

California School Finance Authority  
and  
California School Finance Authority (CSFA)

Presents:

Charter School Facility Grant Program (SB 740 Program)

<https://www.youtube.com/watch?v=89xlfhyMZAaw&feature=youtu.be>

Wednesday, May 15, 2019

10:00 a.m. – 11:00 a.m. PDT

\* \* \*

[Webinar commenced at 10:00 a.m.]

**Treasurer Fiona Ma, CPA - Introduction**

>> FIONA MA: Good morning everyone it's a pleasure to be speaking to all of you I'm State Treasurer Fiona Ma. Prior to my election as treasurer, I spent six years representing the greater San Francisco area in the State Assembly and was the majority whip and speaker pro tem for my six years. I have also served on the Board of equalization and now as your state treasurer, one of my many roles includes overseeing the California School Finance Authority. The agency responsible for administering the charter school facility grant program commonly referred to as the SB740 Program which was authored by Senator Jack McConnell. The SB740 Program was established 2002 to provide charter schools with assistance for facilities and rent cost in underserved communities throughout the State that meet the State's 55% free meal eligibility threshold. CSFA has been administering the Program since July 2013. Since assuming Program administration, CSFA has awarded \$530 million to eligible schools. In 2018 to '19, alone, the program assisted 414 schools serving about 184,000 students. In 2019-2020, \$137 million will be awarded to schools through SB740.

This year's grant application opened on April 29<sup>th</sup>, it will close on June 3<sup>rd</sup>. Please remember to submit your application on time as late applications are not accepted.

The online application was introduced to ease the application process for schools as well as expedite the initial review process. The Treasurer's Office has received immensely positive feedback on the online application as it saves our applicants needed time and money. I am happy to introduce Katrina Johantgen the Executive Director of CSFA, as well as Ian Davis and Anna Osborne the co-chairs of the SB740 Program who will proctor the Webinar. Thank you so much for your time and attention. We look forward to serving you.

### **Slide 1 – SB740 Webinar**

>> KATRINA JOHANTGEN: Good morning, and thank you everyone for joining us this morning. My name is Katrina Johantgen and I am the Executive Director of the California School finance Authority. You are participating on the SB740 Program Webinar for the 19-20 funding round. If you have any technical issues with the webinar, you audio, or can't see the presentation please connect to go-to webinar and that link is on the front page of the webinar and then live captioning is also available and that URL is on the front page of the webinar. You will be in listen-only mode throughout the webinar. Please type in any questions you have and we will be taking those down. The questions and answers, as well as the recording and a transcript of today's webinar will be available on the CSFA website by next Friday, May 24th. With that, I will turn it over to Ian Davis and Anna Osborne to walk us through the presentation today.

### **Slide 3 – Presenters**

>> IAN DAVIS: Thank you very much. My name is Ian with California School Finance Authority co lead of the SB740 Program.

>> ANNE OSBORNE: And I am Anne Osborne and co-leader on the SB740 Program.

#### **Slide 4 - Agenda**

Today's agenda will include several items: there will be an overview of the Program, as well as the grant calculator, the application overview, and any updates that we have.

#### **Slide 5 – Program Overview**

In 2018-19 and 2019-20 spending round, we have \$137 million we are able to disburse. As mention before, the SB740 Program includes reimbursing charter schools for facilities and lease cost as well as other costs that we will be discussing later on. Also schools will receive three apportionments- one in October, the second one in March, and the third one in August for True-Up.

#### **Slide 6 – SB740 Website**

This slide shows you where the application is located on the SB740 website. As you can see, it says the SB740 2019-20 Application and the online application link is available for you right there.

#### **Slide 7 – Application Overview**

Again just to remind everyone the application is due June 3rd at 5:00 p.m. We are only taking online applications and there will be no late applications accepted.

#### **Slide 8 – Steps for Success**

>> IAN DAVIS: As you are completing your online application, we do have a few steps for success that we would like to mention. When you are submitting and application, we recommend all the documents be prepared before you begin. These documents generally include: the lease, the current valid charter agreement, the approved authorizer board adoption, and a list of the board members. Each of these files should be no larger than 5 Megabytes or 5,000 Kilobytes and should be in a PDF form file. If these files are larger than the 5,000 kilobyte cap, you may submit them directly through our mail at [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov). We will be providing that at the end of the webinar as well. The application also includes two signature pages. One for a legal stats

questionnaire and another one for certification. We are accepting DocuSign as well as wet scan signatures. These documents will be submitted through the application, so they should be attached to the application itself. After this webinar, we will be posting a link to just those two documents, so you may download them ahead of time and have them ready for submission when you are preparing your application.

### **Slide 9 – More Steps for Success**

When you are submitting your lease agreement to the application itself, the lease agreement must be signed by both parties, the tenant and the leaser. Each rent agreement should be scanned separately but if it contains several amendments, make sure the amendments are included in the main file as the primary lease and that the latest amendments are at the top of the lease, so we know this is the most current terms as well as the rental rate. We recommend you save that file as the street address that you are requesting reimbursement of. Each of these leases should be submitted to the application separately, but if you have more than -- our application only accepts three sites, but if you have more than that you can submit that as one document or you may submit that to us through [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov).

