CHARTER AUGMENTATION GRANT PROGRAM

LOS ANGELES UNIFIED SCHOOL DISTRICT

FACILITIES SERVICES DIVISION

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Los Angeles Unified School District
Charter Augmentation Grant Program

I. Overview

The Los Angeles Unified School District (District) is committed to developing long term solutions and assisting charters who have a perceived gap in the financing of their projects. The District has determined that the best method of leveraging Charter Bond funds for long term projects is to provide augmentation grants to charter operators.

The Charter Augmentation Grant Program (Program) will provide funds to charters who provide evidence of a gap in financing for their long term facilities project. The Charter is required to contribute a minimum of 65% of the total project cost from non-District Sources.

The following are the requirements and evaluation criteria for the Program.

II. Process

The District will review the submittals and make a determination as to the project's eligibility (applicants must score a minimum of 70% to qualify) and the amount to be awarded. The Program will be suspended when all current funds have been allocated and until future funds are available.

Release of the grant funds will be subject to Board Approval and the successful negotiation of all necessary agreements between the District and the selected charter operator(s). Grant funds will be provided upon proof that all other funding has been received and/or committed, which terms shall be negotiated, and a schedule of values validates the need for the funds. In this way, the District can ensure that funds are being disbursed to projects needing funding, that the funds can be leveraged more effectively, and that the District is funding projects that can be completed.

The District estimates it will take approximately three-four (3-4) months from the date a proposal is submitted until Board approval is received.

Submissions
The District will hold one competitive round for all proposals received by January 13, 2012. These proposals will be scored and awarded starting with the highest score and moving down the list until all funds have been awarded or all eligible proposals have been allocated funds. If funds are still available after this initial competitive round, then the program will continue to be made available on a first come, first serve basis allowing for rolling submittals. If multiple proposals are received within any given 7 day period and there are insufficient funds for all qualified proposals, the District will allocate funds beginning with the highest scoring projects and continue to the lower scoring projects until all funds have been exhausted.

Charter must submit ~~three~~ four (~~3~~4) bound copies plus one (1) unbound copy of all required materials.

Address for Submittals:
Los Angeles Unified School District
Facilities Services Division, Planning & Development Department
333 S. Beaudry Avenue, 23rd Floor
Los Angeles, CA 90017
Attn: Brianna García

III. Project Requirements

This section is included with the intent to educate interested parties about the District's requirements governing the Program.

- the Charter is required to contribute a minimum of 65% of the total project cost from non-District Sources; and
- projects that have previously received or are currently receiving District Bond funds are not eligible; and
- if CSFP funds are being utilized, the District expects the charter to maximize its CSFP apportionment; and
- the funds must be utilized for the construction of a capital improvement project that will provide long term facilities seats; and
- the funds must be utilized for gap financing and not for debt service reduction; and
- the District shall hold a fee or leasehold interest in the real property, which may require separate staff review and Board action; and
- the charter shall be in good standing with LAUSD as of the date of the Augmentation request and must remain in such standing through execution of the documents; and
- the Charter shall not be engaged in any litigation or alternative dispute resolution with the District; and
- the charter must be in compliance with all requirements of its operating and/or facilities use agreements, including the execution of any and all such agreements for existing or imminent use of facilities; and
- the charter must be current on all financial obligations to the District; and
- the charter must have eligible long term seat need as approved under their existing charter petition or identify a viable plan to increase the number of approved seats prior to funding of the augmentation grant; and
- the charter must present a credible development plan; and
- the charter has been in operation for two (2) or more complete years or been an operating charter school under the auspices of a CMO with a history of operating schools within the District for two (2) or more years (operating is defined as – students are currently attending the charter school); and
- the charter must have a valid charter granted by LAUSD, must be in compliance with all applicable laws and regulations and District Charter Policies, and must be a validly formed California public benefit corporation in good standing; and
- the charter must meet LAUSD facilities standards for construction, follow the 2010 LAUSD School Design Guide (http://www.laschools.org/employee/design/design-guide-intro), and all laws, rules and regulations for public school construction (including Field Act, Americans with Disabilities Act (ADA), applicable environmental requirements, Department of Toxic Substances Control (DTSC) review and California Environmental Quality Act (CEQA) review to be conducted under the oversight of LAUSD's Office of Environmental Health & Safety); and

