



Board of Education Report

File #: Rep-014-24/25, **Version:** 1

Authorization to Increase the Charter Augmentation Grant for the Vaughn Next Century Learning Center New Two-Story Addition Project and Amend the Facilities Services Division Strategic Execution Plan to Incorporate Therein

August 13, 2024

Facilities Services Division

Action Proposed:

Authorize the Chief Facilities Executive and/or her designee to undertake all reasonable action and to execute all reasonable instruments as permitted by law to increase the charter augmentation grant for the Vaughn Next Century Learning Center (Vaughn) New Two-Story Addition Project (Project) for an additional \$4,229,550, which will increase the current authorized augmentation grant amount from \$8,200,000 to \$12,429,550.

Background:

The Board of Education (Board) has taken several actions in support of Vaughn's Project. On May 21, 2019, the Board approved an augmentation grant for \$8,200,000 to support Vaughn's proposal to develop a new two-story addition to the LAUSD-owned former Vaughn Elementary School (Campus), which Vaughn occupies via a Sole Occupant Agreement with Los Angeles Unified, and authorized staff to negotiate and execute the reasonable agreements for the financing of the Project. Subsequently, on January 12, 2021, the Board adopted the Mitigated Negative Declaration and approved the Project.

The Charter Augmentation Grant Program provides funds to charter schools that need additional funding in order to finance long-term, capital improvement facilities projects. Under the current grant guidelines, in addition to holding a valid charter, being a charter in good standing, and agreeing to waive Proposition 39 rights to facilities, applicants are required to contribute a minimum of 50 percent of the total project cost from non-District sources. The proposed increase complies with the grant guidelines as the \$12,429,550 in augmentation grant funds represents exactly 50 percent of Vaughn's updated estimated overall project budget of \$24,859,100. The updated project budget reflects the increase in construction costs, including the increase in the construction bid from the selected lowest bidder, Del Amo Construction, as well as the increase due to power requirements imposed by the Los Angeles Department of Water & Power (DWP) and additional soils testing and remediation.

The Project is being developed and constructed by Vaughn on the Campus in the San Fernando neighborhood in the City of Los Angeles. The 26,000 square-foot Project includes removal of the 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. Vaughn began construction in the third quarter of 2021 and anticipates completing construction by the third quarter of 2024. In 2018, the Board approved Vaughn's renewed charter petition with a growth of 259 students. Upon completion, the Project will be owned by Los Angeles Unified.

This Project is located within the boundaries of Region North, and Board District 6 (Kelly Gonez).

Bond Oversight Committee Recommendations:

This item was considered by the School Construction Bond Citizens' Oversight Committee (BOC) at its meeting on August 01, 2024. The presentation that was provided is included as Exhibit B. Staff has concluded that this proposed Facilities SEP amendment is in alignment with BOC recommendations and will facilitate Los Angeles Unified's ability to successfully implement the Facilities SEP.

Expected Outcomes:

Adoption of the proposed action will enable staff to increase the augmentation grant for the Vaughn Project from \$8,200,000 to \$12,429,550.

Board Options and Consequences:

Adoption will permit Los Angeles Unified to negotiate and execute any reasonable instruments to increase the augmentation grant by \$4,229,550. Vaughn will continue with construction of its Project to be able to accommodate the enrollment growth in accordance with its approved charter petition. The Project will provide a long-term location for Vaughn, who will continue to waive its rights under Proposition 39 for the term of the Sole Occupant Agreement with Los Angeles Unified.

If not adopted, Vaughn will have to identify other sources of funding for the \$8,459,100 in added Project costs. This funding will most likely come from operating reserves and have a negative impact on its current budget and programs.

Policy Implications:

The proposed action advances Los Angeles Unified's 2022-2026 Strategic Plan Pillar 4 Operational Effectiveness Modernizing Infrastructure by providing capital improvements at schools. This action helps facilitate the Board-adopted Facilities Services Division (FSD) Strategic Execution Plan (SEP) and is consistent with the District's Charter School Facilities Expansion 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.

Budget Impact:

The proposal increases the augmentation grant for the Vaughn New Two-Story Addition Project from \$8,200,000 to \$12,429,550, or an increase of \$4,229,550. The increase is primarily attributed to a construction bid that was higher than estimated in the initial augmentation grant award. Also, the increase is partially attributable to other factors identified during the design and construction phase. Such factors include the Division of the State Architect (DSA) requirement to conduct additional geotechnical studies which increased costs and caused delays, DWP requirements to consolidate power on the campus and upgrade the existing DWP infrastructure on the public right-of-way, and on the campus, additional soils testing and remediation, and increased construction costs due to impacts from the Covid-19 pandemic.

