
Agenda Item #10



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

Report Number:	171-08/09
Date:	December 9, 2008
Subject:	Amendment to the Planning and Development Strategic Execution Plan to Provide Funding For a Charter School Expansion Project
Responsible Staff:	
Name	Joseph A. Mehula, Chief Facilities Executive
Office/Division	Facilities Services Division
Telephone No.	213-241-4811

A. EXECUTIVE SUMMARY

Action Proposed: Approve an amendment to the Planning and Development Strategic Execution Plan (SEP) to provide \$6 million for a charter school expansion project described in Attachment A and authorize staff to negotiate and enter into funding agreements with Stella Middle Charter Academy.

Staff Recommendation and Rationale: In accordance with the District's Charter School Facilities Expansion Program policy, staff recommends that the Board of Education approve an amendment to the Planning & Development SEP to provide \$6 million for one charter school expansion project and authorize staff to negotiate and enter into funding agreements with Stella Middle Charter Academy.

In lieu of annual Proposition 39 co-locations, this charter school expansion project will augment Stella Middle Charter Academy's state Proposition 1D funding for a new permanent facility for Stella Middle Charter Academy. The augmentation will provide an additional 200 new seats, an extra acre for playfields and expand building square footage by 10,000 square feet.

Background: The Charter School Facilities Program (CSFP) is a state program that was established under Assembly Bill 14 to provide grants to charter schools for the acquisition of land, construction of new facilities and rehabilitation of existing school district facilities. Funding for CSFP has been provided by three state bonds: Proposition 47, Proposition 55 and Proposition 1D. In total, the CSFP has awarded \$900 million to charter schools statewide, of which 24 Los Angeles charter schools have received \$414.2 million.

Of the 24 Los Angeles charter schools awarded CSFP funding; only four charter schools have been successful in developing viable projects to access their funding to date. Actual costs of land acquisition and



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

construction are significantly higher than the allocations provided through CSFP awards.

Charter schools have also experienced challenges acquiring property with sufficient time to conduct necessary due diligence required by the CSFP. All CSFP facilities projects must meet Field Act standards and comply with other statutory regulations, including review and approval by the California Department of Education (CDE) and the Division of State Architects (DSA). As a result, many recipients have returned their award to the CSFP for reallocation to other eligible applicants or are still attempting to develop viable projects within these requirements.

Proposition 1D, the most recent allocation of CSFP awards, eliminates the previous caps on the number of pupil grants, amount of acreage and total project cost. These changes are intended to increase the utilization of these awards. While these changes will assist, the CSFP is oversubscribed and as a result the funding provided to recipients is limited and does not appropriately provide for a comprehensive facility project in the Los Angeles construction and real estate markets.

Previously, the District has provided augmentation grants to three Los Angeles CSFP charter school recipients. In November 2005, the Board of Education awarded \$3 million to Montague Charter Elementary School to augment their state Proposition 47 funding. On October 17, 2008, the Board of Education awarded \$3 million each to Vaughn Elementary Language Academy and Vaughn International Studies to augment their state Proposition 55 funding. Consistent with these previous awards, this proposed charter school expansion project with Stella Middle Charter Academy will provide a \$6 million augmentation to their state Proposition 1D funding.

Stella Middle Charter Academy is operated by Bright Star Schools, a California registered non-profit organization (501(c)3) established in 2002. Stella Middle Charter Academy was authorized by the District in 2003 and was renewed for five years in 2008. They currently serve 485 students in grades 5-8 within Local District 3 and Board District 1.

Stella Middle Charter Academy has co-located on District facilities under Proposition 39 for three years. Augmenting their Proposition 1D funding will provide Stella Middle Charter Academy with a long-term facility solution in lieu of annual Proposition 39 co-locations. Their long-term facility will be located in the Mann Middle School attendance area in Local District 3 and Board District 1 (LaMotte).



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

Policy Implications: In accordance with the District's Charter School Facilities Expansion Program policy adopted on April 10, 2007, the Stella Middle Charter Academy facility project is an eligible recipient and meets the following policy criteria:

- Provides new expansion seats
- Assists the District in meeting its responsibilities under Education Code Section 47614 (Proposition 39)
- Possesses a valid charter granted by the District

This project is an innovative and alternative use eligible for consideration on a case-by-case basis per the Charter School Facilities Expansion Program policy.

Under the state's CSFP program, the District is required to hold title to the Stella Middle Charter Academy facility, which is required to meet Field Act, DSA, DTSC and CDE requirements.

Budget Impact: Funding for this proposal will be provided from the remaining balance of approximately \$44 million in local bond funds provided by Measure K, Measure R and Measure Y for charter schools. The budget for this charter school expansion project is \$6 million.

Issues/ Considerations: Approval of this charter school expansion project will reduce the remaining balance of approximately \$44 million local bond funds allocated to charter schools by \$6 million. The remaining balance will be approximately \$38 million.

