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## **Agenda Item #6**

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# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Board of Education Report

<b>Report Number:</b>	207-08/09
<b>Date:</b>	January 27, 2009
<b>Subject:</b>	Designation of Central Los Angeles High School No. 12 for Charter School Operation
<b>Responsible Staff:</b>	
Name	Joseph A. Mehula, Chief Facilities Executive
Office/Division	Facilities Services Division
Telephone No.	213-241-4811

### A. EXECUTIVE SUMMARY

**Action Proposed:** Approve the designation of Central Los Angeles High School #12 for charter school operation and authorize staff to develop a selection process to assign a charter school operator and to negotiate and enter into applicable agreements with the assigned charter school operator.

**Staff Recommendation and Rationale:** Staff recommends that the Board of Education approve the designation of Central Los Angeles High School #12 for charter school operation and authorize staff to develop a selection process to assign a charter school operator and to negotiate and enter into applicable agreements with the assigned charter school operator.

The assigned charter school operator will fund construction and operate Central Los Angeles High School #12, with the construction services performed by the Facilities Services Division. This project has completed design and is DSA approved. This action will provide the District with the following benefits:

1. Identifies and establishes an instructional partner that compliments the Belmont Zone of Choice.
2. Leverages external revenue sources to fund the construction and operation of a secondary facility to relieve an impacted attendance area.
3. Provides a secondary charter school a long-term facilities solution in lieu of annual Proposition 39 charter co-locations.

**Background:** The Board initially adopted the Project Approval for Central Los Angeles High School #12 (Miramar Street and West 2<sup>nd</sup> Street, Los Angeles, CA 90017) on March 8, 2005. Central Los Angeles High School #12 was intended to relieve Belmont High School and provide education



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programming for students in grades nine through twelve. The school site is 1.37-acres and adjacent to the athletic playfields of the Miguel Contreras Learning Complex. The property is owned by the District. As currently designed, the school can accommodate 500 two-semester seats and consists of 19 classrooms, administration, multi-purpose room, food services, lunch shelter, library, labs and subterranean parking. The Miguel Contreras Learning Complex playfields would provide shared use physical education and athletic facilities.

The New Construction Two-Semester Neighborhood School Program Definition and Funding Strategy, approved by the Board on October 23, 2007, identifies Central Los High School #12 as an unfunded project. Citing unprecedented industry wide increases in construction prices over the past several years and the reduction of District access to State matching funds, Central Los Angeles High School #12 was recommended for reprioritization as the New Construction Program reallocated limited local bond funds to other projects that achieved the two-semester commitment. Similar to other unfunded projects that go beyond two-semester operation and further reduce overcrowding and reliance on portable classrooms, Central Los Angeles High School #12 can only move forward when additional funding sources are identified.

Designating Central Los Angeles High School #12 for charter school operation addresses the increasing demand for secondary charter school facilities under Proposition 39 within the Belmont High School attendance area. Soliciting charter schools with state, philanthropic and/or private financing leverages external funding to achieve the New Construction Program goals. As a result of building Central Los Angeles High #12 for charter school operation, the District will identify and establish an instructional partner to compliment the Belmont Zone of Choice.

Central Los Angeles High School #12 is in Local District 4 and Board District 2 (Garcia).

**Policy Implications:** This action does not change District policies.

**Budget Impact:** This proposal recommends that a charter school operator fund the construction and operation of Central Los Angeles High School #12, with construction services performed by the Facilities Services Division.

The 2008 New Construction Strategic Execution Plan estimates the total project cost for Central Los Angeles High School #12 to be \$45,864,101. This estimate was prepared during a period of projected higher



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construction escalation costs. Due to the recent financial climate, it is anticipated that the actual cost may significantly decrease from this estimate. In the event the selected charter school operator is unable to fund the entire construction cost of Central Los Angeles High School #12, staff will propose for consideration by the Board of Education that an augmentation grant be allocated from Measure K, R and Y local bond funds that are designated for charter schools.

No General Fund resources will be used for construction or operation of Central Los Angeles High School #12.

