

**Charter School Facilities Program
 Proposition 51 Funding Round
 Staff Summary Report – November 2021
 Item 7 Resolution 21-41**

Applicant/Obligor:	Lompoc Unified School District
Project School:	Manzanita Public Charter School
CDS (County – District – School) Code:	42-69229-0116921
School Address/Proposed Site:	991 Mountain View Blvd., Vandenberg AFB, CA 93437
Type of Project:	New Construction / Rehabilitation
Type of Apportionment:	Final Apportionment
County:	Santa Barbara
District in which Project is Located:	Lompoc Unified School District
Charter Authorizer:	Lompoc Unified School District
Total OPSC Project Cost:	\$13,216,856
State Apportionment (50% Project Cost):	\$6,608,428
Lump Sum Contribution:	\$6,608,428
Total CSFP Financed Amount:	\$0
First Year of Occupancy of New Project:	2023-24

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Lompoc Unified School District (LUSD or District), on behalf of Manzanita Public Charter School (MPCS or School), 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 period. This recommendation is contingent upon the following requirement: LUSD receives a grant under the Public Schools on Military Installations program (PSMI), of which no less than \$6,608,428 shall be contributed to MPCS as a lump sum payment to satisfy the CSFP required 50% matching cost share. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.

Background: The Authority last found MPCS financially sound for Preliminary/Advance Apportionment in January 2018. That same month, the State Allocation Board awarded MPCS with a Preliminary Apportionment in the amount of \$783,770. At the time of award, \$391,885 was to be provided as a grant by the state, \$195,942 contributed as a lump sum by MPCS, and the remaining \$195,943 financed by the school as a CSFP loan.

In early 2020, LUSD and MPCS qualified on a preliminary basis for additional funding from the PSMI program. It is anticipated that the project will receive an official invitation to the program in the very near future. By congressional authorization, the PSMI program provides funding to construct, renovate, repair, or expand public schools located on military

installations to address capacity and/or facility condition deficiencies as priorities by a Secretary of Defense-approved prioritized listing. Participation is available by invitation only, based upon a school’s placement on the prioritized listing and the availability of appropriations.

With the addition of federal grant funds specifically targeting the improvement of MPCCS facilities now available, and in partnership with the OPSC, LUSD and MPCCS are increasing the scope of this CSFP project. OPSC approved the updated \$13,216,856 project, of which the 50% matching cost share will be fulfilled by a lump sum contribution from LUSD, sourced from PSMI grant funds.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting the financial soundness review of MPCCS.

Criteria	Comments
School Information	
Demographic Information	In 2020-21, MPCCS served 413 students in grades K-6 with an average daily attendance (ADA) rate of 97.9%, which staff find commendable. In 2020-21 MPCCS’s unduplicated pupil count (UPP) as a percentage of ADA was 59.8%.
Lump Sum Contribution	Staff recommend the Authority’s finding of financial soundness be contingent upon receipt of a valid “Invitation to Apply” letter from the PSMI program. As the intended source of the 50% matching cost share, confirmation of PSMI grant funds will be required to release final apportionment of state funds.
Eligibility Criteria	MPCCS has met all eligibility criteria: (1) the School began operation in 2008; (2) Its most recent charter was approved July 2018, is in place through June 2023, and is eligible for an additional two year extension under Section 58 of Assembly Bill 130; (3) MPCCS is in good standing with its chartering authority (LUSD) and in compliance with the terms of its charter.
Student Performance	MPCCS has performed comparably to its authorizing District and local public elementary schools.

Program Eligibility: On November 22, 2021, LUSD verified MPCCS is in compliance with the terms of its charter agreement, and. The school confirmed their charter was last approved in July 2018 and is valid through June 2023.

Legal Status Questionnaire: Staff reviewed MPCCS’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 project recipient.

Project Description: The MPCCS project includes a host of comprehensive upgrades to school facilities, including modernization of existing buildings and site upgrades, as well as the new construction of a kitchen addition to the cafeteria building, a gymnasium, a kindergarten classroom conjoined with a new Information Center, a special needs

classroom, four general-purpose classrooms, and two transitional kindergarten classrooms. The project also includes the construction of an additional parking lot.

Financial Analysis: Authority staff conducted a thorough review of MPC’s finances to determine whether the school represents a suitable investment for CSFP resources. Currently, MPC demonstrates a stable annual free cash flow of an average of \$358,964, maintains a healthy ratio of Net Working Capital relative to Operational Expenses (32.4%), and holds acceptable cash reserves relative to daily expenses (110 days). MPC’s enrollment is near capacity and does not anticipate significant growth aside from the recent addition of transitional kindergarten classes in the 2020-21 school year.

