power by claiming they are helping little people move up. But they have so low an esteem of the little people they end up keeping them down."

She said the agreement would engender a bevy of disputes between contractors and the unions, the unions and the school district, and contractors and the district.

The agreement would also give labor interests far too much power, Avila said.

"It gives unions full power over contractors and workers," she said. "The union decides who works and who doesn't work, from the contractors to the workers."

Board clerk Nativo Lopez, a staunch labor advocate, said the vote was about doing right by his constituents, the people who clean up bathrooms and do the bulk of the manual work at the schools and elsewhere. Lopez said many of these workers are parents of Santa Ana Unified students.

The political divisions caused by the labor issue have caused some to question Lopez's ties to union interests. He has been criticized by Avila and others for a recent fundraiser the Central Labor Council held for Lopez.

While Lopez has shrugged off the criticism, pointing to his longstanding union support, Avila has asked the district attorney's office to investigate the fund-raiser to see whether a conflict of interest exists.

"I asked whether it was legal for Nativo to ask for this item to pass—which would be a huge financial boost for unions—while he scheduled a fund-raiser the week before the vote," Avila said.

Abandoned Baby in Stable Condition

From Times Staff and Wire Reports

A newborn girl found abandoned Tuesday afternoon near the Santa Ana Police Department was hospitalized in stable condition, police said as they searched for the child's mother.

Police Lt. Robert Helton said two boys walking through the parking lot of a small office building on West Civic Center Drive heard the baby crying.

"They immediately went to their parents, who found the baby" in some ivy near a block wall, Helton said. "She couldn't have been more than 2 hours old."

The child was wrapped in a blue towel inside a plastic grocery bag, he said.

The baby was taken to St. Joseph Hospital in Orange.

The child's mother could face charges of child abandonment, Helton said.
Unions Win Right to Big Santa Ana School Project

By HECTOR BECERRA, Times Staff Writer

The bricks and mortar for the largest school building project in Orange County history will be laid exclusively by union hands, Santa Ana Unified board members decided Tuesday night.

In a controversial decision that continues a spate of victories for labor interests, all but one of the five board members voted to support a Project Labor Agreement, which would open bids to the $145 million in school-building plans only to union companies or nonunion contractors who hire through union hiring halls.

The Orange County Board of Supervisors earlier this year decided to use union labor on most future county public works projects, a move that critics say was part of a failed ploy to buy labor support for a new airport at El Toro.

Tuesday night's school board meeting drew about 350 people, most of them union supporters, who frequently applauded and cheered the proceedings, and occasionally booted.

Supporters of the Santa Ana board's decision were ecstatic.

"It's a great idea. The biggest portion of our union membership [in Orange County] lives in the city of Santa Ana," said Bill Fogarty, executive director of the Orange County Central Labor Council. "This is a responsible means to ensure that when work goes out . . . we make sure that people are getting decent wages, benefits and the things necessary to maintain a standard of living within the community."

Opponents called the decision political and fiscally "stupid" and likely to boost construction costs.

"It's obvious. When you reduce competition, you increase costs," said Eric Christen of the Coalition for Fair Employment and Construction, which represents of building companies across the state. "Most people who work and will work on projects in Santa Ana don't reside in the city. . . . And union halls are prejudiced on seniority piled on top of seniority, not on where you live."

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"This is to me an issue of fairness," she said. "Eighty percent of the county's workers are nonunion. Why should one smaller group be given an advantage?"

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TOPICS OF INTEREST

EDUCATION

Santa Ana OKs union contract

Santa Ana school board members voted 3-1 to approve a project labor agreement with construction trade unions at Tuesday night’s board meeting.

District lawyer Ruben Smith said the intent of the agreement is to ensure that any schools built with the $145 million in bond money would be completed on time and within budgets.

More than 100 union members attended the meeting in support of the agreement, which they say would create jobs for local construction workers, many of whom have children in Santa Ana schools.

The contract says all school construction projects priced at $225,000 for general contracts, $15,000 for specialty contracts and $5,000 for single jobs such as painting and heating should have a large percentage of union workers on the job. It also requires that 20 percent of the work go to craft apprentices.

Board member Rosemary Avila said the agreement would force non-union workers to join the union. Opponents feared it would cost taxpayers more in the long run.

Audrey Yamagata-Noji abstained, saying not enough information was provided.

— Elizabeth Chey (714) 796-6960
union label on Santa Ana schools

March 30, 2000

A union label on Santa Ana schools'

Following on the heels of the county Board of Supervisors, which granted construction unions a monopoly over about 85 percent of county projects for the next five years, the Santa Ana Unified School District this month passed a similar 'project labor agreement' at the urging of unions.

Although the county board's decision was a lapse of principle, it was at least easy to understand the board's motives. The pro-airport majority was so committed to building an airport that they signed a PLA to gain muscle in their airport effort.

It's harder to fathom the Santa Ana school district's rationale, given its concerns about insufficient budgets and stretching dollars. District officials gave the standard pro-PLA line - that the agreement would require unions to complete the work on time.

In reality, the decision will redirect some of the money the district receives from a recently passed $145 million bond from school improvements to labor union coffers. It will do so because project labor agreements limit competition in the awarding of construction contracts, essentially cutting out the approximately 85 percent of the work force that is open shop.