### **Issues/ Considerations:**

Local District 4 and the principal of Miguel Contreras have been engaged in the development of this proposal and will be involved in the development of the selection process. Criteria will be established to identify a charter school program that complements the Belmont Zone of Choice. Shared use of the physical education and athletic fields will require coordination amongst both schools.

There is a need for additional middle and high school seats within the Belmont High School attendance area. The surrounding secondary schools, particularly the middle schools, have an operating capacity and enrollment above the state average. In the development of the selection process, staff will conduct an analysis of the Belmont High School attendance area seat need to determine if Central Los Angeles High School #12 should operate as a middle or high school.

The selection process will be transparent and widely publicized through the Charter Schools Division to solicit proposals from charter schools throughout the District. Preference points will be provided to charter schools currently operating within the Belmont High School attendance area. Eligible applicant charter schools must be an existing charter school and in good-standing as well as demonstrate financial soundness with sufficient resources to fund the construction of Central Los Angeles High School #12. While preference points will also be provided to applicants with the most amount of available of funding, the innovative and effective quality of the charter school's instructional program will also be weighted heavily to ensure the selection of a charter school operator that complements the Belmont Zone of Choice.

### **Effect of "yes" vote:**

The Board of Education will approve the designation of Central Los Angeles High School #12 for charter school operation and authorize staff to develop a selection process to assign a charter school operator and to negotiate and enter into applicable agreements with the assigned charter



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school operator.

**Effect of “no” vote:** Failure to adopt this recommendation will prohibit the designation of Central Los Angeles High School #12 for charter school operation as well as the development of a selection process to assign a charter school operator and prevent staff from executing applicable use agreements.

As a result, the District will be unable to achieve the following:

1. Identify and establish an instructional partner that compliments the Belmont Zone of Choice.
2. Leverage external revenue sources to fund the construction and operation of a secondary facility to relive an impacted attendance area.
3. Provide a secondary charter school a long-term facilities solution in lieu of annual Proposition 39 charter co-locations.



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### B. BOARD REPORT

**Action Proposed:** Approve the designation of Central Los Angeles High School #12 for charter school operation and authorize staff to develop a selection process to assign a charter school operator and to negotiate and enter into applicable agreements with the assigned charter school operator.

**Expected Outcomes:** Staff will develop a selection process with the instructional input of Local District 4 and the principal of Miguel Contreras Learning Complex to identify and establish an instructional partnership with a charter school operator to operate Central Los Angeles High School #12 upon completion of construction by the Facilities Services Division. The assigned charter school operator will fund the construction. Staff will negotiate and enter into applicable agreement with the assigned charter school. The agreements will be coterminous with the authorization of the charter school's petition.

Designation of Central Los Angeles High School #12 for charter school operation will alleviate the need for annual Proposition 39 charter school co-locations within the Belmont High School attendance area by providing a long-term facility solution for the assigned secondary charter school operator.

**Board Options and Consequences:** The Board of Education can approve the designation of Central Los Angeles High School #12 for charter school operation and authorize staff to develop a selection process to assign a charter school operator and to negotiate and enter into applicable agreements with the assigned charter school operator. Failure to adopt this recommendation will prohibit the designation of Central Los Angeles High School #12 for charter school operation as well as the development of a selection process to assign a charter school operator and prevent staff from executing applicable use agreements.

As a result, the District will be unable to achieve the following:

1. Identify and establish an instructional partner that compliments the Belmont Zone of Choice.
2. Leverage external revenue sources to fund the construction and operation of a secondary facility to relive an impacted attendance area.
3. Provide a secondary charter school a long-term facilities solution



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in lieu of annual Proposition 39 charter co-locations.

Another option could be to not designate the school at this time for charter purposes and for the District to identify other funds in the future for construction and eventual operation by the District or another entity. This would leave the current real estate resource un-utilized for an indefinite period.

**Policy Implications:** This action does not change District policies.

**Budget Impact:** This proposal recommends that a charter school operator fund the construction and operation of Central Los Angeles High School #12, with construction services performed by the Facilities Services Division.