### **Slide 10 – Program Eligibility**

The Program eligibility has not changed much. We still require an approved charter on file. The school should have classroom-based instructions which means 80% of the students are in class and that the school has classroom-based average daily attendance. The school must also meet a low-income criteria. The charter school must meet free and reduced priced meals at 55% or higher. Or the school is located in an attendance area of an elementary school whose FRPM is at or above 55%. If the school is going to be relying on a local elementary school, then the school must provide a preference in admission, which because of changes in the education code, there are a few updates that Anne will mention.

### **Slide 11 – Preference in Admissions**

>> ANNE OSBORNE: Thank you, Ian. The charter school must provide preference in admission to students who attend the local elementary school or reside in the local elementary school boundaries. We have provided sample language for you and I will read that to you as well.

### **Slide 12 – Preference in Admissions**

“Students who currently enrolled, or who reside in the elementary school attendance area of the public elementary school in which the applicant is located, for the purposes of the Charter School Facility Grant Program.” This is in compliance to the recently passed education code 47605(d)(2)(b) I and this is for any charter approved on or after January 1<sup>st</sup>, 2018.

### **Slide 13 – Pending Regulation Update**

>> IAN DAVIS: Thank you very much, Anne. There has been one change to the good standing eligibility criteria. We still require good standing for all schools but we will only be requiring it upon receipt of the application. In prior funding rounds, we were requiring it three times in the year, prior to each disbursement of funds. This will be true for the 18-19 funding round but for the 19-20 funding round schools only need to have a good standing upon receipt of application. The schools don't need to submit this to us. This is something we request from the operator directly after receiving the application. Additionally, the Authority does have the right to request an additional Good Standing confirmation during and throughout the Fiscal Year, as each applicant is required to remain in good standing for the term of the grant.

### **Slide 14 – Reimbursable Facility Costs**

I do want to mention quickly, these slides will be available after the presentation. And moving on to reimbursable facility cost. There were changes made to the educational code. It was about a year ago and applicable to the 2017-18 funding round going forward. Their reimbursement cost are based on prior years' rent plus COLA and for schools with new facility agreements, they

will be capped at a fair market rate as determined by an appraisal. A New Facility Agreement is one of the three following items: A rental or lease agreement for a facility not previously occupied by the charter school, additional square footage that was not included in the previous year, and a new agreement for the existing square footage when the existing lease is up for renewal or expires.

### **Slide 15 – Appraisal**

The appraisal should include the following items: One that the certified real estate appraisal is licensed by the California Department Real Estate Appraisers and he is completing the appraisal with the Uniform Standards of Professional Practices (USPAP). The appraiser shall not be related to the party. The intended client should be the charter school and the user should be the California School Finance Authority for the SB740 Program. And the appraisal should include a Fair Market Rent analysis, as well as an explanation supporting the conclusions reached.

### **Slide 16 – Pending Permanent Regulations (Part 1)**

There are some pending regulations that have been approved by the Board and are now going to the Office of Administrator Law. The Authority will accept independent appraisals on file with the Authority for up to three fiscal years so long --as long as the lease itself -- let me back up. If schools renew their leases on an annual basis, then we will not be requiring a new appraisal as long as the appraisal on file was completed in the last three fiscal years and that rent costs do not exceed last year's reimbursable cost as subject to the COLA cap.

### **Slide 17 – Pending Permanent Regulations (Part 2)**

Additionally, options to renew contained in the new existing agreement on file with the Authority will not be considered new facility agreements and those schools instead will be capped by COLA as is done with multi-year leases.

### **Slide 18 – Finding an Appraiser**

Again, if you have any questions about this process, or about any of our regulation changes, you can view those regulations on our website, as well as

you can post questions through the webinar panel, or after the webinar to our email address [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov). If you are in search of an appraiser, the Bureau of Real Estate Appraisers site provides a wonderful search engine where you can type in your area by either by typing in your city or ZIP code and selecting license level AG which stands for Certified General License. This is wonderful search engine for finding current licensed appraisers in your area if you are currently in the market.

### **Slide 19 – True Up Program Calculator**

Here is an example of a True-Up program calculator for the 2017-18 funding round to give you an example of how school's cost were determined with the new requirements. This school has already received its initial and second apportionment as shown in the purple and orange fields in the table. This school did submit other costs, but because the program was oversubscribed, the other costs will be determined later on, and right now this award calculator is only showing the lease portion of the award. The other cost portion will basically be 75% of the school's other cost and prorated based on the funds available after awarding each school's lease cost. This school had two sites. One of those sites was a multi-year lease so its cost were capped by the annual COLA and the other site was a brand new facility agreement so its cost were based on an appraisal. The total reimbursable lease cost was \$250,000 and as mentioned before, the award is based on 75% of the annual lease cost or the school's average daily attendance and multiplied by an amount. For the 2017-18 Funding Round \$1,117 for 18-17 the amount is 1, 147 and for the upcoming 2019-20 round the Average Dailey Attendance amount will be \$1,184 per unit of ADA. We will post these later on the website now that we have had conformation of these increases.

