



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

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Report Number:	100 –13/14
Date:	November 12, 2013
Subject:	Amendment to the Facilities Services Division Strategic Execution Plan to Approve a Charter Augmentation Grant for the Chime Institute Schwarzenegger Community School K-8 Expansion Project
Responsible Staff:	
Name	Mark Hovatter, Chief Facilities Executive José J. Cole-Gutiérrez, Director
Office/Division	Facilities Services Division Charter Schools Division
Telephone No.	(213) 241-4811 and (213) 241-6296

BOARD REPORT

Action Proposed: Staff proposes that the Board of Education approve an amendment to the Facilities Services Division (FSD) Strategic Execution Plan (SEP) to approve an augmentation grant for the Chime Institute Schwarzenegger Community School (Chime) K-8 Expansion Project in the amount of \$2,766,308, which includes \$132,000 for District costs; and authorize the Chief Facilities Executive, and/or his designee, to negotiate and execute all necessary or appropriate agreements related to the charter augmentation grant for the Chime K-8 Expansion Project.

Background: The Board of Education (Board) allocated approximately \$148,000,000 of current Bond Program funds specifically for charter facilities projects. One of the mechanisms by which the District has provided charter schools with this funding is through the allocation of augmentation grants. In the past, augmentation grants have been provided on an “as requested” basis. Given the increased interest for funding by charter schools, staff developed a Charter Augmentation Grant Program (Program) that established the process and requirements for the request and allocation of augmentation grants. The intent of the Program is to ensure the District provides all potential charter schools with equal access to these funds, while leveraging them to the maximum extent possible with other funding sources.

The Program provides funds to charter schools that need additional funding for the construction of long-term, capital improvement



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facilities projects. Applicants are required, among other things, to hold a valid charter, be in good standing, agree to waive the right to submit a *Proposition 39* request for facilities under Education Code 47614, provide the District fee-interest in the property, and contribute a minimum of 65 percent of the total project cost from non-District sources. Proposals from charter schools that meet these specified requirements are evaluated based on the criteria identified in the Program guidelines: Financing Plan, Development Team and Concept, Academic Performance, Budget and Operations, and Student, Family and Community Outreach and Engagement. Proposals that receive a minimum score of 70 percent are eligible for funding. Since its inception in December 2011, the Board has approved five augmentation grants with a total value of \$21,032,034.

Chime is located on the District closed school site of Collier Street Elementary School in Woodland Hills. The District school closed in 1989 and, in January 2003, Chime began occupying the site through a lease agreement. Chime initially operated as a K-5 elementary school on the Collier site. Subsequently, Chime expanded to serve students in grades 6-8, and did so temporarily on a privately leased site. Chime and the District entered into discussions regarding a long-term facilities solution in lieu of the annual process to submit a *Proposition 39* request for facilities. An expansion of the Collier site facilities was identified as the solution for the permanent expansion of Chime.

In January 2010, the Board approved the allocation of \$1,000,000 for the pre-construction activities associated with the Chime K-8 Expansion Project on the Collier Elementary School site. In June 2010, the Board adopted the Mitigated Negative Declaration (MND) and approved the Chime K-8 Expansion Project. The project, to design and construct Field Act compliant permanent school facilities, also included the placement of temporary housing on the campus to accommodate the 6th through 8th grade students while the permanent classroom facilities were being designed and constructed. The use of portable classrooms has enabled the school to operate as a K-8 since the 2011-12 school year.

Chime recently submitted an augmentation grant proposal for their K-8 Expansion Project. It was reviewed by District staff and determined to meet all eligibility requirements for funding. The project is comprised of two two-story classroom buildings consisting of 16 new standard classrooms, a library/media center



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and administrative offices. The project also includes an expansion of the existing parking lot and field area. This project will provide the additional classrooms necessary to support Chimes's full K-8 program in permanent facilities, and allow for the removal of the temporary housing.

Chime's total project budget is \$10,383,738. Chime anticipates funding the project with a combination of Proposition 55 funds (\$6,749,430) provided through the State Charter Schools Facility Program (CSFP), the proposed augmentation grant (\$2,634,308) and the previous District funding allocation provided for pre-construction related activities (\$1,000,000).

The proposed project is located in Educational Service Center North and Board District 4 (Steve Zimmer).