The PLA mandates that significant percentages of union members be used on every construction project priced at $225,000 or more for general contracts, and at $5,000 for single projects such as painting.

The arrangement will last until all construction projects funded by the bonds are completed, which is expected to be about five years.

It's astounding that Santa Ana taxpayers, after agreeing to increase their property taxes to help the district meet school needs, are being treated so shabbily. The school district should be trying to get the best bang for the buck for its limited dollars, not advance anyone else's agenda. Unions should be free to get the best deal possible for their members, but should not be able to use the power of government to shut out the competition. Mark Bucher, a local activist involved in efforts
to overturn the county-pased PLA, told us that PLAs typically add 10 percent to 20 percent to the cost of construction. That means that the Santa Ana district just reduced the effectiveness of its bond by $14.5 million to $29 million.

'That would have gone a long way to fix up the schools,' he told us. 'Instead it's going to union contractors.

The trustees are not acting in the best interest of the school district.'

Why do these government-mandated monopoly agreements, which are as coercive as they are wasteful, pass muster?

'Unions look for these bonds,' Eric Christen told us; he is executive director of the Coalition for Fair Employment in Construction, based in the Sacramento area. Sometimes they convince school boards that they can help pass a bond and pledge their support in return for PLAs. Other times, he said, they look for school boards that are friendly to their agenda. Almost always, he told us, the unions target districts where they can pass these agreements quietly.

Yet there's little conceivable benefit for the districts that sign them. The best way to avoid strikes and guarantee on-time completion is to hammer out good contracts on each project and to leave the market open to competition, not create monopolies.

In response to the union PLA efforts, Mr. Christen is launching a pre-emptive strike in Orange County, encouraging school boards to pass measures that forbid the use of them.

That's a good strategy. We would also urge voters - before they vote for a bond measure or parcel tax - to insist that their districts first vote to reject PLAs. Voters have a right to insist that their hard-earned dollars are used wisely and efficiently in a market that is open to competitive bidding.
Partnering 2000
L.U. 357 (L,oxc), LAS VEGAS, NV—In an attempt to regain control of the electrical industry in Southern Nevada, members and the Southern Nevada Chapter of NECA attended a two-day Partnering Conference (Partnering 2000 through the LMCC) in March.
Partnering means the promotion of a cooperative environment that recognizes more can be accomplished when you put aside differences, combine resources and work together. The two-day seminar was well attended, with many ideas and strategies discussed.
Partnering committees were set up and organized with Local 357 members and NECA contractors.
Professor Bernard Flaherty of Cornell University conducted the seminar. He made it clear partnering is about making structural changes and the seminar is only the beginning of a process that must continue. Attend union meetings to follow the progress.

CHARLEY HARVEY, P.S.

Working with Lederle
L.U. 363 (L,em,rt,s,spa,ctv,mt,es &ees), ROCKFORD, IL—Once again, this year’s MDA Bowl-a-Thon was a success as unionists in the Rockford area raised approximately $12,000 to combat Muscular Dystrophy. Local 364 members again raised the most donations. Bro. Carl Beck bowled the highest single game. Congratulations to him and to all the Local 364 members who participated in this event. Thanks also to Bro. Turk Nicholas who helped coordinate the event.

The Local 364 picnic is fast approaching. If you have turned in reply cards but are unable to attend, please call the hall and remove your name from the list so that the amount of food can be more precisely ordered.

Members are encouraged to begin focusing on the upcoming elections. The Republican presidential candidate George Bush and his cronies in the Republican Congress represent a real threat to the working class livelihood.

AFL-CIO Political Dir. Steve Rosenthal said of Bush: “We want to be sure that by the time the Republican television ads start this summer, every union member knows that this guy is on their side, and that a vote for him is a vote against workers and against unions.”

RAY PENDZINSKI, P.S.

Major School Work
L.U. 441 (L,asr,s), SANTA ANA, CA—Here in Orange County our members have been reaping the rewards of being active politically. The Santa Ana Unified School Board members voted 4 to 1 to approve a Project Labor Agreement for all the school work coming up in Santa Ana. A $145 million bond was passed by the voters recently but after the state and federal matching funds, plus some other money already allocated to school construction, the amount that will be spent will be close to half a billion. Our members helped get the bond measure passed, and now the School Board is saying they want this work done on time, installed properly and to use labor from the community.

Members again came out in force to make Orange County’s Christmas in April a success. Thanks to Bros. Dallas Wilson and Fred Young for organizing this project, and thanks to all who donated their time.

Thanks to all that participated in the March of Dimes walk this year in Newport Beach. In cooperation with our local contractors, we raised over $4,500 for the kids. Special thanks to contractors American, Anderson and Howard, Apollo, Action, Briggs, Belco, Carol, Dynalectric, Esco, Enterprise, Gilbert & Stearns, Gianelli, Janning, Morrow Meadowlss, R.L. Douglas, Sasco and Snowden Electric.

DOUG MANGIONE, P.S.

Local 363, New City, NY, members installed the Honeywell temperature control panel board at Lederle Laboratories in Pearl River, NY.

