

**Charter School Facilities Program
Proposition 51 Funding Round
Staff Summary Report – April 2021
Item 6 Resolution 21-10**

Applicant/Obligor:	Visalia Unified School District
Project School:	Sycamore Valley Academy
CDS (County – District – School) Code:	54–10546–0125542
School Address/Proposed Site:	6832 Avenue 280, Visalia, CA 93277
Type of Project:	Rehabilitation
Type of Apportionment:	Final Apportionment
County:	Tulare
District in which Project is Located:	Visalia Unified School District
Charter Authorizer:	Tulare County Office of Education
Total OPSC Project Cost:	\$1,770,066
State Apportionment (50% Project Cost):	\$885,033
Lump Sum Contribution:	N/A
Total CSFP Financed Amount:	\$885,033
Advance Apportionment Amount (Design):	\$167,397.80
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
Estimated Annual CSFP Payment:	\$45,154
First Year of Occupancy of New Project:	2020-21

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine Visalia Unified School District (District or VUSD) on behalf of Sycamore Valley Academy (School or SVA) is financially sound for the purposes of the Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon the District, on behalf of SVA, electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.

Background: The Authority found VUSD, on behalf of SVA, financially sound for Preliminary/Advance Apportionment for a new construction project, and a rehabilitation project in November 2017. In January 2018, SAB awarded VUSD with Preliminary Apportionments in the amount of \$4,821,194 for new construction, and \$1,673,978 for rehabilitation. In January 2019, SAB awarded VUSD with Advance Apportionments in the amount of \$482,119.40 for new construction design, and \$167,397.80 for rehabilitation design.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting its financial soundness review of VUSD on behalf of SVA. Detailed information is contained in the body of the report.

Criteria	Comments
Obligor Information	
Demographic Information	VUSD currently serves 28,887 students in grades K-12 with an average daily attendance (ADA) rate of 96.9%, which staff find reasonable. In 2019-20 VUSD's unduplicated pupil count as a percentage of ADA (UPP) was 72.5%.
Debt Service Coverage	VUSD's debt service coverage, based on the VUSD's General Fund, for the rehabilitation project seeking conversion at this time will be 40,828.5% and 18,354.7% for fiscal year (FY) 2021-22 and FY 2022-23, respectively.
Other Financial Factors	<ul style="list-style-type: none"> • VUSD's unrestricted cash and cash equivalents totaled \$71,805,428 at the end of FY 2019-20. • VUSD's expected annual total of CSFP payments would account for .0001% of VUSD's operating revenue in FY 2021-22 and FY 2022-23.
School Information	
Eligibility Criteria	SVA has met all eligibility criteria: (1) the School began operation in 2012; (2) the school's most recent charter was approved December 7, 2016 and is in place through June 30, 2022; (3) SVA is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	SVA has performed comparably or better than its authorizing district and local public elementary schools.
Demographic Information	SVA currently serves 385 students in grades K-8, with an ADA rate of 95.6%, which staff find reasonable. In 2020-21 SVA's unduplicated pupil count (UPP) as a percentage of ADA is 40.8%

Program Eligibility: On April 21, 2021, at CSFA staff's request, verification was received from Tulare County Office of Education confirming that SVA (1) is in compliance with the terms of its charter agreement, and (2) in good standing with its chartering authority. SVA's current charter is effective through June 30, 2022.

Legal Status Questionnaire: Staff reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed that would lead staff to question the financial or legal integrity of this applicant.

Project Description: This Prop 51 rehabilitation project is located on the site of Visalia Unified School District's former Packwood Elementary School, 6832 Avenue 280 in Visalia, currently occupied by the subject school. The project includes the rehabilitation and modernization of the campus's historic Building Number 1, constructed in 1960. This 6,343 square foot building currently houses two kindergarten classrooms, an administration area, a cafeteria, and a kitchen. Rehabilitation and modernization measures include the construction of offices, reception, and nurses' stations; replacement of ceilings; relocation of fire alarm panel and ductwork; new lighting; remodeling of the kitchen and restrooms; removal of the stage; and the addition of storage and dedicated kindergarten restrooms.