Expected Outcomes: This action, if approved, will allow staff to negotiate and enter into all necessary agreements with Chime for the release of the augmentation grant funds. The augmentation grant funds will be provided upon proof that all other non-District funding sources have been received and/or committed to ensure that funds can be effectively leveraged and that the project will be completed. Chime must also provide proof that they have met, and or will meet, all other District requirements, including entering into a construction contract which requires compliance with all terms and conditions of the District's Project Stabilization Agreement.

Board Options and Consequences: If the proposed action is not approved, an augmentation grant would not be allocated to Chime and they would need to identify alternative funding for their expansion project. If the proposed augmentation grant is approved staff would initiate the agreements necessary to release the funding.

Policy Implications: This action 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.



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Budget Impact:

Chime has been deemed eligible for an augmentation grant in the amount of \$2,634,308. The District costs, including costs related to staff oversight to ensure compliance with District guidelines and approvals, including but not limited to environmental review, design review, and the development of necessary agreements, is approximately \$132,000. As a result, the total funding for the allocation of the augmentation grant and District oversight for this project is \$2,766,308. Funding for the augmentation grant will be provided by Bond Program funds earmarked for charter school facilities projects. Unexpended funds allocated toward District oversight will be returned to the Bond Program for future charter school facilities projects at the completion of the project.

Issues and Analysis:

The Chime proposal is to construct the Expansion Project on the District closed school site of Collier Street Elementary School located at 19722 Collier Street, in the Woodland Hills area of the City of Los Angeles. This school site is owned by the District and was leased to Chime in 2003. The classrooms will create approximately 450 additional permanent seats to meet their existing demand.

The project has received the required approvals from the Division of State Architect, California Department of Education, Department of Toxic Substances Control and California Environmental Quality Act, and will be Field Act compliant. Chime anticipates that construction would commence during the fourth quarter of 2013 and be completed by early 2014.

Bond Oversight Committee Recommendations:

This item was considered by the School Construction Bond Citizens' Oversight Committee (BOC) at its October 30, 2013 meeting. The BOC's adopted resolution, including the vote of the Committee, will be forwarded under separate cover.

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

Attachments: Informative Desegregation Impact Statement

None.



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Respectfully submitted,

APPROVED BY:

DR. JOHN E. DEASY
Superintendent

MICHELLE KING
Senior Deputy Superintendent
School Operations

REVIEWED BY:

APPROVED BY:

DAVID HOLMQUIST
General Counsel

MARK HOVATTER
Chief Facilities Executive
Facilities Services Division

Approved as to form.

JOSÉ J. COLE-GUTIÉRREZ
Director, Charter Schools Division
Charter Schools Division

TONY ATIENZA
Director of Budget Services and
Financial Planning

PRESENTED BY:

Approved as to budget impact statement.

KRISZTINA TOKES
Director of Asset Management Branch
Facilities Services Division

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

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Stephen English, Chair
L.A. City Controller's Office
Pamela Schmidt, Vice-Chair
Early Education Coalition
Quynh Nguyen, Secretary
LAUSD Student Parent
Scott Folsom, Executive Committee
Tenth District PTSA
Stuart Magruder, Executive Committee
American Institute of Architects

Bill Brewington
Thirty-First District PTSA
Maria Cabildo
LAUSD Student Parent
Paul Escala
CA Charter School Association
Garrett Francis
Assoc. General Contractors of CA
Abigail Marquez
L.A. City Mayor's Office

Ron Miller
L.A. Co. Federation of Labor AFL-CIO
John Naimo
L.A. Co. Auditor-Controller's Office
Barry Waite
CA Tax Reform Assn.
Susan Linschoten (Alternate)
L.A. Co. Auditor-Controller's Office
Elizabeth Lugo (Alternate)
LAUSD Student Parent

Joseph P. Buchman – Legal Counsel
Burke, Williams & Sorensen, LLP
Thomas A. Rubin, CPA
Oversight Committee Consultant

Gary C. Anderson, PhD
Bond Administrator
Daniel Hwang
Administrative Analyst

RESOLUTION 2013-27

BOARD REPORT NO. 100-13/14

**AMENDMENT TO THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN
TO APPROVE A CHARTER AUGMENTATION GRANT FOR THE CHIME INSTITUTE'S
SCHWARZENEGGER COMMUNITY SCHOOL K-8 EXPANSION PROJECT**

WHEREAS, District staff proposes that the Board of Education (Board) approve an amendment to the Facilities Service Division (FSD) Strategic Execution Plan (SEP) to approve an augmentation grant to for the Chime Institute's Schwarzenegger Community School (Chime) project in the amount of \$2,766,308, which includes \$132,000 for District costs; and authorize the Chief Facilities Executive, or his designee, to negotiate and execute all necessary and appropriate agreements related to the charter augmentation grant for the Chime K-8 Expansion Project; and