The 2008 New Construction Strategic Execution Plan estimates the total project cost for Central Los Angeles High School #12 to be \$45,864,101. This estimate was prepared during a period of projected higher construction escalation costs. Due to the recent financial climate, it is anticipated that the actual cost may significantly decrease from this estimate. In the event the selected charter school operator is unable to fund the entire construction cost of Central Los Angeles High School #12, staff will propose for consideration by the Board of Education, that an augmentation grant be allocated from Measure K, R and Y local bond funds that are designated for charter schools.

No General Fund resources will be used for construction or operation of Central Los Angeles High School #12.

**Issues and Analysis:** For the 2009-10 school year, there were 12 charter school requests for facilities under Proposition 39 in Local District 4 totaling 3,088 seats. Of the 3,088 seats requested, 1,871 were secondary seat requests. The Belmont High School attendance area received four charter school requests totaling 1,067 seats. Three of the four requests within the Belmont High School attendance area were secondary requests totaling 816 seats.

**No legal issues**

**Legal informative attached**

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.



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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 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. Central Los Angeles High School #12 is an opportunity for state-funded charter schools to fund the construction of a facility designed and built to CSFP requirements to operate following the completion of construction by the Facilities Services Division.

Upon approval by the Board of Education, staff will develop the selection process and assign a charter school operator by April 2009. Once financial resources are identified and applicable agreements are negotiated and executed, construction will commence with the goal of opening Central Los Angeles High School #12 by September 2011. Design and DSA approvals have been completed. Pending the identification of a charter school operator and funding, this project is ready for construction bidding.

Staff will negotiate and enter into applicable agreements that ensure the following:

1. Charter school waives annual Proposition 39 requests conterminous with the term of applicable agreements.
2. Facilities Services Division manages and executes the entire construction process.
3. Charter school will agree to provide an enrollment preference for an attendance area identified by the District.

These points permit the District to address Proposition 39 with a long-term solution, ensure construction is completed on schedule with minimal impact to the neighboring Miguel Contreras Learning Complex and achieve the New Construction Program goals of reducing overcrowding



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and reliance on portable classrooms by adding additional seats in the impacted Belmont High School attendance area.

<b>Committee Information:</b>	This item will appear on the agenda of the January 15, 2009 Facilities Committee.
<b>Reporting Requirements and Benchmarks:</b>	Progress is reported monthly in the Planning & Development and New Construction Monthly Status Reports. Facilities Services Division status reports are posted on <a href="http://www.laschools.org">www.laschools.org</a> .
<b>Accountable Staff:</b>	Richard Alonzo, Superintendent, Local District 4 John P. Creer, Director, Planning and Development Branch Jose Cole-Gutierrez, Executive Director, Charter Schools Division
<b>Applicable Board Delegations:</b>	This motion delegates to staff the authority to negotiate and enter into applicable use agreements with the assigned charter school operator.
<b>Superintendent's Comments:</b>	The Superintendent recommends approval of this action.
<b>Miscellaneous Issues and Matters:</b>	N/A
<input type="checkbox"/> <b>Desegregation Impact Statement attached</b>	
<input type="checkbox"/> <b>Division of Accountability and Systemwide Performance</b>	
<input type="checkbox"/> <b>Informative</b>	




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Respectfully submitted,

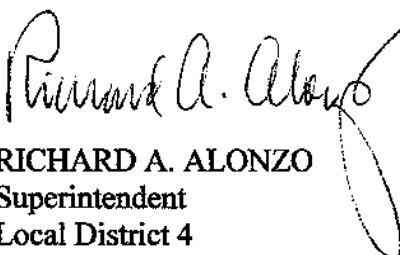
**RAMON C. CORTINES**  
Superintendent of Schools


**APPROVED &  
PRESENTED BY:**

  
**JOSEPH A. MEHULA**  
Chief Facilities Executive  
Facilities Services Division

**APPROVED BY:**

**DR. JAMES MORRIS**  
Chief of Staff

  
**RICHARD A. ALONZO**  
Superintendent  
Local District 4

  
**JOSE COLE-GUTIERREZ**  
Executive Director  
Charter Schools Division