Newburgh, NY, are the current service contractors. Our current work for them includes the installation of new research laboratories and the installation of new electrical systems for various buildings at the Pearl River site. Also, we are installing a new Honeywell system for the efficient management of temperature and energy. Other IBEW contractors also work for Lederle. Safety is most crucial at Lederle Laboratories—hard hats and safety glasses are the order of the day.

Welcome to all the new communication sisters and brothers who joined us from the Norwich, New York, area.

TIMOTHY J. POULIN, P.S.

Life Saving Award
L.U. 415 (L,ug&g), CHEYENNE, WY—As you read this, your quarterly dues should be paid. Remember, a paid dues ticket is a necessity if you’re on the road or working at home to be a member in good standing.

Work has slowed in our jurisdiction. The contract for the Two Elks 300 megawatt power plant in Writ, Wyoming, was awarded to Bechtel Corp. and should begin running up later this year. To be referred to as the new project, a paid up dues ticket and State of Wyoming electrical license are required.

Bro. Ron Harris received the IBEW Life Saving Award at the May 3 regular meeting.

The summer picnic was held June 24, at the Clever Creek picnic area in Cheyenne, and the Golf Tournament was held earlier that morning at Little America’s Golf Course.

Congratulations to fifth-year apprentices Dawnna Fitzmorris, Jeff Morrow, Pete Thompson, Gilbert Ortiz, Tobias Gutierrez and Wayne Fox for passing the State of Wyoming electrical journeyman license test on their first attempt. This year’s apprentice turn out ceremony and golf tournament was held on May 20 at the Badison Hotel in Casper. Congratulations, graduates.

Organizer Richard Vosler and Office Mgr. Chris Conine have been speaking at junior colleges, non-signatory contractors offices and high schools about IBEW electrical career opportunities.

ED HABIB, PRES. & P.S.

Full Employment
L.U. 429 (L,ui,em,lct,ptc&rtb), NASHVILLE, TN—We are pleased to report several months of full employment, with Books I and II clear. We need people! TVA has work at Gallatin and New Johnsonville. Wolf and Travis has approximately 245 people working on Opyr Mills and Dell Computer, with overtime at this writing.

Work continues at Saturn, Ft. Campbell, Bridgestone, Wright Industries, Vanderbilt Law School and other areas. Saturn has plans for an engine plant and some 7-12’s at Wright Industries and TVA shutdowns.

Former Bus. Mgr. “Blackie” Emery is recovering from a serious blood infection. The sick list also includes Ed Horan, Bob Gates, Terry Williams, Sam Wright, Benny Smith, John Pearson, Jim Banday, Jimmy Francis and Lyle Clark. Our thoughts are with them.

We mourn the passing of Lee Waggener, Richard Stuts, Dale Dulaney, Chris Callis, Ralph Carter, Jack Porch, Winfred Hagert, V.C. Wright and A. J. Smith. We send our condolences to their families and friends.

Pres. Gerald Grant, Bus. Mgr. Jerry Lee and your committee continue to work on an annuity plan whereby our younger members can look forward to a comfortable retirement.

JAMES W. "BOOTS" SMITH, P.S.

Local 357, Las Vegas, NV, members at the two-day Partnering Conference.
Unions

LABORERS’ O’SULLIVAN PLANS STEPPED UP RECRUITMENT EFFORT

THE NEWLY ELECTED PRESIDENT OF the Laborers’ International Union of North America says the union plans to spend $40 million each year to recruit new members. Terence M. O’Sullivan told union delegates during an emotional convention in Las Vegas Sept. 17-20 that the recent terrorist attacks in New York and Washington, D.C. had made the union more determined to achieve its goals.

“It has given our union greater resolve and commitment than ever before,” he says.

The union shares directly in the stunning losses suffered in the attacks. Six laborers at work at the World Trade Center on Sept. 11 are missing. The union announced a $100,000 relief fund to go toward the families of the laborers, plus another $100,000 to the AFL-CIO’s relief effort.

Many of the 2,500 union delegates traveled for more than 50 hours to reach the convention after airline flights were cancelled in the days following the attacks.

O’Sullivan had been serving as a top aide to former laborers President Arthur A. Coia and was appointed to succeed Coia when he resigned in December 1999. The resignation followed years of Justice Dept. investigation into alleged ties to organized crime. The government instituted a series of reforms, including elections, and this was the first election under the new system. O’Sullivan’s Unity Team slate ran unopposed and included Armand E. Sabatoni, who was elected secretary treasurer. The slate included several national officers who took their posts after Coia’s resignation. The lack of a contested election is evidence that the union doesn’t have a history of voting participation, says Stephen B. Goldberg, a law professor appointed by the Justice Dept. to monitor the union election. The reforms included a more democratic system.

In addition to the election of national officers, local elections were completed with many fewer complaints than during 1990’s problem-ridden voting, says Goldberg. However, the current election was not completely trouble-free. At Local 692 in Santa Ana, Calif., the winning slate used the membership list to campaign, falsified contributions and accepted money from employers, says Goldberg. The election was nullified and a new one was held.

In 2000, LIUNA spent $18 million on organizing and signed up 19,000 new members. Some work in construction but the union also has members that belong to other industries. O’Sullivan described his recruitment plans as “a war against complacency” in which he will hire 90 more organizers.

