



Ms. Julie Penn
Interim Superintendent
701 North Madison Street • Stockton, CA 95202
(209) 933-7070 • Fax (209) 933-7071

BOARD OF EDUCATION
Gloria Allen
Andrea Burrise
Kathleen Garcia
Colleen Keenan
Maria Mendez
Angela Phillips
Steve Smith

September 15, 2015

Via Hand-Delivery

Hon. Lesley Holland, Presiding Judge
San Joaquin County Superior Court
222 E. Weber Street, Room 303
Stockton, CA 95202

Re: Stockton Unified School District Response to San Joaquin County 2014-2015 Grand Jury
Report, Case No. 1407

Dear Judge Holland:

In June 2015, the Stockton Unified School District Board of Education received a report from the San Joaquin County Grand Jury in Case No. 1407. During an open session Board meeting of September 8, 2015, the Board of Education adopted its response to the Grand Jury's report. On behalf of the Board of Education, I submit the attached responses to the Grand Jury.

Sincerely,

A handwritten signature in blue ink that reads "Julie Penn". The signature is fluid and cursive, with a large loop at the end.

Julie Penn, Interim Superintendent

Attachments

cc: Board of Education
Julie Penn, Superintendent
Marie A. Nakamura, Legal Counsel
Trisa Martinez (grandjury@courts.san-joaquin.ca.us)

I. SUMMARY

On June 16, 2015, the San Joaquin County Grand Jury released its report (Case No. 1407) involving the Stockton Unified School District ("District"). Therein the Grand Jury concluded that the District's Board of Education needs to "improve its oversight approval of large purchases and large disposals of assets" and that "special student transportation changes need to be implemented promptly to reduce costs."

Pursuant to the statutory authority of the Grand Jury, the Board of Education was directed to respond to its findings within ninety (90) days. Penal Code §933.05 requires that the Board respond as follows:

(a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding.

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

Pursuant to the requirements of the Penal Code, for each finding below the Board indicates whether it agrees or disagrees, and if it disagrees in part or wholly, the Board explains why. For each recommendation below, the Board indicates whether the recommendation has been adopted, will be adopted with analysis and a timeframe, or will not be adopted with reasons therefor.

II. BOARD OF EDUCATION RESPONSE TO GRAND JURY

Below are the Grand Jury's findings and recommendations, and the Board of Education's responses to each finding and recommendation of the Grand Jury.

Grand Jury Finding #1.1: THE BOARD APPROVED THE PURCHASE OF 31 NEW SCHOOL BUSES WITHOUT PROPER ANALYSIS

- **District Response to Finding #1.1:**

The Board disagrees with this finding. During the 2012-2013 school year, the Governing Board was provided comprehensive information, presentations and analysis addressing the perceived need to mitigate expenses incurred by contracting transportation services for special education students. The increase in demand and need for more routes was based on identified needs of some of the District's students, and the District approached this challenge as an opportunity to propose a strategy designed to improve the operational, financial and, most importantly, service level to students and families.

The District's records demonstrate that staff compiled and provided a six (6) year comprehensive financial and operational history of special education transportation services from 2007-08 and also included a four (4) year forecast of the implementation plan. The analysis included a projected finance plan for the bus purchase and proposed staffing and infrastructure needs. This data was compiled by former employees of Transportation and Business Services and was presented to the Board of Education in public session and, in some cases, in one-on-one meetings with the Governing Board members in compliance with the Brown Act.

As noted in the May 28, 2013 Board Agenda Item, the District purchased 43 Special Needs buses in 2009-10, which after three (3) years demonstrated operational improvement. The District included this history as a relevant factor in its analysis to improve the transportation of Special Need students.

The Board's June 2013 decision to purchase the 31 buses was based on the facts and analysis available at the time of the decision, and only after receiving information from staff on the costs related thereto.

This further affirms the District's experience and due diligence in managing transportation to benefit the needs of our students.

Grand Jury Finding #1.2: THE BOARD APPROVED THE SALE OF 31 NEW SCHOOL BUSES BASED ON A FACTUALLY INACCURATE STAFF REPORT WITHOUT PROPER ANALYSIS

- **District Response to Finding #1.2:**

For the reasons described above, the Board disagrees with this finding. During the 2014-2015 school year, with new leadership in the District came different priorities and a determination in 2014 that the 31 buses should be sold following State law procedures. This decision was made based on additional financial information acquired by the former

Chief Business Official. The Former CBO shared this information with the Board and the former Superintendent both during public meetings and in individualized meetings. Furthermore, it should be noted that the former CBO was in communication with the Fiscal Crisis Management and Assistance Team (FCMAT). FCMAT's report indicated that the District's annual in-house cost proposal was \$3,302,965.36, which, as noted in the report, was \$128,615.00 more than the current contract cost with Storer Transportation.

Grand Jury Recommendation #1.1: BY SEPTEMBER 30, 2015. THE BOARD SHOULD ADOPT A POLICY REQUIRING THAT AS PART OF ANY PROPOSAL FOR THE PURCHASE OR SALE OF DISTRICT ASSETS EXCEEDING \$30,000, DISTRICT STAFF WILL PROVIDE A FULL ACCOUNTING AND JUSTIFICATION AS REQUIRED BY CALIFORNIA EDUCATION CODE AND FINANCIAL REPORTS BEST PRACTICES TO ENSURE FIDUCIARY DUTY IS ADHERED TO

- **District Response to Recommendation #1.1:**

This recommendation will not be implemented. The District has a longstanding history of purchasing, acquiring, selling and building capital assets and improvements. The District's previous financial and program audits, to include its Municipal Bond programs, have not reflected any going concerns or material adjustments/recommendations to operational procedures or internal controls related to the District's procurement and management of assets. The District follows current and best purchasing, bidding and contract practices, to include the Public Contract Code, which contains specific requirement for acquisition of assets, goods and services as summarized in Governing Board Policy 3312 (BP 3312).