This augmentation will ensure Stella Middle Charter Academy can leverage their Proposition 1D award into a viable project. This funding will be utilized to offset their land acquisition costs. As a result, Stella Middle Charter Academy will utilize their entire Proposition 1D award of \$24 million for construction costs to build a 700 seat facility on approximately three acres.

Effect of "yes" vote: The Board of Education will approve a \$6 million augmentation grant to Stella Middle Charter Academy and staff will negotiate and enter into a funding agreement with Stella Middle Charter Academy.



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

Effect of “no” vote: Failure to adopt this recommendation will prohibit the award of a \$6 million augmentation grant to Stella Middle Charter Academy. As a result, Stella Middle Charter Academy’s Proposition 1D project will be reduced by 200 seats, 10,000 building square feet and will result in less acreage for playfields. This will jeopardize their long-term facilities solution and result in annual Proposition 39 co-locations to resolve their complete facilities need.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

B. BOARD REPORT

Action Proposed: Approve an amendment to the Planning & Development Strategic Execution Plan (SEP) to provide \$6 million for a charter school expansion project described in Attachment A and authorize staff to negotiate and enter into funding agreements with Stella Middle Charter Academy.

Expected Outcomes: The District will augment Stella Middle Charter Academy's Proposition 1D award and reimburse all land acquisition costs. As a result, Stella Middle Charter Academy will fully utilize their \$24 million Proposition 1D award for construction costs, which will provide an additional 200 new seats, an extra acre for playfields and expand building square footage by 10,000 square feet.

Board Options and Consequences: The Board of Education will approve a \$6 million augmentation grant to Stella Middle Charter Academy and staff will negotiate and enter into a funding agreement with Stella Middle Charter Academy. This action will provide a long-term facility solution for the entire Stella Middle Charter Academy student enrollment.

Failure to adopt this recommendation will prohibit the award of a \$6 million augmentation grant to Stella Middle Charter Academy. As a result, Stella Middle Charter Academy's Proposition 1D project will be reduced by 200 seats, 10,000 building square feet and will result in less acreage for playfields. This will jeopardize their long-term facilities solution and result in annual Proposition 39 co-locations to resolve their complete facilities need.

Policy Implications: In accordance with the District's Charter School Facilities Expansion Program policy adopted on April 10, 2007, the Stella Middle Charter Academy facility project is an eligible recipient and meets the following policy criteria:

- Provides new expansion seats
- Assists the District in meeting its responsibilities under Education Code Section 47614 (Proposition 39)
- Possesses a valid charter granted by the District

This project is an innovative and alternative use eligible for consideration on a case-by-case basis per the Charter School Facilities Expansion Program policy.



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

Under the state's CSFP program, the District is required to hold title to the Stella Middle Charter Academy facility, which is required to meet Field Act, DSA, DTSC and CDE requirements.

Budget Impact: Funding for this proposal will be provided from the remaining balance of approximately \$44 million in local bond funds provided by Measure K, Measure R and Measure Y for charter schools. The budget for this charter school expansion project is \$6 million.

Issues and Analysis: The District will enter into a funding agreement with Stella Middle Charter Academy to cover the terms of their augmentation grant. The funding agreements will require the following:

1. Use of funds restricted to reimburse land acquisition costs;
2. Prior to the award of any funds, the District will ensure compliance with the California Environmental Quality Act and the requirements of the Department of Toxic Substances Control, as well as satisfactory completion of other real estate acquisition due diligence, to the District's satisfaction;
3. Prior to the award of any funds, the District will ensure site approval from the California Department of Education;
4. Prior to the award of any funds, Stella Middle Charter Academy must provide to the District satisfactory evidence of sufficient resources to complete the project;
5. The District will not be responsible for any cost overruns;
6. Stella Middle Charter Academy will provide project construction completion and cost summaries to the District at regular intervals;
7. Stella Middle Charter Academy will waive all Proposition 39 requests; and
8. Stella Middle Charter Academy will be responsible for all facility project management from design through construction.

No legal issues

Legal informative attached

Committee Information: This item was on the agenda of the December 4, 2008 Facilities Committee.

Bond Oversight Committee Recommendation: The School Construction Bond Citizen's Oversight Committee took action at its November 19, 2008 meeting on this item and adopted a resolution in support of the item by a vote of ten ayes and zero noes.

Reporting Requirements and Benchmarks: The Planning & Development SEP is updated annually. This SEP amendment will be reported in the Planning & Development SEP. Progress is reported monthly in the Planning & Development Monthly



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

Status Report. Facilities Services Division status reports are posed on www.laschools.org.

Staff has concluded that this proposed SEP amendment will help facilitate implementation of the SEP, and therefore, it will not adversely affect the District's ability to successfully complete the SEP.

Accountable Staff: John P. Creer, Director, Planning and Development Branch

Applicable Board Delegations: This motion delegates to staff the authority to negotiate and enter into a funding agreement with Stella Middle Charter Academy.

Superintendent's Comments: The Superintendent recommends approval of this action.