WHEREAS, Given the increased interest for funding by charter schools, staff developed a Charter Augmentation Grant Program (Program) that established process and requirements for the request and allocation of augmentation grants; and

WHEREAS, The Program provides funds to charter schools that need additional funding in order to finance long-term, capital improvement facilities projects. Applicants are required to hold a valid charter, be in good standing, agree to waive the right to submit a *Proposition 39* request for facilities, and contribute a minimum of 65 percent of the total project cost from non-District sources; and

WHEREAS, Chime is located on the District closed school site of Collier Street Elementary School in Woodland Hills. The District school closed in 1989 and, in January 2003, Chime began occupying the site through a lease agreement. Chime initially operated as a K-5 elementary school on the Collier site. Subsequently, Chime expanded to serve students in grades 6-8, and did so temporarily on a privately leased site. Chime and the District entered into discussions regarding a long-term facilities solution in lieu of the annual process to submit a Proposition 39 request for facilities. An expansion of the Collier site facilities was identified as the solution for the permanent expansion of Chime; and

Bond Oversight Committee

333 S. Beaudry Avenue, 23rd Floor, Los Angeles, CA 90017 ♦ Phone: 213.241.5183 ♦ Fax: 213.241.8354 ♦ www.laschools.org/bond

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**247 AMENDMENT TO THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION
PLAN TO APPROVE A CHARTER AUGMENTATION GRANT FOR THE CHIME
INSTITUTE'S SCHWARZENEGGER COMMUNITY SCHOOL K-8 EXPANSION
PROJECT
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WHEREAS, In June 2010, the Board adopted the Mitigated Negative Declaration (MND) and approved the Chime K-8 Expansion Project. The project, to design and construct Field Act compliant permanent school facilities, also included the placement of temporary housing on the campus to accommodate the 6th through 8th grade students while the permanent classroom facilities were being designed and constructed. The use of portable classrooms has enabled the school to operate as a K-8 since the 2011-12 school year; and

WHEREAS, Chime recently submitted an augmentation grant proposal for their K-8 Expansion Project. It was reviewed by District staff and determined to meet all eligibility requirements for funding. The project is comprised of two two-story classroom buildings consisting of 16 new standard classrooms, a library/media center and administrative offices. The project also includes an expansion of the existing parking lot and field area. This project will provide the additional classrooms necessary to support Chime's full K-8 program in permanent facilities, and allow for the removal of the temporary housing; and

WHEREAS, Chime's total project budget is \$10,383,738. Chime anticipates funding the project with a combination of Proposition 55 funds (\$6,749,430) provided through the State Charter Schools Facility Program (CSFP), the proposed augmentation grant (\$2,634,308) and the previous District funding allocation provided for pre-construction related activities (\$1,000,000); and

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 Facilities Services Division Strategic Execution Plan, to approve an augmentation grant for the Chime Institute Schwarzenegger Community School K-8 Expansion Project in the amount of \$2,766,308, which includes \$132,000 for District costs, as described herein and in the Board Report No. 100-13/14, a copy of which is attached hereto in the form it was presented to the BOC.
2. This resolution shall be transmitted to the Los Angeles Unified School District Board of Education and posted on the BOC's website.
3. That a written response, as required by the Charter and Memorandum of Understanding between the BOC and the Board, be provided to the BOC within 30 days, reporting either an action taken or proposed to be taken in response to this resolution and each recommendation herein.

RESOLUTION 2013-27

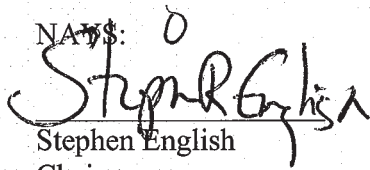
**AMENDMENT TO THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION 248
PLAN TO APPROVE A CHARTER AUGMENTATION GRANT FOR THE CHIME
INSTITUTE'S SCHWARZENEGGER COMMUNITY SCHOOL K-8 EXPANSION
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ADOPTED on October 30, 2013 by the following vote:

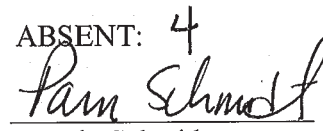
AYES: 9

ABSTAIN: 0

NAWS: 0


Stephen English
Chair

ABSENT: 4


Pamela Schmidt
Vice Chair