Los Angeles Unified's 50% funding for this project is from Bond Program funds earmarked for charter school facilities projects. Presently, approximately \$350 Million remains targeted for additional charter school facilities projects.

Student Impact:

The 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. Students will be provided with a new permanent two-story structure with six learning pods (equivalent to 12 classrooms), health and administrative

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offices, a media/literacy pod, an IT network room, a teacher work and professional development room, and a food service area. The new food service area will allow Vaughn to have a cooking kitchen on campus for the first time that will allow for hot meals to be prepared and served at Vaughn.

According to Vaughn's 2022-23 school report card, 98.6 percent of the students are Latino, 97.8 percent are socioeconomically disadvantaged, 8.9 percent are students with disabilities, 25.6 percent are English learners.

Equity Impact:

Not Applicable.

Issues and Analysis:

The proposed increase to the augmentation grant provides sufficient funding to allow Vaughn to complete construction of the proposed Project. Augmentation grant funding will be provided to the charter upon proof that all other non-District funding has been received and/or committed to ensure that funds can be effectively leveraged. Vaughn is required to contribute a minimum of 50 percent of the total project cost from non-District sources, which it is funding from its capital reserve. Vaughn will continue to occupy the Campus via a Sole-Occupant Agreement with Los Angeles Unified, which will be amended to include the increase in the capacity of the school and enrollment. The Project is required to be constructed in accordance with all applicable laws and District standards and requirements.

Attachments:

Exhibit A - BOC Resolution

Exhibit B - BOC Presentation

Informatives:

None

Submitted:

07/14/24


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RESPECTFULLY SUBMITTED,



ALBERTO M. CARVALHO
Superintendent

APPROVED BY:



PEDRO SALCIDO
Deputy Superintendent,
Business Services and Operations

REVIEWED BY:



DEVORA NAVERA REED
General Counsel

APPROVED BY:



KRISZTINA A. TOKES
Chief Facilities Executive
Facilities Services Division

✓ Approved as to form.

REVIEWED BY:



NOLBERTO DELGADILLO
Deputy Chief Business Officer, Finance

PRESENTED BY:



AARON BRIDGEWATER
Director of Facilities Planning & Development
Facilities Services Division

✓ Approved as to budget impact statement.

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

D. Michael Hamner, FAIA, Chair
American Institute of Architects
Robert Campbell, Vice-Chair
L.A. Co. Auditor-Controller's Office
Dr. Samantha Rowles, Secretary
LAUSD Student Parent
Patrick MacFarlane, Executive Committee
Early Education Coalition
Scott Pansky, Executive Committee
L.A. Area Chamber of Commerce

Neelura Bell
CA Charter School Association
Sandra Betts
CA Tax Reform Assn.
Chad Boggio
L.A. Co. Federation of Labor AFL-CIO
Aleigh Lewis
L.A. City Controller's Office
Jennifer McDowell
L.A. City Mayor's Office

Brian Mello
Assoc. General Contractors of CA
Santa Ramirez
Tenth District PTSA
William O. Ross IV
31st District PTSA
Connie Yee (Alternate)
L.A. Co. Auditor-Controller's Office
Vacant
Senior Citizens' Organization
Vacant
LAUSD Student Parent

Joseph P. Buchman – Legal Counsel
Burke, Williams & Sorensen, LLP
Lori Raineri and Keith Weaver – Oversight Consultants
Government Financial Services Joint Powers Authority

Timothy Popejoy
Bond Oversight Administrator
Perla Zitle
Bond Oversight Coordinator

RESOLUTION 2024-27**BOARD REPORT 014-24/25****AUTHORIZATION TO INCREASE THE CHARTER AUGMENTATION GRANT FOR THE VAUGHN NEXT CENTURY LEARNING CENTER NEW TWO-STORY ADDITION PROJECT AND AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN TO INCORPORATE THEREIN**

WHEREAS, Los Angeles Unified School District's (Los Angeles Unified) Staff proposes that the Board of Education (Board) authorizes the Chief Facilities Executive and/or her designee to undertake all reasonable action and to execute all reasonable instruments as permitted by law to approve an increase to the charter augmentation grant for the Vaughn Next Century Learning Center (Vaughn) New Two-Story Addition Project (Project); and

WHEREAS, The Charter Augmentation Grant Program provides funds to charter schools that need additional funding in order to finance long-term, capital improvement facilities projects. On May 21, 2019, the Board approved the \$8,200,000 augmentation grant to fund 50 percent of the then estimated Project cost \$16,400,000; and