- the architect, construction manager, general contractor or multiple prime contractors, engineers, consultants and professionals retained shall be licensed, if applicable, in good standing and authorized to do business in the State of California; and
- if the proposed project is to be constructed on District property, both the architect and general contractor must be on the District's prequalified list:
  - if the architect is not already on the District's prequalified list, then the architects qualifications must be submitted to the District and meet the same pre-qualified criteria;
  - if the general contractor is not already on the District's prequalified list, then the general contractor must submit the necessary form and documentation, which can be found at www.laschools.org/new-site/contracts/, and be prequalified by the District;
- the charter will waive its Prop 39 rights for any school operated on and for a period co-terminus with the use of the proposed site.

IV. Submittal Requirements

Responses to this request are limited to 45 pages, excluding Exhibits. The following information shall be submitted in the form of three (3) bound copies plus one (1) unbound original. Responses must address the items listed below and shall address each criterion separately in the order presented. **Begin with a cover letter and provide the following in the order listed.**

A. Charter Information (Not weighted – for informational purposes only)

1. Cover Letter - Provide a cover letter including the following:
   a. A concise description of the Charter's vision, mission and philosophy; and
   b. A description of the Charter's record of success in running educational programs; and
   c. An overview of the Charter and its proposal, including whether the project will be on District owned property; and
   d. If CSFP funds will be used on the project, provide the amount of the preliminary apportionment; and
   e. The augmentation grant amount being requested of the District and what alternatives are being considered should the Charter not qualify for an augmentation grant; and
   f. As part of a narrative under the heading ***Litigation***, describe any litigation or threatened litigation against the Charter, its owners, or employees that may affect the performance or completion of this proposed project; and
   g. The Cover Letter must be signed by an officer of the charter authorized to represent and commit on behalf of the charter.
2. Charter Information Form (Exhibit A)

B. District Requirements (Pass/Fail)

As part of a narrative under the heading ***District Requirements***, describe how the charter meets the following District Requirements:

1. Is the Charter in good standing with LAUSD? Please address any issues that would lead LAUSD, or any other entity, to revoke your charter.
2. Is the Charter engaged in any litigation or alternative dispute resolution with the District?
3. Is the Charter in compliance with all requirements of its operating and /or facilities use agreements, including the execution of any and all such agreements for existing and/or imminent use of facilities, if applicable?
4. Is the Charter current on all financial obligations to the District?

~~2.~~5. Describe how the charter's proposed development is consistent with its petition in regards to the grade and enrollment capacity or describe how the charter proposes to amend its petition, prior to funding of the augmentation grant, to accommodate the proposed development.

~~3.~~6. _____ Has the charter been in operation for two (2) or more complete years or been an operating charter school under the auspices of a CMO with a history of operating schools within the District for two (2) or more years (operating is defined as – students are currently attending the charter school)?

~~4.~~7. _____ Acknowledge that the District will hold a fee or leasehold interest in the real property. (Title to all improvements may be held by the Charter for the term, or earlier termination, of the lease.)

~~5.~~8. _____ Is the project being fully or partially funded by District Bond funds or has the Charter applied to the District for other Bonds funds?

~~6.~~9. _____ Is the project a capital improvement project that will create long term facilities seats?

~~7.~~10. _____ Is the charter contributing the minimum 65% of the total project costs from non-District Sources?

~~8.~~11. _____ Are the funds solely for gap financing (e.g., none of the funds will be used to reduce debt service)?

~~9.~~12. _____ Upon completion, the new Charter-operated facility will be used in lieu of the Charter's annual Prop 39 allocation. Please acknowledge that the Charter understands it will be required to waive Prop 39 allocations co-terminus with the use of this proposed site.

~~10.~~13. _____ Acknowledge that the Charter has downloaded and is submitting a proposal based on Version ~~2~~3, released on ~~April 23, 2012~~October 29, 2012, of the Charter Augmentation Grant Program guidelines.

The District Requirements are pass or fail. Charters meeting the District Requirements will be scored based upon the criteria in Section V Items B-G.

Proposers must address each item or it will result in a zero score for that item.