Among the recruits targeted by LIUNA are many of the millions of immigrants currently working in the U.S. At the top of the union’s wish list was the legalization of many of the immigrants currently in the U.S. under “guest worker” programs. In the aftermath of the terrorist attacks, the issue will be harder to push through Congress, says Donald J. Kaniewski, LIUNA’s political director.

In other business, LIUNA reaffirmed its commitment to remaining in the AFL-CIO’s Building and Construction Trades Division. The BCTD suffered a setback this year when the carpenters withdrew from the AFL-CIO on March 28.
Santa Ana parents deserve answers
Jan. 31, 2003 Orange County Register Editorial

Advocates for more public school spending rarely talk about the problems beyond money that hinder school advancement. In Santa Ana, a lack of competence by school officials appears to be the leading reason for a lack of school construction projects.

A Register news article on Thursday paints a dismal picture of a school system that, through a comedy of errors, simply cannot get its act together to help its students, at least as far as new construction is concerned.

In 1999, voters dug deep into their pockets and supported a $145 million school facilities bond, based on promises by school officials that the bond would help meet the overcrowded district's needs.

The result? Other than expansion projects started at four elementary schools in December 2002, nothing much. Despite the $145 million from the bond, district officials say they are $269 million short in dollars needed to complete the construction program, meaning it can only complete about half of the 13 schools promised by Measure C. The district has put on hold nine new schools and 15 school improvement projects, according to the Register.

Officials miscalculated construction and property acquisition costs. The board handed a no-bid contract to an inexperienced consultant, and then the district battled with that consultant throughout the process. School board members added amenities to the proposed schools that were not funded.

According to a former Santa Ana assistant superintendent, school board members John Palacio and Nativo Lopez tried to micromanage the process. The lack of new schools under the current board's leadership is one reason that Mr. Lopez is subject to a recall vote Tuesday.

Even the simple parking lot project planned for Taft Elementary School turned into a fiasco. It took an astounding four years to build, cost a whopping $4,100 a space (compared to a typical $1,500 to $1,800 a space) and didn't even solve a main problem it was intended to solve: safer drop-off areas.

Why did board members attempt to micromanage the process? Why weren't the superintendent and his staff doing a better job overseeing the construction funds? Why did the district choose a company with little school construction experience, and why does the board keep using the company even after the many problems?

Santa Ana parents and students deserve answers.
School builders give big in races
Construction industry has donated heavily to Santa Ana board candidates since 1999 passage of local bond measure.

By RONALD CAMPBELL
The Orange County Register

SANTA ANA – Hundreds of thousands of dollars are flowing into next week’s recall election of Santa Ana school board member Nativo Lopez.

But an Orange County Register analysis shows that big money has been a fixture of school-board politics in Santa Ana since the passage in November 1999 of Measure C, a school-bond measure that transformed the district’s political landscape.

Before Measure C, Santa Ana board members raised campaign money the way that most Orange County school board candidates still do - from teachers’ unions, friends and their own wallets.

After Measure C, Santa Ana candidates reaped tens of thousands of dollars from construction unions, architects and other district construction contractors.

At the statewide level, the construction industry has long been a big donor. Architects, construction managers and other businesses active in building schools dominated the list of major donors to Proposition 47, the $9 billion bond issue that California voters approved last November.

But until Measure C, the construction trades were invisible in local school board races. Outside Santa Ana, they remain on the sidelines.


A typical school-board race in these districts costs about $15,000, according to the Register analysis. Four in five candidates raise less than $24,000. Top sources of cash: the candidates’ own wallets ($3,200 in loans on average), teachers’ unions ($3,700 average), and professional, political or ethnic networks.

Architects, contractors and construction unions accounted for just $11,400 of $1 million raised, according to the Register analysis. By contrast, in Santa Ana since 1999, these groups have given $160,000 of the $600,000 raised by board candidates. Four current or former board members - Nativo Lopez, John Palacio, Sal Tinajero and Nadia Maria Davis - got 96 percent of the money.

OLD VS. NEW POLITICKING
Santa Ana became a battleground between old-style and new-style school board politicking two years ago. The new style won.

Backed by big donations from architects and unions, Lopez outspent fellow incumbent Audrey Yamagata Noji 10-to-1 in the 2000 election. He beat her by about 400 votes.

"It can be very discouraging when you see a lot of these slick, professionally made (mailers) coming out," said Noji, who tried to fight the mailers by walking precincts. She was re-elected last November after a two-year absence.

Lopez won his seat in 1996 the old-fashioned way. He dipped into his own pocket for nearly half the money he needed and got much of the rest in small contributions.

Then came Measure C - the $145 million school bond that was supposed to help the district build 13 new schools and renovate or expand about two dozen more.

Lopez raised $186,000 for his 2000 re-election, drawing about $77,000, or 42 percent, from construction unions, architects and other district contractors. He has raised nearly $100,000 since his election, most of it in the past six months while preparing for his Feb. 4 recall election. He has raised nearly $20,000 from construction interests since 2000, including $9,000 in the past six months.

Nearly half of the money in the recall-Lopez campaign is coming from Ron Unz, a Silicon Valley entrepreneur who was the principal backer of Proposition 227, which banned bilingual education.

Lopez ally Palacio, who easily won re-election in November, has raised about $39,000 from construction unions and district contractors since 1999 - 39 percent of his fund-raising total.

