



Board of Education Report

File #: Rep-347-18/19, **Version:** 1

Amendment to the Facilities Services Division Strategic Execution Plan to Approve a Charter Augmentation Grant for the Vaughn Next Century Learning Center New Two-Story Addition Project May 21, 2019

Facilities Services Division and Charter Schools Division

Action Proposed:

Staff proposes that the Board of Education (Board) amend the Facilities Services Division (FSD) Strategic Execution Plan (SEP) to approve a charter augmentation grant for the Vaughn Next Century Learning Center (Vaughn) New Two-Story Addition Project (Project) on the existing District-owned Vaughn campus located at 13330 Vaughn Street in the San Fernando area of Los Angeles. The total project budget of the District's portion of the Vaughn Project is in the amount of \$9,700,000. The budget includes cost for District oversight to ensure compliance with District guidelines and approvals, including but not limited to, Division of the State Architect (DSA) inspection during construction, environmental review, design review, and development of necessary agreements and instruments. Funding for the Project will be provided from Bond Program funds earmarked for charter school facilities projects.

Staff further proposes that the Board authorize the Chief Facilities Executive, and/or his designee(s), to negotiate and execute the necessary agreements and instruments for the financing of this charter augmentation grant Project. The proposed charter augmentation grant was evaluated under the current Charter Augmentation Grant Program Guidelines, which require charter school applicants contribute a minimum of 50 percent of the total project cost from non-District sources.

Background:

Since 2002, with the passage of Measure K, the District has undertaken charter school facilities projects as part of its Bond Program. In total, approximately \$380 Million of Bond Program funds have been targeted specifically for charter school facilities projects. Presently, approximately \$170 Million remains targeted for additional charter school facilities projects.

For approximately 13 years, the District has supported charter schools' facilities projects with augmentation grants, which were initially provided on an "as-requested" basis. Due to an increased interest in the program, the Charter Augmentation Grant Program (Program) was formalized in December 2011. The Program provides charters with additional funding needed to finance long-term capital improvement facilities projects. The intent of the Program is to provide equal access to all charter schools, and to leverage funding to the maximum extent possible with other non-District sources.

Under the current Program Guidelines, applicants are required, among other things, to contribute a minimum of 50 percent of the total project cost from non-District sources. Applicants are also required to provide the District with fee-interest in the property, hold a valid charter, be in good standing, and agree to waive Proposition 39 rights to facilities. District staff reviews the applications, and if the minimum score (70 points) is achieved, the proposal is forwarded to the Bond Citizens' Oversight Committee (BOC) for consideration and the Board for approval. Once the Board approves a charter augmentation grant, funding will be provided to the

charter upon proof that all other non-District funding has been received and/or committed. This practice helps ensure funds are leveraged more effectively and that projects can be successfully completed. Since the Program was formalized, augmentation grants valued at nearly \$78 Million have been approved by the Board to support six charter school facilities projects.

The proposal for the Vaughn Project was determined to meet all eligibility requirements for funding. Vaughn has requested an augmentation grant in the amount of \$8,200,000 to provide 259 permanent classroom seats, Americans with Disabilities Act (ADA) restrooms and core spaces on the existing District-owned Vaughn campus in the San Fernando area of Los Angeles. Vaughn anticipates funding the remainder of the \$16,400,000 project budget from its capital reserve. The proposed project is located in Local District Northeast and Board District 6 (Kelly Gonez).

Expected Outcomes:

This action, if approved, will allow staff to negotiate and enter into a development agreement and any other related instruments with Vaughn for the allocation of the augmentation grant funds. The augmentation grant funds will be provided upon proof that all other non-District funding has been received and/or committed to ensure that funds can be effectively leveraged and that the Project will be completed.

Board Options and Consequences:

If the proposed action is not approved, augmentation grant would not be allocated to Vaughn.

Policy Implications:

This action is consistent with the District's Charter School Facilities Expansion Program Policy, adopted on April 10, 2007, which designates program requirements for projects that provide long-term facility solutions as an alternative to the annual Proposition 39 allocation of District facilities (Board Report No. 304-06/07).

Budget Impact:

Vaughn has requested an augmentation grant for \$8,200,000. The total funding will be \$9,700,000, which includes cost for District oversight to ensure compliance with District guidelines and approvals, including but not limited to, DSA inspection during construction, environmental review, design review, and development of necessary agreements and instruments. Funding for the Project will be provided from Bond Program funds earmarked for charter school facilities projects.