C. Financing Plan (Weighted Value – 25%)

Under the heading ***Financing Plan***, present your proposed plan to finance the site acquisition, development and/or construction of the facility as designed. Include the following:

1. Provide the amount of the augmentation grant being requested of the District and an explanation detailing the necessity for the grant.
2. Provide a detailed explanation of the Charter's existing financial capacity, including, but not limited to, operating reserves, capital reserves, and monies raised through capital campaigns for facilities and operations at the Charter. To the extent possible, the Charter should provide proof of funds; preferably in the form of banks statements (account numbers may be redacted).
3. A proforma construction budget with cost estimates and justifications for the cost estimates using the attached Project Budget Worksheet (see Exhibit B).
4. A description of any proposed capital campaign(s), third party financing, bond financing, grant monies, equity and other sources of funds the Charter intends to use to finance its proposed project, as well as:
    a. The sources and uses of funds table as contained in the "Funding Sources" Section of the Project Budget Worksheet attached hereto as Exhibit B.
    b. Identify any requirements, restrictions, or conditions (precedent or subsequent) to the sources of funds.
    c. A timeline for the proposed funding and closing on the sources of funds, including, but not limited to, application, approval and closing dates for grants, third-party secured financing, bonds and other proposed funding sources.
    d. To the extent the Charter's proposal will rely on a proposed capital campaign, evidence of prior capital campaigns for capital projects for the Charter and/or demonstrate an ability to achieve the Charter's proposed capital campaign for the project.
    e. If third-party institutional bank financing is proposed, a letter of interest from the Charter's proposed lender stating that the bank is generally interested in funding the proposed project.
5. A description of any and all partnerships and/or financial structures (lease-leaseback, deed of trust, or other structures) that the Charter proposes to utilize in order to achieve project completion. To the extent the Charter feels it would inform the District's analysis of the Charter's financing structure, please provide organizational charts and/or flow charts demonstrating the proposed structure.
6. A completed income and expense proforma demonstrating the Charter's sources of funds for operations and ability to pay all operating costs, including, without limitation, any long term "take-out" financing from the construction project (in the form attached hereto as Exhibit C – 5 Year Budget & Cashflow).
7. If applicable, a description of any prior construction projects the Charter has undertaken or other relevant experience that supports the Charter's ability to achieve the Charter's proposed financing and construction of its project. Please include the nature, scope, value, and sources of funds for any prior projects and note whether the project was timely completed.

D. Development Team and Concept (Weighted Value – 25%)

Under the heading ***Development Team and Concept***, describe the proposed plan and development experience to effect the development and construction of the facilities.

1. Provide the organizations/individuals what will make up the Development Team (architect, contractor, developer, structural and MEP engineers, CEQA and site assessment consultants, and any others) with the necessary experience to complete both pre-construction and construction activities.
2. Describe the Charter's proposed development concept for the campus, including, but not limited to, the number of buildings, their approximate size, number of stories, the number of classrooms and other features to be included in the project including parking, playfields, other programmatic elements, etc.
3. What is the maximum number of students and what grades will the facilities serve?
4. Describe the Development Team's experience developing projects in the City of Los Angeles, include relevant examples.
5. Describe the Development Team's experience developing educational facilities and improvements of similar scope and purpose.
6. Describe the Development Team's experience obtaining CEQA approvals.
7. Describe the Development Team's experience conducting site assessment activities (e.g., Phase I, Preliminary Environmental Assessment, Remediation Action Workplan, etc.) and working with Department of Toxic Substance Control (DTSC).
8. Describe the Development Team's experience working with the Division of the State Architect (DSA).
9. Describe the schedule to develop and construct the improvements, including sequence of events and timeline, include the completed Project Schedule (Exhibit D).

E. Academic Performance (Weighted Value – 20%)

Under the heading ***Academic Performance***, please provide the following information:

1. Provide an overview of the school you are proposing to operate at the new site, include the following:
   a. Total number of students served;
   b. Cities or communities served;
   c. Grade levels served;
   d. Unique school themes or models in your organization; and
   e. If this school is one among other schools managed by your organization, please provide a similar overview of the schools/campuses within your portfolio.
2. Provide comprehensive evidence of the organization's successful management of academic and non-academic operations of your school(s). Specifically, provide evidence for the school you are proposing to develop. Please include evidence of the performance data assessments that measure student growth and achievement in math and English Language Arts for all student groups. Include comparative data from a school within the local district where available.

a. If the school you propose does not have at least two years of student achievement data, please submit evidence from all schools in your portfolio.