Lopez has declined to talk to any Register reporters, saying the newspaper is biased against him. Palacio did not return repeated phone calls.

Davis and Tinajero said they raised money properly and never promised favors to contributors.

Other Santa Ana board members pulled in much smaller sums from district contractors and unions. Davis, who was defeated for re-election in November, and Tina jero have combined for about $18,000 from architects and construction unions since 1999. Rosemarie Avila and Noji got nothing from unions or district contractors.

WHAT DONORS GOT OUT OF IT

Many of the largest donors to the board have gotten jobs with the district. In most cases, the donors did not have to submit a low bid to get the work.

Construction unions, which gave board members $73,000, won a contract guaranteeing that every worker on district projects will be a dues-paying union member.
Architects, who gave board members $52,000, shared $16.8 million in no-bid contracts.

Of 35 architectural contracts awarded by the school board, 31 went to firms that gave money to board members or to the Measure C campaign, records show. Of 20 architectural firms that gave money, 17 got contracts. The largest donor to lose out was Newport Beach-based Andrews & Thornton, which gave $1,000 to Lopez in 2000. The largest architectural contractor that did not give money was James Tyler Architects, which won a school renovation contract worth $854,000. Five donor firms got larger contracts.

Here are some examples of what donors gave and got:

Operating Engineers Local 12 - which has given $33,000 since 1999, mostly to Lopez and Palacio - represents heavy-equipment operators on all district construction sites.

Telacu Industries, which has given $15,250, got three contracts through affiliate Telacu Construction Management totaling $3 million. Telacu did not return phone calls seeking comment.

Irvine architect McLarand Vasquez Emsiek & Partners, which has given $5,750, got contracts worth $1.1 million.

Ernie Vasquez, a principal at McLarand Vasquez, said the firm's donations to Santa Ana board were among several his firm has made "to be visible in the community in enhancing education." He said he felt no pressure to give and added that the firm had given to candidates in Irvine and Fullerton without getting contracts.

Union leader Bill Fogarty attributed heavy construction union donations to hard work by Lopez and Palacio. The two strongly supported the March 2000 project labor agreement, which requires most workers on district construction projects to join a union.

Lopez and Palacio "worked that constituency pretty well, I think," Fogarty said.

INDIRECT GIFTS COME VIA COMMITTEES

Contractors also gave to board members indirectly, through political action committees.

Top consultant Del Terra Real Estate Services Inc. has never appeared on the board members' campaign-finance reports. But on Nov. 1, 2000, Del Terra gave $5,000 to the Latino Business Council of Orange County. Five other district contractors chipped in a combined $7,500. The next day, the council gave its largest contributions: $4,800 each to Lopez, Tinajero and Lucy Santana, a Lopez-backed candidate.

In December 2001, Com-Tec Security and Investigations gave $500 each to Lopez, Palacio and Tinajero. The company, formed a month earlier, lists Rojas as the
registered agent and is based in the same suite as Del Terra’s Los Angeles headquarters. Rojas did not respond to a written inquiry from the Register about his political donations or about Com-Tec. Tinajero said he was unaware of Com-Tec’s connection to Rojas.

Last Oct. 28, Telacu gave $10,000 to the California Friends Latino Political Action Committee, a PAC controlled by Assembly Majority Leader Marco Antonio Firebaugh, D-South Gate. On Oct. 31, Washington state businessman Gary H. Andersen, who is seeking a $375,000 no-bid contract for educational software from the Santa Ana district, chipped in $5,000. The PAC gave $15,000 to Palacio in two contributions on Oct. 29 and Oct. 31. Andersen said there was no connection between his contribution last October and his current effort to win a contract.

CONTACT US: (714) 796-5030 or rcampbell@ocregister.com
What Santa Ana can and cannot afford to build

REGISTRATION SPECIAL REPORT:
Santa Ana's broken promise Back to index

What Santa Ana can afford to build
Also: Phase 2: What Santa Ana cannot afford

Santa Ana Unified School district is spending more than $400 million to build, expand or renovate dozens of schools. Much of the money will come from Measure C, a 1999 bond issue. Most of the schools will cost far more than was originally budgeted in June 1999. The forecasts are based on district records as of December. The district is revising plans to reduce costs. This list does not include miscellaneous projects.

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<tr>
<th>School</th>
<th>Original budget</th>
<th>Forecast</th>
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<td>$110,000,000</td>
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<td>Hector Godinez High</td>
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<td>(relocation)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Lorin Griset Elementary</td>
<td>$11,000,000</td>
<td>$30,300,000</td>
<td>Bid below estimate; construction start March 2003; opening September 2004</td>
</tr>
<tr>
<td>Otsuka Elementary</td>
<td>$11,000,000</td>
<td>$22,500,000</td>
<td>Construction start June 2003</td>
</tr>
<tr>
<td>Manuel Escqueda Elementary*</td>
<td>$18,000,000</td>
<td>$29,900,000</td>
<td>Construction start April 2003</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Forecast</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heroes Elementary*</td>
<td>$14,000,000</td>
<td>$18,400,000</td>
<td>Construction start July 2003</td>
</tr>
<tr>
<td>Totals</td>
<td>$153,750,000</td>
<td>$319,100,000</td>
<td></td>
</tr>
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</table>

