

## **The Hermosa Beach City School District June 7, 2016, facilities bond Measure S Conflict of Interest by HBCSD Superintendent Pat Escalante.**

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**VIOLATOR:** Hermosa Beach City School District

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**VIOLATION:**

**Conflict of Interest:** A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official. HBCSD Superintendent Pat Escalante used her official position as Superintendent to improperly and illegally direct events in order to pass the Hermosa Beach City School district's desired facilities bond. Her financial interest was that of continued employment and the prospect of substantial salary increases if the district's desired bond passed.

1. HBCSD Superintendent Pat Escalante possessed indirect decision-making authority in her capacity as advisor and facilitator to the HBCSD school board. She made substantive recommendations, and, over an extended period of time (2013 to 2016), those recommendations were regularly approved without significant amendment or modification by school board members. California Code of Regulations 18700.

**EXAMPLES OF INDIRECT DECISION-MAKING AUTHORITY:**

- a. **Example #1.** During the district directed Facilities Planning and Advisory Committee (FPAC), Superintendent Escalante did NOT allow the 12-member group to substantially discuss the HBCSD district use of the Community Center to relieve overcrowding. Exhibit XX
- b. **Example #2.** A copy of the complete Agreement for the Sale and Purchase of Pier Avenue School to the City of Hermosa Beach was not provided to FPAC members. One FPAC member on her own, travelled to the Los Angeles County Registrars office and located the entire Agreement which included the Memorandum of Understanding (MOU). The MOU had been previously missing from available Agreement copies. The MOU gave details for district priority use of classrooms, office and storage space at Pier Avenue School when district enrollment surpassed 1,266 students. Although the MOU was unsigned, the City had executed the MOU, thus making it a legally binding document, when they took out a escrow on Pier Avenue School the next day following the instructions outline in the MOU. Exhibit XX.
- c. **Example #3.** In the May 2014 HBCSD Board Highlights, Ms. Escalante purposely disseminated incorrect information to the public regarding the Agreement for the Sale and Purchase of Pier Avenue School contract stipulations and California Education Code 17536/17537 the Exchange of Properties in regard to the district use of classrooms in the Community Center. Exhibit XX.
- d. **Example #4.** Superintendent Escalante influenced City Manager Tom Bakaly's to give incorrect information to the public in a letter to the Editor dated 10/09/2014 regarding the district's possible use of Pier Avenue School to relieve district overcrowding. Mr. Bakaly used the examples of the California Education Code of Regulations 17536 and 17537 that he stated incorrectly "prevented" the use of the community center for school purposes. Tom Bakaly would have had no personal knowledge of the California Code of Regulations that he used

incorrectly to disqualify the use of the Community Center for district use in his letter to the public. Exhibit XX

- e. Example #5. Ms. Escalante purposely misled the community regarding the true details of the Agreement for the Purchase and Sale of Pier Avenue School. In a History of the Sale of Pier Avenue School to the City of Hermosa Beach; Sale of Pier Avenue School: Article 4 of the MOU (Escrow Exhibit "B", displayed on the District's website, Ms. Escalante confuses and omits relevant facts. Exhibit XX.
  - i. *"In essence the City owns Pier Avenue School (Community Center), the District has a 15 year lease agreement."* This is a misleading statement. The 15 year lease refers to Exhibit K NOT to the facility usage terms outlined in the Memorandum of Understanding. The MOU states that the district shall have CONTINUED right to use classrooms, office and storage space for school purpose when district enrollment exceeds 1,266 students. Contractual use of classrooms at Pier Avenue School is dependent on district enrollment. There is no expiration date to this provision.
  - ii. Ms. Escalante DID NOT attach a copy of the MOU to her explanation above. Exhibit XX.
- f. Example #6. HBCSD did not use available funds of \$3M to \$3.5M to relieve overcrowding at district schools, prior to a bond vote. Exhibit XX.
- g. Example #7. After bond measure Q was defeated in November 2014, Superintendent Escalante in a public meeting gave incorrect information regarding K-3 class size regulations for the 2014-2015 school year. Exhibit XX. In the past the district, when facing the prospect of exceeding strict Class Size Reduction (CSR) limits for a grade, had moved only the necessary classes of students between campuses, NOT the entire grade level of 150 students. Other options available to HBCSD would have been to create mixed grade classes to satisfy CSR requirements.

This had the result of exacerbating the already severely overcrowded district's K-2<sup>nd</sup> grade campus. The effect was to panic parents of younger students to actively support the district's desire for a brand-new campus., since the parents of younger children were more likely to be able to receive benefit from a new campus than parents of older students. The district planned to create a dedicated new 3<sup>rd</sup> and 4<sup>th</sup> grade campus at North School.