WHEREAS, Subsequently, as a result of the Division of the State Architect's (DSA) requirement to conduct additional geotechnical studies which increased costs and caused delays, the Los Angeles Department of Water and Power (DWP) requirements to consolidate power on the campus and upgrade the existing DWP infrastructure on the public right-of-way and on the campus, additional soils testing and remediation, and increased construction costs due to impacts from the Covid-19 pandemic, Vaughn's overall project budget has increased to \$24,859,100; and

WHEREAS, Vaughn is constructing a 26,000-square-foot 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. Vaughn began construction in the third quarter of 2021 and anticipates completing construction by the third quarter of 2024; and

AUTHORIZATION TO INCREASE THE CHARTER AUGMENTATION GRANT FOR THE VAUGHN NEXT CENTURY LEARNING CENTER NEW TWO-STORY ADDITION PROJECT AND AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN TO INCORPORATE THEREIN

WHEREAS, The proposed increase to the 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 was found to be in compliance with Vaughn contributing 50 percent of the total project cost from its capital reserve; and

WHEREAS, Presently, approximately \$350 Million remains targeted for additional charter school facilities projects; and

WHEREAS, Applicants are also required to hold a valid charter, be in good standing, and agree to waive Proposition 39 rights to facilities; and

WHEREAS, The Project is being built on a site that is owned by Los Angeles Unified and, once constructed, the Project will be owned by Los Angeles Unified; 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; 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, the District's Office of General Counsel has reviewed the proposed Project and determined that it may proceed to the School Construction Citizens' Bond Oversight Committee (BOC) for its consideration for recommendation to the Board of Education; and

WHEREAS, District Staff has concluded that this proposed action will help facilitate implementation of the Facilities Services Division (Facilities) Strategic Execution Plan (SEP) and therefore, it will not adversely affect the District's ability to successfully complete the Facilities SEP.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School Construction Citizens' Bond Oversight Committee recommends that the Board of Education authorize the Chief Facilities Executive and/or her designee to undertake all reasonable action and to execute all reasonable instruments as permitted by law to approve an increase to the charter augmentation grant for the Vaughn New Two-Story Addition Project of \$4,229,550, as described in Board Report 014-24/25, 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.

RESOLUTION 2024-27**AUTHORIZATION TO INCREASE THE CHARTER AUGMENTATION GRANT FOR THE VAUGHN NEXT CENTURY LEARNING CENTER NEW TWO-STORY ADDITION PROJECT AND AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN TO INCORPORATE THEREIN**

3. Los Angeles Unified 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 Los Angeles Unified.

ADOPTED on August 1, 2024, by the following vote:

AYES: 8

ABSTENTIONS: 0

NAYS: 0

ABSENCES: 5

/Michael Hamner/

D. Michael Hamner
Chair

/Robert Campbell/

Robert Campbell
Vice-Chair



Vaughn New Century Learning Center (NCLC) Charter Augmentation Grant Project



*Bond Oversight Committee Meeting
August 1, 2024*

Charter Augmentation Grant Program⁹⁹

- The Charter Augmentation Grant program provides charters with additional funding needed to finance long-term, capital improvement facilities projects.
- Since 2002 the District has undertaken charter school facilities projects as part of its Bond Program.
- Funding from Bond Program funds earmarked for charter school facilities upgrades and expansions.
- Since 2012, nearly \$168M in augmentation grants have been approved by the Board to support nine charter school facilities projects.
- Applicants are required to contribute a minimum of 50% of total project cost from non-District sources.
- Applicants also required to:
 - Provide District with fee-interest in the property,
 - Hold a valid charter,
 - Be in good standing, and
 - Agree to waive Proposition 39 rights to facilities.

- Approximately \$744 Million of Bond Program funds have been targeted specifically for charter school facilities projects
- Presently, approximately \$350 Million remains targeted for additional charter school facilities projects

Vaughn Next Century Learning Center Project¹⁰¹

- Project is constructed on the Vaughn ES Campus, which is an independent charter school on District owned property.
- The Board and BOC approved a charter augmentation grant in 2019 and subsequently approved the project in 2021.
- Project is required to support school's enrollment growth by approximately 259 students as approved by its charter petition to serve students in 2nd – 12th grades.
- Board approved Charter petition July 1, 2018 – June 30, 2026 with maximum enrollment of 3,220 students in TK through 12th grades.
- Increase is necessary due to the increased costs of construction, and the additional scope to consolidate/upgrade the electrical infrastructure and equipment on the campus, as well as along the public right of way, as required by the Los Angeles Department of Water and Power (DWP).
- Increasing the grant amount to 50% is consistent with the District's prior actions on other augmentation grant projects once they are substantially complete and actual costs are known.