EXPANSIONS

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Forecast</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romero-Cruz multipurpose room</td>
<td>$439,000</td>
<td>$639,000</td>
<td>Completed</td>
</tr>
<tr>
<td>Taft Elementary parking lot</td>
<td>$341,000</td>
<td>$557,000</td>
<td>Completed</td>
</tr>
<tr>
<td>Carr Intermediate</td>
<td>$600,000</td>
<td>$8,500,000</td>
<td>Construction start April 2003</td>
</tr>
<tr>
<td>Sierra Intermediate</td>
<td>$1,200,000</td>
<td>$500,000</td>
<td>Begun</td>
</tr>
<tr>
<td>Jackson Elementary*</td>
<td>$12,200,000</td>
<td>$9,100,000</td>
<td>Construction began December 2002; winning bid for all four schools was below estimate.</td>
</tr>
<tr>
<td>Lincoln Elementary*</td>
<td>$11,450,000</td>
<td>$8,950,000</td>
<td></td>
</tr>
<tr>
<td>Roosevelt Elementary*</td>
<td>$9,300,000</td>
<td>$6,850,000</td>
<td></td>
</tr>
<tr>
<td>Washington Elementary*</td>
<td>$11,200,000</td>
<td>$8,800,000</td>
<td></td>
</tr>
<tr>
<td>Kennedy Elementary*</td>
<td>$7,100,000</td>
<td>$7,150,000</td>
<td>No construction start</td>
</tr>
</tbody>
</table>
## RENOVATIONS

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Forecast</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>MacArthur Fundamental</td>
<td>N/A</td>
<td>$1,300,000</td>
<td>Begun</td>
</tr>
<tr>
<td>air-conditioning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adams Elementary</td>
<td>N/A</td>
<td>$2,800,000</td>
<td>Construction target June 2003</td>
</tr>
<tr>
<td>Hoover Elementary</td>
<td>N/A</td>
<td>$3,450,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Jackson Elementary</td>
<td>N/A</td>
<td>$3,250,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Lathrop Intermediate</td>
<td>N/A</td>
<td>$6,800,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Lincoln Elementary</td>
<td>N/A</td>
<td>$3,400,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Lowell Elementary</td>
<td>N/A</td>
<td>$3,200,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Madison Elementary</td>
<td>N/A</td>
<td>$3,600,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Monroe Elementary</td>
<td>N/A</td>
<td>$3,900,000</td>
<td>Construction start April 2003</td>
</tr>
<tr>
<td>Roosevelt Elementary</td>
<td>N/A</td>
<td>$3,300,000</td>
<td>No construction start set</td>
</tr>
<tr>
<td>Taft Elementary</td>
<td>N/A</td>
<td>$3,950,000</td>
<td>Construction start April 2003</td>
</tr>
</tbody>
</table>

* These projects are not funded by Measure C. Includes state class-size reduction grants to build two new schools teaching kindergarten through third grade and five “portables to permanent” additions to existing schools, paid for with money currently used to lease nearly 150 portable classrooms. N/A – Not available: Measure C budget did not allocate money for specific expansions – except at Valley High and Carr Intermediate – or for renovations. Source: Santa Ana Unified School District*

## Phase 2: What Santa Ana cannot afford

The district has put nine promised new schools, six expansions and nine renovations on hold because it can’t afford to build them. The district hopes to restore funding for four projects – a science building at Valley High and renovations at Fremont and Jefferson Elementary and McFadden Intermediate – if construction bids for already-funded projects come in below estimates.

## NEW SCHOOLS

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Revised budget</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remington Elementary</td>
<td>$11,000,000</td>
<td>$11,900,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Mitchell Elementary</td>
<td>$11,000,000</td>
<td>$11,400,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Grant Elementary</td>
<td>$11,000,000</td>
<td>$11,800,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Elementary #3 (Grand near McFadden)</td>
<td>$11,000,000</td>
<td>$32,400,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Elementary #5 (1st &amp; Townsend)</td>
<td>$11,000,000</td>
<td>$20,800,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Elementary #7 (no site chosen)</td>
<td>$11,000,000</td>
<td>$21,600,000</td>
<td>Unfunded</td>
</tr>
</tbody>
</table>
### EXPANSIONS

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Revised budget</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valley High</td>
<td>$10,000,000</td>
<td>$17,800,000</td>
<td>Unfunded; district hopes to find money.</td>
</tr>
<tr>
<td>Pio Pico Elementary</td>
<td>N/A</td>
<td>N/A</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Davis Elementary</td>
<td>N/A</td>
<td>$23,600,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Fremont Elementary</td>
<td>N/A</td>
<td>N/A</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Monroe Elementary</td>
<td>N/A</td>
<td>N/A</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Roosevelt Elementary</td>
<td>N/A</td>
<td>N/A</td>
<td>Unfunded</td>
</tr>
</tbody>
</table>