This school received a lesser of the 75% or ADA. In this case it was the least cost, or the lesser of the two. This school's award is based off 75% of lease costs. They already received the first and second apportionment so the

final amount in the green field is the remaining balance owed to the school for just the lease cost. In a couple months, the school receive an additional notice of award regarding its other costs and the prorated amount owed to them.

### **Slide 20 – Other Costs**

>> ANNE OSBORNE: Thank you Ian, let's talk a little bit about other cost. This is for schools currently participating in the Program for the 2018-19 funding round. Other costs. We are asking all schools to complete the invoice wizard which is invoice report which is the invoice wizard on our website as remodeling and building would be any modification that the school is doing the existing site. For maintenance, would include, electrical systems, air conditioners, waxing floors, anything that is needed to complete the project. Your installation and extending service systems could be items such as security systems, HVAC systems that school is using on their site. Built-in equipment is something that is permanently attached to the wall such as book case. This is what we consider built-in improvement. Improving sites would be beautification project, a parking lot. Common area maintenance, we are looking at landscaping, janitorial cost and services and utilities such as your water, internet, PG&E and those items.

### **Slide 23 – Invoice Instructions (Part 1)**

Items that are not eligible, would be consumable janitorial supplies. An example of this could be toilet paper or something that is being consumed by the students. Property taxes are not allowable nor are employee salary and benefits. Cellphones, vehicle and liability insurance are not allowable. This is posted on our website as we talked about, the invoice template. This is due July 15<sup>th</sup> at 5:00 p.m. and again, late submissions will not be acceptable.

### **Slide 22 – Invoice Instructions (Part 2)**

On your invoice, we would like you to put the vendor name, the decryption of the project, the dates of this invoice are going to be July 1<sup>st</sup> 2018 through June 30<sup>th</sup> 2019. We will also need copies of you invoices or bank receipts, something

that supports what you are asking for. Make sure there is no conflict of interest with any of your vendors that are providing services for your other costs.

### **Slide 23 – SB740 Invoice Email**

And email your invoice to us and be sure to put the school's name, ABC School 2019 and send it to [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov) .

>> IAN DAVIS: I would like to mention, oftentimes the invoices the schools are submitting are too large to submit through email. If that is the case, the school may submit a link to a Cloud drive if that is preferred.

### **Slide 24 – FI\$CAL 204 Form**

All right. So as you may know, the Authority and several agencies in the Treasurers office are using the State Controller's FI\$CAL Program to disburse funds and part of that is submission of a 204 form. This 204 form is used by the FI\$CAL Program to make sure all award information is up-to-date. If the school, currently all of our awardees have up-to-date 204 forms. There is no need to resubmit these at this time. The only reason you would need to resubmit it is if you have a change in the school's name or your mailing address because these are the primary factors that we are using when disbursing schools for you. If you are a brand new school, or applying to the Program for the first time, then we would highly recommend reaching out to us and requesting that 204 Form, but if we receive your application and don't have it on file we will be sending out a request to you. I want to let you know, if you have any changes, please, make sure to contact us and request a new 204 form to submit so we have your latest mailing address and/or school name.

### **Slide 25 – Upcoming dates**

Again the application is due June 3<sup>rd</sup>, 2019, applications are due at 5:00p.m. exactly after which the application service will no longer be available. Schools who are currently in the Program for the 18-19 funding round may submit an Invoice Expenditure Report that must be turned into us by July 15<sup>th</sup> 2019. That file is currently available on our website as well as there is online

video tutorial you may view if you have any questions regarding how to submit the online application or the invoice Expenditure Report.

The application date for first Year Charter Schools is October 15<sup>th</sup>, 2019. We will open this up in early September. Any schools that are going to be operating for the first time in the 2019-20 round or schools moving to an eligible site for the first time, they may apply at this time. Otherwise, if you are a returning school or a school that has been in operation for quite a while, then your application due date is June 3<sup>rd</sup>, 2019. Our 2018-19 awards will be disbursed in August and disbursing the other cost portion of the awards in October. 2019-20 awards will begin in October.

### **Slide 26 - Questions**

We have updated Frequently Asked Questions so I highly recommend checking those out. They are in line with some of the items we discussed in today's webinar. If you have questions, I highly recommend looking at those first. If you don't see something that you would like to have answered, certainly email us at [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov) as we would like to make sure our Frequently Asked Questions encapsulate everybody's question.

### **Slide 26 – CSFA Staff**

Here is a listing of our staff and thank you very much for attend our webinar. If you have questions, email us at [SB740@treasurer.ca.gov](mailto:SB740@treasurer.ca.gov). As Katrina mentioned earlier, we will be posting these webinar slides on the website after the presentation and the recording and transcript of the presentation will be posted on our website by next Friday.

And our Frequently Asked Questions may be updated at that time as well based on some of the questions we receive during this webinar as well as questions we receive after.

Thank you very much and have a wonderful day.