Vaughn Next Century Learning Center Project¹⁰²

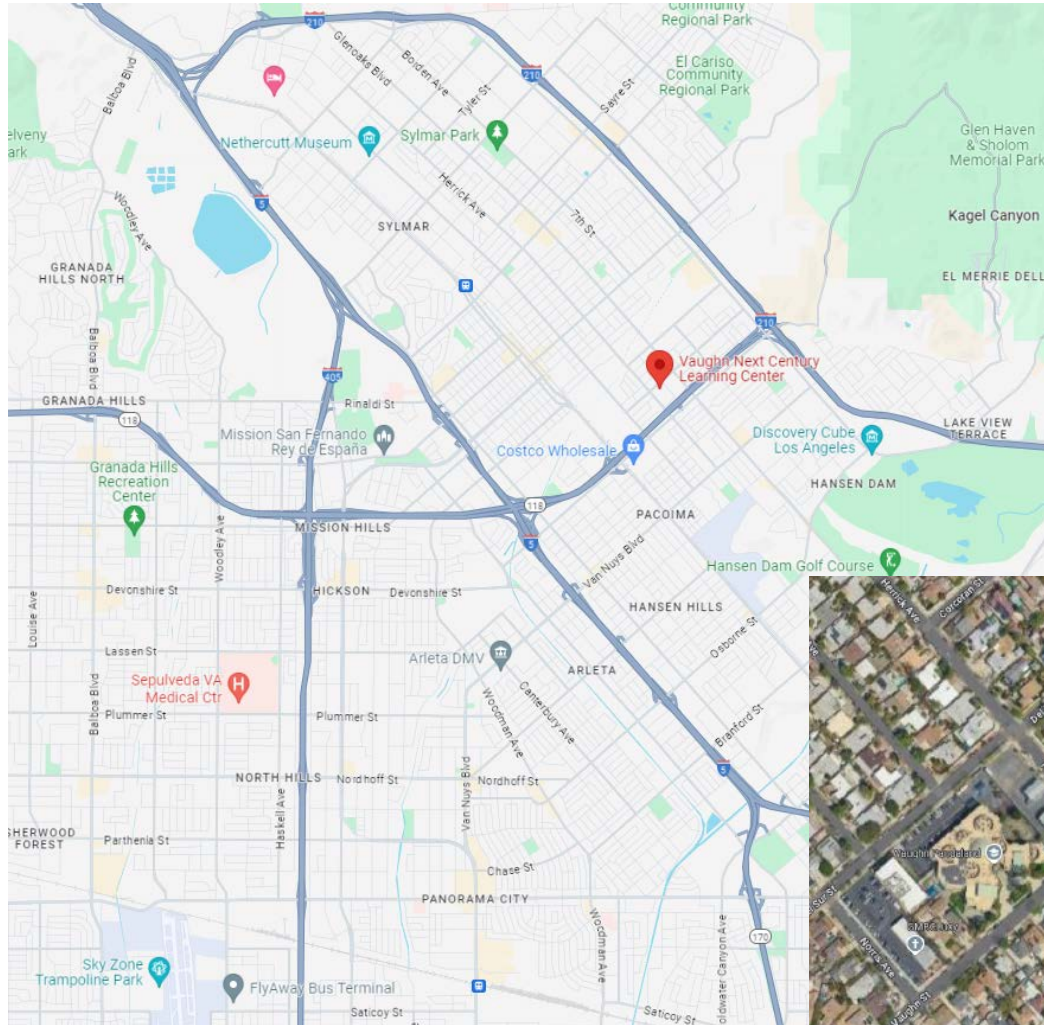
Total Project Budget	Current Augmentation Grant (Approved)	Augmentation Grant Increase (New)	Total Augmentation Grant
\$24,859,100	\$8,200,000	\$4,229,550	\$12,429,550

The 26,000 SF Project includes:

- Removal of the Current Main Office and Surrounding Student Assembly Area;
 - Construction of a Permanent Two-Story Structure With six Learning Pods (equivalent to 12 classrooms);
 - Accommodates 259 students (growth);
 - Health and Administrative Offices ;
 - Media/Literacy pod;
 - IT Network Room;
 - Teacher Work and Professional Development Room; and
 - A Food Service Area.
-
- Vaughn was required to receive Division of State Architect (DSA), California Department of Education (CDE), California Environmental Quality Act (CEQA), and as applicable, Department of Toxic Substances Control (DTSC) approvals.
 - Vaughn Charter has funded its 50% share of the project budget from its capital reserve.

Project Site

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Questions ?