### RENOVATIONS

<table>
<thead>
<tr>
<th>School</th>
<th>Original budget</th>
<th>Revised budget</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fremont Elementary</td>
<td>N/A</td>
<td>$3,400,000</td>
<td>Unfunded; district hopes to find money.</td>
</tr>
<tr>
<td>Jefferson Elementary</td>
<td>N/A</td>
<td>$2,900,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>McFadden Intermediate</td>
<td>N/A</td>
<td>$4,400,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Carr Intermediate (2 phases)</td>
<td>N/A</td>
<td>$5,100,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Sierra Intermediate</td>
<td>N/A</td>
<td>$1,600,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Spurgeon Intermediate</td>
<td>N/A</td>
<td>$3,800,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Willard Intermediate</td>
<td>N/A</td>
<td>$5,100,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Saddleback High</td>
<td>N/A</td>
<td>$12,500,000</td>
<td>Unfunded</td>
</tr>
<tr>
<td>Valley High</td>
<td>N/A</td>
<td>$12,300,000</td>
<td>Unfunded</td>
</tr>
</tbody>
</table>

Source: Santa Ana Unified School District
School District Transfers Millions

Santa Ana Unified says money from building fund needed to cover operations shortfall.

By Daniel Yi
Times Staff Writer

May 13, 2003

The Santa Ana Unified School District has borrowed $15 million from its school construction fund to help cover a shortfall in its operations budget because of the state's financial crisis.

The decision will have no effect on $411 million worth of pending construction, district officials said, because the money will be returned before it is needed in a year or so.

But some in the district, including trustee John Palacio, are critical of the move, saying it jeopardizes long-awaited school construction in the chronically overcrowded 61,000-student district. They also note the district isn't required to return the funds.

Santa Ana Unified's beleaguered construction program has yet to yield a campus three years after voters approved a major school bond measure.

The borrowed cash comes from a $60-million legal settlement the district reached last year with the city of Tustin for a chunk of the former Marine Corps Air Station. When the federal government announced base closures a decade ago, it pledged some of the land to local public schools, and part of the base falls within the Santa Ana district.

Instead of land, Santa Ana Unified got cash. The money was added to the district's construction program, which includes matching state funds and $145 million from Measure C, which voters passed in 1999.

"We are using monies that we said were going to build schools for something other than building schools," said Palacio, who, for medical reasons, missed the March board meeting when the transfer was

http://www.latimes.com/templates/misc/printstory.jsp?slug=la%2Dme%2Dtustin13may13... 5/13/2003
approved. "That is not what we told the public, and that is not what we told the city of Tustin."

The board voted 4 to 0 at the end of the lengthy meeting, after most of the public had left.

Tustin officials, who battled with the district for years over the disputed land, said they hoped the money would be used for school construction.

"I respect their decision, since they have facts that I don't have in front of me," Tustin Councilman Jeffery Thomas said of the school board's decision. "But the money was for schools and not budgetary shortfalls. It was the whole premise of the lawsuit."

District officials say the borrowed money is being used only to maintain state-mandated reserves of about $9 million and to help the district's general-fund cash flow. None of the borrowed amount will be spent.

"We transfer money all the time" between funds, Supt. Al Mijares said.

In fact, the state Department of Education recommended last month that school districts consider ways to stem cash-flow problems created by the state's budget deficit, including borrowing from specific funds or seeking short-term loans.

"Every district will be in this boat or has been in this boat," said Don Stabler, Santa Ana's assistant superintendent of business services. "In our case, we had the money and we could transfer it over" without paying interest on a loan or losing interest on the money since it is only a paper transfer between accounts.

In January, Stabler told trustees the district needed to cut $17 million from its $440-million budget before July. Now, Mijares and Stabler said, the district will make cuts of $5 million to $7 million for the fiscal year ending June 30. The district expects to have to cut an additional $27 million to $30 million from the 2003-04 budget. The cuts will make it possible to replenish the construction fund.

But there is no guarantee the district will be able to make those cuts, and it is under no legal obligation to return the funds to construction projects.

"It is really worrisome whether the money will actually get back," said Kim Gerda, a district parent and local education activist. "This board hasn't really talked openly about where they are going to make cuts" in the operational budget.

Santa Ana Unified has 24 planned projects, including six new campuses and several modernization and expansion jobs that officials believe can be built in the next few years with the $411-million construction fund.

But, Palacio said, by borrowing money from it, the district is delaying projects that are ready to move forward, including the expansion of Kennedy Elementary and Carr Intermediate schools, budgeted for a combined $18 million.

Palacio has been criticized for micromanaging the program and failing to move swiftly to build schools. He was part of the board's former majority, which was accused of delaying projects while the district selected architect firms, some of which were asked for campaign contributions by Palacio and ousted trustee Nativo V. Lopez. No laws were broken and both men maintain they acted properly.

http://www.latimes.com/templates/misc/printstory.jsp?slug=la%2Dme%2Dtustin13may13... 5/13/2003
In any case, district officials say the Kennedy and Carr projects can wait because they first need to ensure they have enough funds for higher priority projects, such as new high schools.

Mijares conceded the state's budget problems make school finances look bleak, but he said his district's construction plans will not be affected.

"The potential is there for a lot of things to happen," Mijares said. "But the importance of school construction is so great I cannot see us using [the Tustin settlement money] for any other purpose but to build schools."

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CALIFORNIA

Costs Threaten School Building Plans

Santa Ana Unified's construction campaign is $100 million over budget. Some wonder if bonds passed in 1999 can fund promised projects.

By Jennifer Mena
Times Staff Writer

November 16, 2003

Santa Ana Unified School District's long-promised campus building campaign is running $100 million over budget, raising questions about whether officials can make good on promises to voters.