MPC was also the recipient of substantial supplementary COVID related funds from both state and federally administered programs, which staff believe they have used effectively, and responsibly. COVID related funding is being utilized to school supplies, contracts, and staff, through FY22 and FY23, tapering to an end in FY24. Details of staff analysis can be observed in the matrix below.

MPCS Actual and Projected Financial Information								
OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS								
	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	AVERAGE
OPERATIONAL & FINANCIAL								
Enrollment	419	424	413	441	445	445	445	
Average Daily Attendance (ADA)	394	401	404	418	423	423	423	
Average Daily Attendance (%)	94.1%	94.6%	97.9%	94.8%	95.0%	95.0%	95.0%	95.2%
FTE Teachers	18	18	18	18	18	18	19	18
Pupil-Teacher Ratio	23.3	23.6	22.9	24.5	24.7	24.7	23.4	23.9
LCFF Sources/ADA	\$ 9,483	\$ 9,528	\$ 9,335	\$ 9,702	\$ 9,865	\$ 10,104	\$ 10,462	\$ 9,783
% Change		0.5%	-2.0%	3.9%	1.7%	2.4%	3.5%	1.7%
Operating Revenues/ADA	\$ 12,816	\$ 12,331	\$ 12,746	\$ 13,400	\$ 12,384	\$ 11,817	\$ 12,101	\$ 12,514
% Change		-3.8%	3.4%	5.1%	-7.6%	-4.6%	2.4%	-0.8%
Operating Expenses plus CSFP Lease/ADA	\$ 12,242	\$ 12,174	\$ 12,236	\$ 13,144	\$ 12,234	\$ 11,753	\$ 11,856	\$ 12,234
% Change		-0.6%	0.5%	7.4%	-6.9%	-3.9%	0.9%	-0.4%
Free Cash Flow/ADA	\$ 574	\$ 157	\$ 509	\$ 256	\$ 151	\$ 64	\$ 245	\$ 279
DEBT SERVICE COVERAGE								
Total Operating Revenues	\$ 5,054,993	\$ 4,947,499	\$ 5,154,859	\$ 5,601,171	\$ 5,235,498	\$ 4,995,731	\$ 5,115,844	
Total Operating Expenses	4,828,629	4,884,643	4,948,849	5,494,332	5,171,823	4,968,619	5,012,232	
Total Other Sources/Uses	-	-	-	-	-	-	-	
Net Income Available for CSFP Lease Payment	226,364	62,856	206,010	106,839	63,675	27,112	103,612	
Add Back Capital Outlay	106,213	231,523	-	884,823	402,320	61,400	30,000	
Add Back Depreciation	-	-	-	-	-	-	-	
Adjusted Net Income Available for CSFP Lease Pymt.	332,577	294,379	206,010	991,662	465,995	88,512	133,612	
CSFP Lease Payments	-	-	-	-	-	-	-	
Free Cash Flow	\$ 332,577	\$ 294,379	\$ 206,010	\$ 991,662	\$ 465,995	\$ 88,512	\$ 133,612	\$ 358,964
DSC from Adj. Net Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	#DIV/0!
DSC from LCFF Sources subject to CSFA Intercept								#DIV/0!
CSFP Lease Payment/Oper. Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	#DIV/0!
LIQUIDITY								
Current Assets	\$ 1,875,698	\$ 1,928,467	\$ 2,810,972					
Current Liabilities	399,088	389,001	1,068,093					
Net Working Capital	\$ 1,476,610	\$ 1,539,466	\$ 1,742,879					
Net Working Capital/Oper. Expenses	30.6%	31.5%	35.2%					32.4%
Unrestricted Cash & Cash Equivalents	\$ 1,684,145	\$ 1,007,445	\$ 1,737,312					
Unrest. Cash & CE/Oper. Expenses (Days)	127	75	128					
Unrest. Cash & CE/All Expenses (Days)	127	75	128					110

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board find Lompoc Unified School District (LUSD), on behalf of Manzanita Public

Charter School (MPCS), financially sound for the purposes of this Charter School Facilities Program (CSFP) Final Apportionment and approve Resolution 21-41. This recommendation is contingent upon LUSD receiving a grant under the Public Schools on Military Installations program, of which no less than \$6,608,428 shall be contributed to MPCS as a lump sum payment to satisfy the CSFP required 50% matching cost share. Staff recommends that the Authority's Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.