Miscellaneous Issues and Matters: N/A

Desegregation Impact Statement attached

Division of Accountability and Systemwide Performance

Informative




LOS ANGELES UNIFIED SCHOOL DISTRICT
Board of Education Report

Respectfully submitted,

DAVID L. BREWER III
Superintendent of School

APPROVED &
PRESENTED BY:


JOSEPH A. MEHULA
Chief Facilities Executive
Facilities Services Division

APPROVED BY:

DR. JAMES MORRIS
Chief of Staff



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

ATTACHMENT A

Project Description, Budget and Schedule

Stella Middle Charter Academy:

\$6,000,000

The total project cost is estimated at \$30 million. This charter school expansion project will fund a \$6 million augmentation grant to Stella Middle Charter Academy's \$24 million Proposition 1D award. The augmentation grant will be utilized to reimburse land acquisition costs. Stella Middle Charter Academy will provide 700 seats in 25 classrooms on approximately three acres in the Mann Middle School attendance area. This project will be completed in September 2011.

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

Constance Rice, Chair
L.A. City Controller's Office

Scott Folsom, Vice Chair
Tenth District PTSA

David Crippens, Secretary
L.A. Area Chamber of Commerce

Elizabeth Bar-El
LAUSD Student Parent

Christopher Espinosa
L.A. Mayor's Office

Charles Bergson
LAUSD Student Parent

David Jenkins
Associated General Contractors
of California

Lynda Levitan
Thirty-First District PTSA

Anastacio Medina
BREATHE California

Richard Slawson
L.A. Co. Federation of Labor,
AFL-CIO

Virginia Tanzmann
American Institute of Architects

Betty Valles
AARP

Wendy Watanabe
John Naimo - *Alternate*
County of Los Angeles

(Vacant)
California Taxpayers' Association

(Vacant)
Environmental Justice/Civil
Rights Group

Joseph P. Buchman – Legal Counsel
Burke, Williams & Sorensen, LLP

Thomas A. Rubin
Oversight Committee Consultant

Gary C. Anderson
Director
Frank Padilla
Administrator

RESOLUTION 2008-65

BOARD REPORT NO. xx-08/09

**PLANNING AND DEVELOPMENT BRANCH STRATEGIC EXECUTION PLAN
AMENDMENT TO PROVIDE FUNDING FOR A CHARTER SCHOOL
EXPANSION PROJECT**

WHEREAS, in accordance with the LAUSD Charter School Facilities Expansion Program, the proposed charter school expansion project with Stella Middle Charter Academy will provide new expansion seats and assist the District in meeting its responsibilities under Education Code Section 47614 (Proposition 39); and

WHEREAS, Stella Middle Charter Academy is a state Proposition 1D recipient of approximately \$24 million; and

WHEREAS, through an augmentation grant to reimburse land acquisition costs, LAUSD can leverage Stella Middle Charter Academy's Proposition 1D funding to \$30 million; and

WHEREAS, the proposed augmentation grant will provide Stella Middle Charter Academy's permanent facility an additional 200 new seats, an extra acre for playfields and expand building square footage by 10,000 square feet; and

WHEREAS, this charter school expansion project will be funded by local bond funds provided by Measure K, Measure R and Measure Y to charter schools. The total cost to complete this project is \$30 million; and

WHEREAS, Facilities Services Division has concluded (1) that amending the Facilities Strategic Execution Plan to provide funding for a charter school expansion project will facilitate implementation of the Planning and Development Strategic Execution Plan, and (2) that the

Resolution 2008-65

Planning and Development Strategic Execution Plan Amendment to Provide Funding for a Charter School Expansion Project

Page -2-

proposed amendment will not adversely affect the District's ability to successfully complete the Planning and Development Strategic Execution Plan;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School Construction Bond Citizens' Oversight Committee recommends that the Board of Education adopt an amendment to the Planning and Develop Strategic Execution Plan, to provide funding for a Charter School Expansion Project, as described in the attached Board Report.
2. This resolution shall be transmitted to the Los Angeles Unified School District Board of Education and posted on the Bond Oversight Committee's website.
3. The District is directed to track the above recommendation and to report on the adoption, rejection or pending status of the recommendation as provided in section 6.2 of the Charter and Memorandum of Understanding between the Oversight Committee and the District.

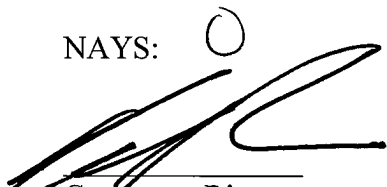
ADOPTED on November 19, 2008 by the following vote:

AYES: 10

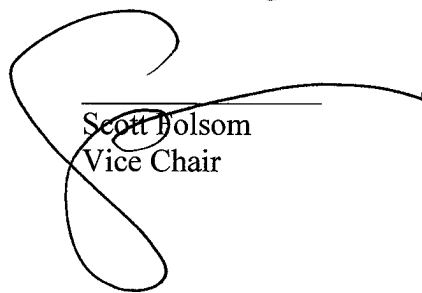
ABSTAIN: 0

NAYS: 0

ABSENT: 3



Constance Rice
Chair



Scott Folsom
Vice Chair