- h. Example #8. Superintendent Escalante purposely ignored the letter from the Department of General Services, Office of Public School Construction that okayed use of either the Community Center or a renovated North School to alleviate overcrowding. Exhibit XX.
- i. Example #9. Superintendent Escalante personally directed the content of incorrect, misleading and omitted information on the district's website. Exhibit XX
- j. Example #10. Superintendent Escalante did not make the significantly relevant positive evaluation by John Martin and Associates seismic evaluation report (August 2015) of Pier Avenue School available on the district website or mention it in informational meetings.
- k. Example #11. Superintendent Escalante did not make the significantly relevant positive evaluation by Civil Source (August 2015) building conditions report on Pier Avenue School available on the district website or mention it in informational meetings.
- l. Example #12. Superintendent Escalante colluded in six hours of meetings with HBCSD Attorney Terry Tao to give a one-hour presentation with egregiously incorrect information to the community one week before the bond vote. Exhibit XX

#### **FORESEEABLE MATERIAL EFFECT:**

- 2. California Code of Regulations 18701(b)(2)(4)(6). Superintendent Escalante had a financial interest in passing the HBCSD's desired facilities plan at the exclusion of other valid but less capacious plans. Superintendent Escalante's financial gain was reasonably foreseeable in her ability to deliver to school

board members their desired plan and her willingness to flout the law and facts in order to accomplish their goals. The effect of satisfying school board members was continued employment and the expectation of future large salary and benefits increases. In fact, school board members have since failed to penalize Ms. Escalante despite the evidence of her corrupt, illegal behavior to pass bond Measure S, and instead have actively protected and promoted Superintendent Escalante within the community.

- a. HBCSD Superintendent Pat Escalante was hired as principal at Valley School for one year (2011 – 2012) then immediately promoted to superintendent at HBCSD the following year (2012-2013). **Ms. Escalante had NO prior superintendent experience and had been replaced as principal of Beverly Hills Unified School District El Rodeo Elementary School after only five years as principal and then was let go in her next position as director of Adult Education at BHUSD after only one year.**
- b. **Although Ms. Escalante had no prior superintendent experience and had been replaced in her previous administrative jobs, she was chosen as superintendent over 70 other applicants and received an approximately \$19,341.00 increase in salary from her previous positions at the Beverly Hills Unified School District.**
- c. **After only six years of being hired as Superintendent at HBCSD, Ms. Escalante’s salary had increased by nearly 58% from her salary as principal at El Rodeo Elementary School to \$184,649.00 (not including benefits).** In comparison, during the same six-year period, other Administrative, Certified and Classified employees employed at Hermosa Beach City School District received a 2.5% increase in 2013-2014 school year; a 4.5% increase in the 2014-2015 school year; and a 3.7% raise in the 2015-2016 school year. NOTE: Taxpayer passed facility bond funds cannot be used for teacher or administrator pay.
- d. Ms. Escalante’s starting superintendent salary in 2012-2013 school year was approximately \$135,000.00. Her salary was increased in the 2013-2014 school year by 4.6% to approximately \$141,498.00. Ms. Escalante received another 6.1% increase in salary (\$9,125) during the 2014-2015 school year. In the 2015-2016 school year, Ms. Escalante received a salary increase of \$14,825.00, a nearly 9% raise. According to Exhibit A attachment to her contract in 2015, from 2015 to 2018 Ms. Superintendent was given a yearly 3.4% step-up in salary. By 2018-2019 school year, only six years after being hired as Superintendent at HBCSD, and with NO prior experience, Ms. Escalante’s salary had increased by nearly 58% from her salary as principal at El Rodeo Elementary School to \$184,649.00. NOTE: Taxpayer passed facility bond funds cannot be used for teacher or administrator pay.

**NOTE:** The Hermosa Beach City School District is a very small elementary only (K-8<sup>th</sup> grade) school district of approximately 1,400 students and two active elementary schools. **Other superintendents of school districts of the same size and approximately the same per student expenditures make between (2016-2017 school year) \$146,306 to \$170,000.** (Sources: School Accountability Report Cards for Alpine Union Elementary School District (San Diego County), Placerville Union Elementary School District (El Dorado County), McCabe Union Elementary School District (Imperial County) and Columbia Elementary School District (Shasta County)) The State-wide average superintendent salary in 2016-2017 for school districts of similar size was reported as \$183,692 – HBCSD’s superintendent salary may have contributed to an overall higher average.

**NOTE:** For comparison, the prior (2011-2012) interim Superintendent, Dr. Bruce Newlin, had 30 years' experience as a superintendent in school districts as large as 7,000 students, received an interim salary of approximately \$160,000 to \$176,000 from HBCSD.