3. Describe and provide evidence as to how the curriculum and instructional strategy is well-suited to meet the academic needs of the student population. Provide evidence of successes working with similar student populations.
4. Describe the organization's role in analyzing performance data, and describe how this data is used to drive improvement at the school.
5. Identify the key areas of improvement within your school(s) and discuss how these are being addressed by your organization.
   a. Identify the subgroups not meeting state and federal academic outcome requirements.
   b. Describe the steps the school is currently taking to monitor the progress of these subgroups.
   c. Describe how academic achievement will be sustained for these subgroups.

F. Budget and Operations (Weighted Value – 20%)

Under the heading ***Budget and Operations***, including the following:

1. Propose this school's budget narrative. Describe the main sources of operational support, including loans or lines of credit, federal planning and implementation grants, private support, grants, and/or fundraising events.
2. Provide the charter's Fiscal Procedures Manual that describes the financial controls that will be in place to manage this Charter's budget. Who will be the person managing this school's finances, and what is his/her title and background?
3. Provide the last two complete audits; which must comply with the state standards for audits for charter schools. If the charter does not have two complete audits, then provide the last two audits for the CMO and all schools managed by the CMO. Audits must be provided in electronic format (e.g., CD).
4. Provide the last set of financials presented to the school's governing board and the CMO's governing board, if applicable. The financials for the CMO should include all of the schools managed by the CMO, if applicable.

Please note that it is the Charter's responsibility to determine what level of operational reserve is appropriate for their organization. If requested, the Charter may be required to explain to the District why that level is appropriate and how it allows for the continued implementation of the instructional programs and payment of debt service.

G. Student, Family and Community Outreach and Engagement (Weighted Value – 10%)

Under the heading ***Student, Family and Community Outreach and Engagement***, include the following information:

1. Describe the community the charter will serve and how the charter will serve all students who attend the proposed school. Include an analysis of the strengths, assets, values and critical needs of the community and the charter's ability to serve a diverse population.
2. Discuss how the charter's proposed plan meets community needs and expectations.
3. Describe the charter's history and experience serving this or a similar community.

4. Explain the charter's plan for engaging this community.

It should be noted that the District, upon review of the submitted documentation, may ask for additional information. A timely response to any such request is critical.

H. Bonus Points (2 points each – 4 points total)

Additional points will be awarded as follows:

1. Charters locating their facilities within the Educational Service Center ~~three (3) Local Districts~~ containing the highest Prop 39 demand as determined by the facilities requests received for the last Prop 39 cycle (the last cycle is defined as the previous year's Prop 39 cycle if the Augmentation Grant request is received prior to January 1).
2. Charters locating their facilities where at least one of the three closest District grade alike schools has: a) less playground space than prescribed by the District and/or law; and b) relocatable classrooms that could be removed to recapture playground space.

V. Evaluation Criteria

A. District Requirements (Pass/Fail)

1. The Charter is in good standing with LAUSD.
2. The Charter is not engaged in any litigation or alternative dispute resolution with the District.
3. The Charter has executed and is in compliance with all operating and/or facilities use agreements, including the execution of any and all such agreements for existing and/or imminent use of facilities, if applicable.
4. The Charter is current on all financial obligations to the District.

~~2.~~5. The Charter's petition is in line with the proposed development or the charter provided an explanation of how the charter proposes to amend its petition, prior to funding of the augmentation grant, to accommodate the proposed development.

~~3.~~6. _____ The Charter has been in operation for two (2) or more complete years or is an operating charter school under the auspices of a CMO with a history of operating schools within the District for two (2) or more years (operating is defined as – students are currently attending the charter school).

~~4.~~7. _____ The Charter acknowledges that the District will hold a fee or leasehold interest in the real property.

~~5.~~8. _____ The project is not being fully or partially funded by District Bond funds nor has the Charter applied to the District for other Bonds funds.