As is the case with all construction projects, there is the potential that project costs will increase. In the event this should occur and the cost increases cannot be reduced by cost saving measures, the District may elect to increase the amount of the augmentation grant. However, any additional funding provided will not exceed 50 percent of the total project costs, as set forth in the Charter Augmentation Grant Program Guidelines. The charter school would still be required to contribute a minimum of 50 percent of the total project cost from non-District sources, including any remaining shortfall in the project budget. Staff will inform the Board if any such change to the augmentation grant amount should occur. Funding for any future augmentation grant increase would be provided from Bond Program funds targeted for charter school facilities.

Student Impact:

The proposed Project, once completed, will help ensure that the students attending Vaughn are provided with a safe and healthy environment, and up-to-date facilities that promote learning.

Issues and Analysis:

Vaughn currently serves approximately 3,009 students in grades TK through 12th at three private sites located at 13421 Vaughn Street in San Fernando, and 11505 and 11200 Herrick Avenue in the Pacoima area of Los Angeles, and one District-owned site located at 13330 Vaughn Street in the San Fernando area of Los Angeles. In 2018, the Board approved Vaughn's renewed charter petition with a growth of 259 students. The current charter petition allows Vaughn to serve up to 3,220 students in grades TK-12th.

The proposed 26,000 square foot Project includes removal of the current main office with surrounding student assembly area and construction of a permanent two-story structure with six learning pods (equivalent to 12 classrooms) to accommodate 259 students, health and administrative offices, a media/literacy pod, an IT network room, a teacher work and professional development room, and a food service area. The Project is required to receive DSA, California Department of Education and if applicable, Department of Toxic Substances Control, and California Environmental Quality Act approvals and must be constructed to be Field Act compliant. The Project is anticipated to start construction during the third quarter of 2020 and be completed by the third quarter of 2021. Upon completion, Vaughn will be able to accommodate the enrollment growth in accordance with its approved charter petition. The Project would provide a long-term location for Vaughn, who would waive their rights under Proposition 39 for the term of the lease.

If the Board approves the proposed \$8,200,000 augmentation grant, Vaughn anticipates funding the remainder of the \$16,400,000 project budget from its capital reserve. Vaughn's current Sole Occupant Agreement will be amended to include the increase in the capacity of the school and enrollment.

Bond Oversight Committee Recommendations:

This item was considered by the BOC at its meeting on May 9, 2019. Staff has concluded that this proposed SEP amendment will help facilitate implementation of the FSD SEP, and therefore, it will not adversely affect the District's ability to successfully complete the SEP.

Attachments:

BOC Resolution

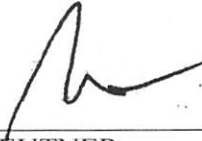
Informatives:

None.

Submitted:

5/3/2019

RESPECTFULLY SUBMITTED,



AUSTIN BEUTNER
Superintendent

APPROVED BY:



MARK HOVATTER
Chief Facilities Executive
Facilities Services Division

REVIEWED BY:



DAVID HOLMQUIST
General Counsel

APPROVED BY:



JOSÉ J. COLE-GUTIÉRREZ
Director
Charter Schools Division

Approved as to form.

REVIEWED BY:



CHERYL SIMPSON
Director, Budget Services and Financial Planning

PRESENTED BY:



AARON BRIDGEWATER
Director of Facilities Planning and Development
Facilities Services Division

Approved as to budget impact statement.

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

Rachel Greene, Chair

Tenth District PTSA

Bevin Ashenmiller, Vice-Chair

LAUSD Student Parent

Susan Linschoten, Secretary

L.A. Co. Auditor-Controller's Office

Araceli Sandoval-Gonzalez, Executive

Committee

Early Education Coalition

Karen Krygier, Executive Committee

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CA Tax Reform Assn.

Greg Good

L.A. City Mayor's Office

Michael Keeley

CA Charter School Association

Kate Mergen

Assoc. General Contractors of CA

Scott Pansky

L.A. Area Chamber of Commerce

Dolores Sobalvarro

AARP

Douglas Teiger

American Institute of Architects

Celia Ayala (Alternate)

Early Education Coalition

Arlene Barrera (Alternate)

L.A. Co. Auditor-Controller's Office

Jose Zambrano (Alternate)

Tenth District PTSA

(Vacant)

L.A. Co. Federation of Labor AFL-CIO

(Vacant)

LAUSD Student Parent

(Vacant)

31st District PTSA

Joseph P. Buchman – Legal Counsel

Burke, Williams & Sorensen, LLP

Lori Raineri and Keith Weaver – Oversight

Consultants

Government Financial Strategies

Timothy Popejoy

Bond Oversight Administrator

Perla Zitle

Asst. Administrative Analyst

RESOLUTION 2019-17

BOARD REPORT NO. 347-18/19

**AMENDMENT TO THE FACILITIES SERVICES DIVISION STRATEGIC
EXECUTION PLAN TO APPROVE A CHARTER AUGMENTATION GRANT FOR
THE VAUGHN NEXT CENTURY LEARNING CENTER NEW TWO-STORY
ADDITION PROJECT**