**3. Contributing Circumstances:**

- a. Simultaneously to her hiring, HBCSD had to make special accommodations for Pat Escalante to become HBCSD superintendent. HBCSD purchased a Superintendent Support Consulting contract from previous interim superintendent Dr. Alan Rasmussen (HBCSD documents S-52-11/12 and S-11-13/14) which totaled \$26,600.00. Exhibit XX
- b. Starting in fall 2016, after the June 7th bond win, information regarding HBCSD's Superintendent Escalante illegal and unethical campaign activity was made available to School Board members and to certain members of the community. When confronted by the proof of illegal behavior, school board members took no public action to censure Ms. Escalante's actions during the election. Instead they started a public relations campaign to cover up her misdeeds and increase Ms. Escalante's standing in the community.
- c. Only months later, in January 2017, school board member Patti Ackerman, along with her husband, Aric Ackerman arranged a three-day vacation for Ms. Escalante in Park City, Utah where she could claim to have been honored by the Creative Coalition for her work as superintendent at Hermosa Beach School District. A press release was generated for the local newspapers and disseminated to the public. Exhibit XX

Aric Ackerman was chairman of the Spotlight Initiative Gala sponsored by the Creative Coalition. The Creative Coalition is a national arts organization dedicated to honoring creative professionals including drama teachers, coaches and actors who have made contributions to the arts. The multi-day event was held as part of the Sundance Film Festival and benefited the entertainment industry NOT general education. At a luncheon called Teachers Making a Difference HBCSD claimed that Superintendent Escalante, who is not affiliated with the arts community, was specifically honored by the Coalition because of her work to "bring on additional teachers so that every child can exercise their right to a good public education" which is a nonsensical statement. (See enclosed newspaper article and press release.) Superintendent Escalante did not increase the number of teachers in Hermosa Beach's approximately 1,400 student, two-school district more than required by normal state education requirements.

NOTE: To date we have been unable to obtain Superintendent Escalante's expense reports regarding her trip to the Sundance Film festival, Spotlight Initiative Gala and Teacher's Making a Difference Luncheon.

- d. It seems that HBCSD may be paying an outside service (with taxpayer funds) such as TPR Communications hired during the Measure S bond campaign as a Public Relations and Communication Consultant, to boost Pat Escalante's positive information online. This after much negative information, such as these claims of FPPC campaign violations, has surfaced in the community. Exhibit XX

**4. Nature of the Conflict of Interest:**

HBCSD desired to rebuild a current grand-fathered in campus at North School at a cost of approximately \$32M. HOWEVER, HBCSD (and the community) also had the options to either exercise their valid contractual right to use classrooms, office and storage space at another former district school, Pier Avenue School as part of the Agreement for the Sale and Purchase of

Pier Avenue School to the City of Hermosa Beach (1978) OR to renovate North School for approximately \$11M instead of completely destroying and rebuilding the campus for approximately \$32M. HBCSD wished to discredit these other options in order to pass a \$59M facilities bond that would destroy and completely rebuild North School.

The district's desired plan has so far taken four years and cost millions of dollars. The brand-new North School campus is not scheduled to open until 2021. Since the district's \$59M facility bond passed, enrollment has decreased by 140 students in four years and is projected to decrease by another 28 students by September 2021 when the new North School campus is scheduled to open. The new North School campus is being built within an extremely dense residential neighborhood, will have ON-street drop-off and pick-up of third and fourth graders and will be only 27% the size of the CDE recommended campus size for 500 students.

The community's other valid options would have quickly provided additional classrooms to relieve the district's temporary overcrowding while costing a fraction of the cost of rebuilding the campus. North School was grandfathered in as a public school and built to seismically safe CDE Field Act requirements. Pier Avenue School was also built to seismically safe CDE Field Act requirements. It would have offered off-street drop-off and pick-up, a large auditorium, gymnasium, baseball diamond, fenced-in basketball courts and tennis courts and a large soccer pitch. Pier Avenue School could have been used as a joint use facility with the district using the facility from 8am to 3pm Monday through Friday and the City using the facility from 4pm to 10pm Monday through Friday and all day on Saturday and Sunday.

- a. I have personal knowledge of this possible conflict of interest violation because I have been involved in monitoring and investigating HBCSD actions over the last two decades. I am a 30 year resident of Hermosa Beach and have been involved with, attended meetings and have researched the Hermosa Beach City School District and the California Department of Education and the Department of General Services, Office of Public School Construction and the Department of State Architects rules and regulations and findings regarding our school district facilities since 2002.

Names and address of witnesses:

1. Chris Miller, 528 W. Maple Ave., El Segundo, CA 90245
2. Jackie and Jim Hausle, 1824 Valley Park Avenue, Hermosa Beach, CA 90254
3. Blair and Sally Smith, 316 25<sup>th</sup> Street, Hermosa Beach, CA 90254
4. Lynn Pope, 2202 Manhattan Ave., Hermosa Beach, CA 90254
5. Cassandra Bates, Hermosa Beach

I, the undersigned, do hereby swear, certify and affirm that:

I am over the age of 18 and am a resident of the State of California. I have personal knowledge of the facts herein.

Sincerely,

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