The first 13 projects on the district's list of improvements are now expected to cost $289 million, rather than the $181 million projected three years ago.

Other modernization, expansion and new-school projects, promised when voters passed a 1999 construction bond measure, are languishing for lack of funds.

Some officials say they did not expect costs would rise as they have.

"Perhaps people were overly optimistic," said district spokeswoman Lucy Araujo-Cook. "We have had to put pencil back to paper. We are trying to avoid a crisis of confidence."

District officials say statewide increases in real estate and construction costs are partly responsible. They also have blamed the budget disarray on a construction management company hired in 2000 to oversee the building campaign.

Confronted with growing construction delays and steadily increasing costs, the school board voted in February to fire Del Terra Construction Group of Los Angeles alleging "gross mismanagement," and sued the company. Del Terra officials did not return phone calls seeking comment.

The company's construction budget figures "run all over the map," said Margie Brown, the district's facilities planning director. "We still need to ... determine who did what when."

In August, the school board hired Capital Program Management of Sacramento to analyze the district's
construction program. The consultant, which will be paid as much as $766,000, will present its initial analysis at a special school board meeting on Monday.

Among the district's challenges is determining how many of the 1999 building promises can be salvaged, and at what cost.

When the 1999 bond was put before voters, the district planned to build two high schools and 11 elementary schools, expand two schools and modernize or expand an unspecified number of others.

Since then, work has begun on three new schools — Segerstrom High School, Manuel Esqueda Elementary School and Hector Godines Fundamental High School — and 10 existing campuses where improvements or additions are planned.

The $145 million in bond revenue was to be supplemented with $185 million in state construction funds, totaling $330 million in construction work. But the cost of that work is now estimated at $420 million, Brown said last week.

Further straining the situation, the district used more than $15 million intended for school construction to balance its budget this year. The money is supposed to be returned to the fund by 2005.

In the county's most overcrowded school district, some trustees and parents wonder how construction of other schools will be funded and whether the district will need to ask voters to approve another bond measure.

"The district has been off [in its cost estimates] since Day One," said John Palacio, a school board member often critical of Supt. Al Mijares and his administration.

Other school board members, however, blame an alliance among Palacio, Nativo Lopez, who was recalled from the board in February, and former board member Nadia Davis for delaying approval of construction projects, resulting in rising costs. Critics of the alliance said the trustees usurped the role of district administrators by directing Del Terra Construction themselves.

Even so, trustee Audrey Yamagata-Noji agrees with her board adversary, Palacio, that construction priorities are confused. "I really want to get a handle on that," she said.

At least one former district employee raised concerns more than 18 months ago. Diane Schwartz, a district architect at the time, wrote in an e-mail to a facilities planner in April 2002 that the $145-million bond measure was insufficient to fund the district's construction wish-list. A copy of the message was obtained by The Times.

She warned that "the public and board" needed to be advised that the bond measure would pay for only two high schools at most.

There is no indication that the district heeded the warning.

Those who have joined the board since then share concern about the construction budget. Noji returned to the board in November and Rob Richardson replaced Lopez in February.

"There is no question that costs have gone up.... We need to complete the full assessment of what funds the district has available, what has been spent and to prioritize the projects within the funds we have available," said Richardson. Brown, the facilities planning director, said that despite the cost concerns,
Santa Ana is finally on the brink of completing much-needed expansions and construction.

Some building triggered by the 1999 bond measure began last December, but most was launched this year.

"The building program is back on track," she said. "We have $172 million of construction going on. It's phenomenal."

District construction manager Jerry Hills attributed escalating costs in part to rising property values. The district expected to pay $16 million for the Segerstrom site in 1999, for example, but had to pay $41 million in 2002.

Construction cost estimates also have increased steadily, from $56 million in 1999 to $94 million in April, 2001, to $107 million earlier this year and then, this month, to $118 million, said Brown.

Costs increased for various reasons, she said. Originally intended to serve 1,800 students, the school was redesigned to accommodate 2,500. Brown said a low number of bidders on parts of the project meant higher costs. The price also grew when the board required the use of union contractors, she said.

Hills said overall construction costs have increased because of the demand for school contractors, which made it harder for the district to obtain competitive bids.

Comparing the Santa Ana district's construction budget woes with experiences in other districts is not easy, school experts say, because each community is unique.

David Doomey, assistant superintendent of facilities planning for the Capistrano Unified School District, said his district does not have to deal with soil cleanup as does Santa Ana. Even so, land acquisition has also been difficult in San Juan Capistrano.

In budgeting for land for Canyon Vista High School, the district set aside $1 million an acre, even though the cost at the time was $750,000 an acre, he said. The high school opened last year at a cost of $18 million, $2 million under the 1999 estimate when voters approved a bond measure to pay for the school.

Last year, voters in the Anaheim Union High School District approved a $132-million bond measure to improve nine schools, aided by $135 million in state funds.

Work at four schools is underway, and all improvements are expected to be completed by March 2005; cost estimates for the first phase have risen slightly, from $146 million last year to $147 million today.

John Larner, the district's chief business officer, said the district saved money by managing all the subcontractors, rather than hiring a general contractor.

"We looked at every way to get more bang for our buck," Larner said.

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