~~6.~~9. _____ The project is a capital improvement project that is creating long term facilities seats.

~~7.~~10. _____ A minimum of 65% of the total project cost is being contributed by the Charter from non-District funds.

~~8.~~11. _____ Charter agrees to waive Prop. 39 co-locations.

~~9.~~12. _____The proposal submitted is responsive to Section 4 – Items A through G.

~~10.~~13. _____Charter utilized Version ~~2~~3, released ~~April 23, 2012~~October 29, 2012, of the Charter Augmentation Grant Program guidelines.

B. Financing Plan (Weighted Value – 25%)

1. The Charter clearly demonstrates ability to provide or obtain its proposed equity and the financing for its project.
2. The sources of funds identified for construction are readily available (e.g., sources of funds identified for construction will be available in less than 1 year; will be available in 1-2 years; will be available between 2-3 years; or will be available between 3-5 years).
3. Clarity of proposed financial structure and relative strength of proposed partners and/or lending institutions identified to provide such funding or other support.
4. The extent to which the sources of funds are conditioned or restricted.
5. The reasonableness of the proposed Project Budget (assumptions of construction costs and timeline).
6. The reasonableness and feasibility of the proposed operating budget.
7. Prior construction experience or other relevant experience to effectuate the proposed plan.
8. Percentage of District funds invested in the project (e.g., less than 5%; between 6-10%; between 11-20%; between 21-30%; between 31-40; and more than 40%).

C. Development Team and Concept (Weighted Value – 25%)

1. The experience of the Development Team.
2. The Development Team's experience developing projects within the City of Los Angeles.
3. The Development Team's experience with developing facilities and improvements of similar scope and purpose.
4. The Development Team's experience working with CEQA.
5. The Development Team's experience conducting site assessment activities and working with DTSC.
6. The Development Team's experience working with DSA.
7. The extent that the concept is appropriate for the site and adheres to the District's facilities standards, including parking, classroom size, etc.
8. The proposed Project Schedule is reasonable and provides for the timely completion of the facility.

D. Academic Performance (Weighted Value – 20%)

1. Data analysis is comprehensive and includes, but is not limited to, experience working with similar student populations, and disaggregated, longitudinal, student-level data for all submitted campuses.
2. Performance reflects academic achievement and improvement over time for all student groups, and any declines in performance are identified with actionable improvement plans at the school and organization levels.
3. The Charter has been thorough in reviewing academic performance, has identified key areas for improvement and has developed comprehensive plans to improve overall portfolio performance that engage the appropriate school-level leadership and staff.

E. Budget and Operations (Weighted Value – 20%)

1. The extent that the proposed budget is well-developed and feasible.
   a. Revenue and expense projections are historically accurate.
   b. The Charter's projections for budget and cash flow are reasonable.
2. The extent that the sources of operational support are stable and reliable from year to year or that a plan is in place to account for the inconsistency of sources.
   a. The Charter's enrollment has met its projections.
   b. Reserves are adequate (5% recommended minimum).
3. The extent that rigorous internal fiscal control procedures are documented.
   a. Sufficient and appropriate segregation of duties are in place as fiscal safeguards.
4. The audits provided provide evidence that the Charter has performed successfully in the past two years.
   a. Review annual audits for material findings, material deficiencies and weaknesses.
5. The financial statements provide evidence that the Charter is currently financially sound.
   a. Financial statements illustrate that the Charter's cash position and net assets are positive.

F. Student, Family, and Community Outreach and Engagement (Weighted Value – 10%)

1. The Charter has demonstrated a clear knowledge of the population to be served and has developed a plan cater to the diverse population of students.
2. The Charter has shown a history of working with the community which it serves and aligning its outreach, activities, and operations with community needs and expectations.
3. The Charter's past experience and history of community engagement within the surrounding community or a similar community.
4. The extent of the proposed outreach to the community.

G. Bonus Points (2 point each - 4 points total)

1. The Charter's proposed project is located within ~~one of the three Local Districts~~the Educational Service Center which contains the highest Prop 39 demand.
2. The Charter's proposed project is located where at least one of the three closest District grade alike schools has: a) less playground space than prescribed by the District and/or law; and b) relocatable classrooms that could be removed to recapture playground space.