Obligor Organizational Information: VUSD, located in Tulare County, operates and/or authorizes 42 schools: 27 elementary schools, 12 secondary schools, one adult school, and two educational options schools.

VUSD’s UPP indicates an average of 71.6% of students served by the District are eligible to receive Free or Reduced Price Meals (FRPM), and/or are classified as English Learners, and/or are classified as Foster Youth during the period examined. For reference, an estimated 78.3% of students in Tulare County, and 62.6% of California students state-wide met this classification during the same period.

Staff has reviewed the credentials of key board members and staff and determined all have the proper background and experience to govern and effectively oversee the operations of VUSD. The 2020-21 VUSD Governing Board consists of the following:

2020-21 Visalia Unified School District Governing Board

Name	Position	County of Residence	Term Expiration
Juan R. Guerrero	President	Tulare	12/09/22
Megan Casebeer Soleno	Member	Tulare	12/13/24
John L. Crabtree	Member	Tulare	12/09/22
Jacqueline A. Gaebe	Member	Tulare	12/13/24
Joy M. Naylor	Member	Tulare	12/02/22
Christopher Pope	Member	Tulare	12/13/24
Walta S. Gamoian	Clerk	Tulare	12/09/22

School Organizational Information: SVA is a public K-8 charter school authorized by the Tulare County Office of Education (TCOE), located within the boundaries of VUSD. SVA’s most recent charter was approved by the TCOE on December 7, 2016 and is active through June 30, 2022. The school is a direct-funded independent charter school operated by The Academies Charter Management Organization (TACMO), a California public benefit corporation with IRS approved 501(c)(3) status. TACMO also operates one other school located in Visalia, Blue Oak Academy, a replication of SVA founded with the intent of bringing the educational programs of SVA to more children in Tulare County.

SVA’s UPP indicates an average of 41% of students served by the school are eligible to receive FRPM, and/or are classified as English Learners, and/or are classified as Foster Youth during the period examined. For reference, an estimated 71.6% of students in VUSD, and 78.3% of students in Tulare County met this classification during the same period.

SVA shares the same mission statement as TACMO, which is “to provide a rich, meaningful education in a nurturing environment where students are continually challenged and their natural curiosity, creativity, and talents can thrive. We are a collaborative community of educators and families working together to help our students grow into virtuous, courageous,

and intelligent citizens, equipped with a love of learning and a love of life, and eager to contribute to a better world.”

SVA’s instructional framework is based on a constructivist/progressive philosophy of education. SVA follows nine Guiding Principles for Instruction: 1) Multi-age grouping; 2) Differentiation; 3) Project-based learning; 4) Gifted education for all students; 5) Development of scholarly habits of mind; 6) Enriched curriculum; 7) Social and emotional learning; 8) Authentic assessment and mastery orientation; and 9) Collaboration in the whole school community.

The 2020-21 TACMO board consists of Chair Harold Rollins, Esq.; Vice Chair Erin Andersen; Treasurer Michelle Phillips; Secretary Alex Tietjen; Member Craig Wheaton; and Member Marilou Monsivais. The superintendent is Dr. Donya Ball. Staff has reviewed the credentials of the key board members and staff and determined them to have the proper background and experience to govern and effectively oversee the operations of SVA.

School Academic Performance: The following tables present FYs 2016-17, 2017-18, and 2018-19 academic testing results for SVA; two similar local public schools: Willow Glen Elementary and Valley Life Charter; and VUSD. The results provided are from the annual California Assessment of Student Performance and Progress (CAASPP) testing data. Due to the COVID-19 pandemic, CAASPP tests were not administered in 2019-20.

In English Language Arts testing SVA consistently outperformed similar local public schools, both traditional and chartered, as well as the VUSD average, during the period examined.