WHEREAS, District Staff proposes that the Board of Education (Board) amend the Facilities Services Division (FSD) Strategic Execution Plan (SEP) to approve a charter augmentation grant for the Vaughn Next Century Learning Center (Vaughn) New Two-Story Addition Project (Project) as described in Board Report 347-18/19; and

WHEREAS, The proposed charter augmentation grant was evaluated under the current Charter Augmentation Grant Program Guidelines, which require charter school applicants contribute a minimum of 50 percent of the total project cost from non-District sources; and

WHEREAS, Presently, approximately \$170 Million remains targeted for additional charter school facilities projects; and

WHEREAS, The Program provides charters with additional funding needed to finance long-term capital improvement facilities projects; and

WHEREAS, Applicants are also required to provide the District with a fee interest in the property, hold a valid charter, be in good standing, and agree to waive Proposition 39 rights to facilities; and

WHEREAS, Vaughn has requested an augmentation grant in the amount of \$8,200,000 to provide 259 permanent classroom seats, Americans with Disabilities Act (ADA) restrooms and

Bond Oversight Committee

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core spaces on the existing District-owned Vaughn campus in the San Fernando area of Los Angeles; and

WHEREAS, This action, if approved, will allow staff to negotiate and enter into a development agreement and any other related instruments with Vaughn for the allocation of the augmentation grant funds; and

WHEREAS, If the proposed action is not approved, the augmentation grant would not be allocated to Vaughn; and

WHEREAS, This action is consistent with the District's Charter School Facilities Expansion Program Policy, adopted on April 10, 2007, which designates program requirements for projects that provide long-term facility solutions as an alternative to the annual Proposition 39 allocation of District facilities (Board Report No. 304-06/07); and

WHEREAS, The total funding will be \$9,700,000, which includes cost for District oversight to ensure compliance with District guidelines and approvals, including but not limited to, DSA inspection during construction, environmental review, design review, and development of necessary agreements and instruments; and

WHEREAS, In the event the project costs increase, and the cost increases cannot be reduced by cost saving measures, the District may elect to increase the amount of the augmentation grant to 50 percent of the total project cost; and

WHEREAS, The proposed Project, once completed, will help ensure that the students attending Vaughn are provided with a safe and healthy environment, and up-to-date facilities that promote learning; and

WHEREAS, Vaughn currently serves approximately 3,009 students in grades TK through 12th at three private sites located at 13421 Vaughn Street in San Fernando, and 11505 and 11200 Herrick Avenue in the Pacoima area of Los Angeles, and one District-owned site located at 13330 Vaughn Street in the San Fernando area of Los Angeles; and

WHEREAS, The proposed 26,000 square foot Project includes removal of the current main office with surrounding student assembly area and construction of a permanent two-story structure with six learning pods (equivalent to 12 classrooms) to accommodate 259 students, health and administrative offices, a media/literacy pod, an IT network room, a teacher work and professional development room, and a food service area; and

WHEREAS, If the Board approves the proposed \$8,200,000 augmentation grant, Vaughn anticipates funding the remainder of the \$16,400,000 project budget from its capital reserve; and

**RESOLUTION 2019-17
AMENDMENT TO THE FACILITIES SERVICES DIVISION STRATEGIC
EXECUTION PLAN TO APPROVE A CHARTER AUGMENTATION GRANT FOR
THE VAUGHN NEXT CENTURY LEARNING CENTER NEW TWO-STORY
ADDITION PROJECT**

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

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School Construction Citizens' Bond Oversight Committee recommends that the Board of Education adopt District Staff's proposal to amend the FSD SEP to approve a charter augmentation grant for the Vaughn Project, with a total project budget of the District's portion in the amount of \$9,700,000, as described in Board Report 347-18/19, a copy of which is attached hereto in the form it was presented to the BOC and is incorporated herein by reference.
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 recommendations as provided in section 6.2 of the Charter and Memorandum of Understanding between the Bond Oversight Committee and the District.


ADOPTED on May 9, 2019, by the following vote:

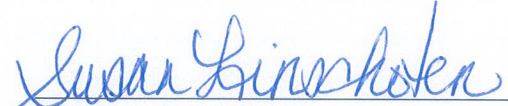
AYES: 9

ABSTENTIONS: 0

NAYS: 0

ABSENCES: 3


Rachel Greene
Chair


Bevin Ashenmiller
Vice-Chair

for
BA