The District also follows the proper provisions for bidding and contract limit and presents all applicable contracts to the Governing Board for ratification/approval during its Public Meetings. The District's internal procedures also require that contracts are reviewed by the Superintendent, Chief Business Official and other key stakeholders before being presented to the Board. This review would include all perimeters to include compliance, financial and operational needs assessments.

In addition, the Board does not agree that a new policy needs to be adopted because the 2014 and 2015 bidding threshold per Public Contract Code 20111(a) is \$84,100 and \$86,000 respectively. This threshold would include the purchase of materials, equipment and supplies by the District. The purchase of these buses is well within the Public Contract Code provisions and its defined process for vetting the financial and operational components prior to the award of a contract. This process was followed not only during the purchase of the 31 buses, but also during other applicable purchases by the District.

Grand Jury Finding #2.1: THE DISTRICT HAS TRANSPORTED MORE SPECIAL EDUCATION STUDENTS THAN REQUESTED BY THE SPECIAL EDUCATION PROGRAM

- **District Response to Finding #2.1**

The Board agrees with this finding.

Grand Jury Recommendation #2.1: BY DECEMBER 31, THE BOARD SHOULD DIRECT DISTRICT STAFF TO COMPLETE IMPLEMENTATION OF THE TRANSPORTATION GUIDELINES AND GUIDING QUESTIONS FOR IEP TEAM ASSESSMENTS INCLUDING ADDITIONAL TRAINING SPECIFIC TO TRANSPORTATION SUPPORT. IN ADDITION THE BOARD SHOULD REQUIRE QUARTERLY STAFF REPORTS ABOUT PROGRESS ON IMPLEMENTATION OF THE TRANSPORTATION GUIDELINES.

District Response to Recommendation #1.1:

The Board is in the process of partially implementing this recommendation. Although the Board has not directed staff to implement transportation guidelines, the District is in the process of implementing a plan. By December 31, the Board will direct staff to complete implementation of the transportation guidelines and provide bi-annual reports to the Board.

During the 2013-2014 school year, the District revised its Transportation Decision-Tree (matrix). During the 2014-2015 school year, SUSD Special Education Leadership trained ALL teachers on the new matrix. The District expects it will take 2-3 years to see the anticipated drop in students being transported by special education. It should be noted that although the District has implemented the new matrix, there may not be an immediate decline in routes. Many students' Individualized Education Plans (IEP) currently contain a transportation requirement. Once the transportation is in the IEP, the parent must agree to the modification or elimination of the service.

Furthermore, the District plans to provide the Board bi-annual rather than quarterly staff reports on implementation of transportation guidelines with the first report being the standard June CASEMIS report in June 2016, and that thereafter the Board will receive bi-annual reports aligning with the District/SELPA reports required by CDE in December and June each year. This bi-annual approach aligns with the State's special education reporting system. Considerable work goes into these reports to ensure accuracy for funding and compliance purposes. As such a bi-annual approach allows for accurate, timely reporting without adding a new system of reporting data.

Stockton Unified School District
BOARD OF EDUCATION
701 North Madison Street
Stockton, California 95202
(209) 933-7070

September 8, 2015
Public Session: 4:00 p.m. -5:00 p.m.

SPECIAL BOARD STUDY
SESSION MEETING
LOCATION: **Board Room**

4:00 p.m.	Call Meeting to Order A. Roll Call B. Oral Suggestions and Comments from the Community
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PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES
TO ENSURE AN ORDERLY AND EFFICIENT BOARD MEETING
(Board Bylaw 9325)

NOTICE OF SPECIAL BOARD MEETING AGENDA

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	1.0 Organization	
A	1.1 Response to San Joaquin County Grand Jury – Ms. Lisa Grant-Dawson, Chief Financial Officer, and Ms. Marie Nakamura, Attorney, Kronick, Moskovitz, Tiedemann & Girard	2285
	2.0 Adjournment	

Dated: September 4, 2015
Posted: 4:00 p.m.
Stockton, California 95202

SUBJECT: Adopt Response to 2014-2015 Grand Jury Report – Re: Case No. 1407, Buses

INTRODUCTION

The Stockton Unified School District Board of Education received one report from the San Joaquin Grand Jury for the fiscal year 2014-2015.

ANALYSIS

On June 16, 2015 the San Joaquin County Grand Jury released its report (Case No. 1407) involving the Stockton Unified School District ("District"). Therein the Grand Jury "concluded that the District's Board of Education needs to "improve its oversight approval of large purchases and large disposals of assets" and that "special student transportation changes need to be implemented promptly to reduce costs." Pursuant to the statutory authority of the Grand Jury, the Board of Education was directed to respond to its findings within ninety (90) days.

RECOMMENDATION

It is recommended that the Board of Education discuss and adopt a response to the 2014-2015 Grand Jury Report – Re: Case No. 1407, Buses for submission to the Presiding Judge of the San Joaquin County Superior Court.

Prepared by: Ms. Lisa Grant-Dawson, Chief Business Official

Reviewed by: Ms. Julie Penn, Interim Superintendent