English Language Arts – Comparison

Standard Met or Exceeded				Academic Factors			
	2016-17	2017-18	2018-19	Grade Span	2018-19 Enrollment	Pupil-Teacher Ratio	UPP
Sycamore Valley Academy	53%	55%	59%	K-8	367	22.2	37.8%
Willow Glen Elementary	38%	32%	36%	K-8	614	25.6	68.4%
Valley Life Charter	44%	48%	52%	K-12	670	18.9	30.7%
Visalia Unified School District	53%	48%	50%	K-12	29,107	21.7	69.6%

In Mathematics testing SVA outperformed similar local public schools, both traditional and chartered, as well as the VUSD average, during the period examined.

Mathematics – Comparison

Standard Met or Exceeded				Academic Factors			
	2016-17	2017-18	2018-19	Grade Span	2018-19 Enrollment	Pupil-Teacher Ratio	UPP
Sycamore Valley Academy	43%	42%	44%	K-8	367	22.2	37.8%
Willow Glen Elementary	28%	25%	25%	K-8	614	25.6	68.4%
Valley Life Charter	38%	35%	36%	K-12	670	18.9	30.7%
Visalia Unified School District	31%	31%	33%	K-12	29,107	21.7	69.6%

Enrollment Trends and Projections: The following tables present enrollment information for VUSD and SVA from FYs 2017-18 through 2023-24, and 2025-26, respectively. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data. Staff notes that the temporary drop in SVA enrollment in FY 2018-19 does not appear indicative of a broader trend. Also, SVA is not projecting further growth at this time as 395 students are considered full enrollment.

VUSD Student Enrollment and Average Daily Attendance

Year (FY)	2018	2019	2020	2021	2022	2023
Enrollment	28,879	29,107	29,375	28,887	28,887	28,887
ADA	95.3%	95.1%	95.3%	96.9%	96.9%	96.9%

SVA Student Enrollment and Average Daily Attendance

Year (FY)	2018	2019	2020	2021	2022	2023	2024	2025	2026
Enrollment	378	367	378	395	395	395	395	395	395
ADA	96.0%	95.9%	95.5%	95.6%	95.6%	95.6%	95.6%	95.6%	95.6%

Financial Analysis:

Financial Data Sources: This financial analysis is based on the consideration and review of the following for VUSD, the financial obligor and Applicant, on behalf of SVA: (1) audited financial statements for FYs 2017-18 through 2019-20; (2) 2020-21 Unaudited financial statements; (3) adopted budget for 2020-21; and (4) budget projections for 2021-22 through 2022-23 along with assumptions.

Assumptions: Staff's financial analysis of VUSD on behalf of SVA is based upon the following assumptions: (1) the repayment of VUSD's CSFP rehabilitation project beginning in FY 2021-

22; (2) District-wide enrollment and ADA projections as provided above under “Enrollment Trends and Projections”; (3) 0.00% cost of living adjustment (COLA) rate increase to the Local Control Funding Formula (LCFF) for FY 2020-21, and 3.6% COLA rate increase to the LCFF for FY 2022-23.

Long Term Liabilities: VUSD's financial projections reflect ordinary and appropriate long-term commitments to employee pension obligations and municipal debt. As reflected in the calculations below, Staff concluded that these long-term liabilities will not impair the District's ability to satisfy debt service coverage for CSFP program loan payments.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff's analysis regarding VUSD' financial soundness; where a threshold has been established based on industry standards or practice, the listing indicates whether or not the threshold was met:

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS							
	Actual FY 2018	Actual FY 2019	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	AVERAGE
OPERATIONAL & FINANCIAL							
Enrollment	28,879	29,107	29,375	28,887	28,887	28,887	
Average Daily Attendance (ADA)	27,508	27,669	28,001	28,001	28,001	28,001	
Average Daily Attendance (%)	95.3%	95.1%	95.3%	96.9%	96.9%	96.9%	96.1%
FTE Teachers	1,295	1,342	1,432	1,432	1,432	1,432	1,394
Pupil-Teacher Ratio	22.3	21.7	20.5	20.2	20.2	20.2	20.8
LCFF Sources/ADA	\$ 9,493	\$ 10,290	\$ 10,601	\$ 10,597	\$ 10,982	\$ 11,113	\$ 10,513
% Change		8.4%	3.0%	0.0%	3.6%	1.2%	3.2%
Operating Revenues/ADA	\$ 11,834	\$ 13,462	\$ 13,125	\$ 15,773	\$ 13,321	\$ 13,451	\$ 13,494
% Change		13.8%	-2.5%	20.2%	-15.5%	1.0%	3.4%
Operating Expenses plus CSFP Lease/ADA	\$ 11,408	\$ 12,602	\$ 12,676	\$ 16,218	\$ 12,810	\$ 13,258	\$ 13,162
% Change		10.5%	0.6%	27.9%	-21.0%	3.5%	4.3%
Free Cash Flow/ADA	\$ 427	\$ 860	\$ 450	\$ (445)	\$ 510	\$ 193	\$ 332
	Actual FY 2018	Actual FY 2019	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	AVERAGE
DEBT SERVICE COVERAGE							
Total Operating Revenues	\$ 325,535,912	\$ 372,483,477	\$ 367,517,550	\$ 441,659,942	\$ 373,000,608	\$ 376,659,614	
Total Operating Expenses	313,798,585	348,693,838	354,927,843	454,121,354	358,667,026	371,207,001	
Total Other Sources/Uses	(4,244,507)	(17,427,149)	(8,633,364)	-	-	-	
Net Income Available for CSFP Lease Payment	7,492,820	6,362,490	3,956,343	(12,461,412)	14,333,582	5,452,613	
Add Back Capital Outlay	10,232,577	8,763,146	10,980,022	12,146,628	1,800,621	1,800,621	
Add Back Depreciation	-	-	-	-	-	-	
Adjusted Net Income Available for CSFP Lease Pymt.	17,725,397	15,125,636	14,936,365	(314,784)	16,134,203	7,253,234	
CSFP Lease Payments	-	-	-	-	39,517	39,517	
Free Cash Flow	\$ 17,725,397	\$ 15,125,636	\$ 14,936,365	\$ (314,784)	\$ 16,094,686	\$ 7,213,717	\$ 11,796,836
DSC from Adj. Net Income	N/A	N/A	N/A	N/A	40828.5%	18354.7%	29591.6%
DSC from LCFF Sources subject to CSFA Intercept	N/A	N/A	N/A	N/A	778190.6%	787449.9%	782820.2%
CSFP Lease Payment/Oper. Revenues	N/A	N/A	N/A	N/A	0.0%	0.0%	0.0%
LIQUIDITY							
Current Assets	\$ 127,601,029	\$ 145,104,924	\$ 149,244,662				
Current Liabilities	23,564,423	34,705,828	34,889,223				
Net Working Capital	\$ 104,036,606	\$ 110,399,096	\$ 114,355,439				
Net Working Capital/Oper. Expenses	33.2%	31.7%	32.2%				32.3%
Unrestricted Cash & Cash Equivalents	\$ 100,633,519	\$ 113,752,332	\$ 71,805,428				
Unrest. Cash & CE/Oper. Expenses (Days)	117	119	74				
Unrest. Cash & CE/All Expenses (Days)	117	119	74				103

Benchmark Summary:

- Free Cash Flow/ADA – Met: \$332 avg. (>\$0)
- Free Cash Flow – Met: \$11,796,836 avg. (>\$0)
 - While benchmark averages are met for Free Cash Flow (ADA), VUSD is projecting a cash flow deficit in FY2021. Staff is confident this projection will not impact CSFP payments beginning the following year thanks to otherwise overall healthy benchmarks, and VUSD's Unrestricted Cash reserves totaling over \$71 million in FY2020.
- Debt Service Coverage from Adjusted Net Income – Met: 29,591% avg. (>110%)
- Net Working Capital as Portion of Operating Expenses – Met: 32.3% (>5%)
- Unrestricted Cash & Cash Equivalents as Portion of All Expenses – Met: 103 days avg. (> 90 days)

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board determine that Visalia Unified School District (District) on behalf of Sycamore Valley Academy (SVA) is financially sound for the purposes of the Charter School Facilities Program (CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon the District, on behalf of SVA, electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.