

**Charter School Facilities Program
 Proposition 51 Funding Round
 Staff Summary Report – June 2023
 Item 7 - Resolution 23-25**

Applicant/Obligor:	San Diego Unified
Project School:	San Diego Cooperative Charter
CDS (County – District – School) Code:	37-68338-6119168
School Address/Proposed Site:	7260 Linda Vista Rd., San Diego, CA 92111
Type of Project:	Rehabilitation
Type of Apportionment:	Final
County:	San Diego
District in which Project is Located:	San Diego Unified
Charter Authorizer:	San Diego Unified
Total OPSC Project Cost:	\$8,366,914
State Apportionment (50% Project Cost):	\$4,183,457
Local Matching Share Lump Sum:	\$4,183,457
Total CSFP Financed Amount:	\$0
First Year of Occupancy of New Project:	FY2020-2021

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that San Diego Unified (District or SDUSD) on behalf of San Diego Cooperative Charter (School or SDCC) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon SDUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$4,183,457, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. 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.

Application Highlights: Below staff highlighted key criteria evaluated when conducting the financial soundness review for SDCC. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2021-22, SDCC had a total enrollment of 435 students across grades K-8; the average daily attendance (ADA) rate was 91.7%, and the Unduplicated Pupil Percentage (UPP) of ADA was 48.4%.
Origin of Lump Sum	SDUSD will satisfy the local matching share requirement by drawing from local school bond proceeds. All contracts associated with the SDCC facility rehabilitation project, totaling approximately \$18 million, were complete as of October 2021. This amount exceeds and satisfies the local match requirement.
Eligibility Criteria	SDCC has met all eligibility criteria: (1) SDCC commenced operations in 2002; (2) SDCC’s charter is authorized through June 2024 per Assembly Bill 130 [Approved by Governor on July 09, 2021] which extends the terms of all charter schools whose terms expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years; (3) SDCC is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	SDCC students consistently perform as well or better than demographic peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: SDUSD has confirmed that as of March 10, 2023, SDCC is in compliance with the terms of its Charter Agreement, has no pending or outstanding Notices of Violation, and has no unresolved or outstanding Notices of Intent to Revoke.

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 project included the demolition of aging portable classrooms, replaced by the construction a new, permanent building containing 16 classrooms, a media center, and a science lab. The project was completed and occupied in November of 2020.

School Organizational Information: SDCC’s governing board of directors will consist of not more than 15, and not less than 7 active and effective representatives of interested parties including, but not limited to, parents/guardians, members of the parent staff association (PSA), certificated staff members, the post-secondary education community not affiliated with SDCC, the business community, as well as other sectors of the larger San Diego community. SDCC’s current Executive Director is Ms. Sarah Saluta.

Staff have reviewed the credentials of key board members and administrative staff and determined all have the proper background and experience to govern and effectively oversee the operations of SDCC. The 2022-23 SDCC Board includes the following individuals:

2022-23 San Diego Cooperative Charter Board of Directors

Name	Position	Term
Samuel Myovich	President	2021-2023
Mitch Ruibal	Treasurer	2021-2023
Tabby Kohmescher	Secretary	2019-2023
Julian Rico	Staff Representative	2021-2023
Jessica Ertle	PSA Representative	2021-2023
Meera Ramanathan	Director	2020-2023
Madeline Chiba	Director	2021-2023
Morgan Weir	Director	2021-2023

School Academic Performance: The following tables represent the recent academic performance of SDCC; a similar local P-5 school, Linda Vista Elementary; a similar local middle school, Montgomery Middle; and the SDUSD. Results are provided through CDE’s CAASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards.

**2019–20 results are not available due to the suspension of testing as a result of the novel coronavirus disease 2019 (COVID-19).*

***In order to protect student privacy, data is suppressed because 10 or fewer students tested.*

English Language Arts Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
SDCC	55%	55%	48%	*	**	51%
Local P-5	25%	27%	30%	*	**	22%
Local Middle	28%	34%	40%	*	**	31%
District	56%	56%	57%	*	**	53%

Mathematics Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
SDCC	40%	40%	32%	*	**	41%
Local P-5	29%	25%	25%	*	**	13%
Local Middle	25%	22%	23%	*	**	15%
District	46%	47%	48%	*	**	41%

Enrollment Trends and Projections: The table below presents enrollment and average daily attendance information for SDCC from FY 2020 through FY 2028. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

SDCC Student Enrollment and Average Daily Attendance

Year (FY)	2020	2021	2022	2023	2024	2025	2026	2027	2028
Enrollment	649	390*	435	428	438	448	458	466	466
ADA (%)	85.8	142.8*	91.7	94.2	95	95	95	95	95

**Prior to 2021, SDCC operated on two distinct sites. At the end of FY2019-20 one of those sites had to be closed. This resulted in an obvious decrease in total enrollment, and a temporary skew of ADA related to pandemic era ADA reporting exemptions approved by the California Department of Education (CDE).*

Financial Analysis: When evaluating a project wherein the local matching share will be satisfied by a lump sum, rather than evaluating debt service coverage (as in the case of a state loan), staff seek to determine: 1) whether the school is being managed in a responsible and sustainable manner; and 2) the origin and availability of funds set aside for the local matching share.

Financial Data Sources: This financial analysis is based on the consideration and review of the following for SDCC: (1) audited financial statements for FYs 2019-20 through 2021-22; (2) approved budget for FY 2022-23; and (3) projections for FYs 2023-24 through 2027-28 along with assumptions.

Assumptions: Staff’s financial analysis of SDCC is based upon the following assumptions: (1) provision of the local matching share by SDUSD as a lump sum in the amount of \$4,183,457; (2) school enrollment and ADA projections as provided above under Enrollment Trends and Projections.

Long-Term Liabilities: Staff do not foresee any significant long-term liabilities. Additionally, applicants are required to notify the Authority before taking on additional debt that exceeds certain thresholds.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff’s analysis regarding SDCC’s 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 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	649	390	435	428	438	448	458	466	466		
Average Daily Attendance (ADA)	557	557	399	403	416	426	435	443	443		
Average Daily Attendance (%)	85.8%	142.8%	91.7%	94.2%	95.0%	95.0%	95.0%	95.0%	95.0%	98.8%	< 94.0%
FTE Teachers	29	19	19	19	20	20	20	20	20	21	
Pupil-Teacher Ratio	22.4	20.5	22.9	22.5	21.9	22.4	22.9	23.3	23.3	22.5	> 25.0
LCFF Sources/ADA	\$ 8,819	\$ 8,047	\$ 9,124	\$ 10,610	\$ 11,609	\$ 11,727	\$ 12,015	\$ 12,399	\$ 12,399	\$ 10,750	
% Change		-8.8%	13.4%	16.3%	9.4%	1.0%	2.5%	3.2%	0.0%	4.6%	
Operating Revenues/ADA	\$ 10,579	\$ 10,479	\$ 12,585	\$ 14,908	\$ 14,930	\$ 14,599	\$ 14,527	\$ 14,692	\$ 14,934	\$ 13,581	
% Change		-0.9%	20.1%	18.5%	0.1%	-2.2%	-0.5%	1.1%	1.6%	4.7%	
Operating Expenses plus CSFP Lease/ADA	\$ 10,971	\$ 8,425	\$ 12,158	\$ 14,908	\$ 14,894	\$ 14,599	\$ 14,527	\$ 14,692	\$ 14,933	\$ 13,345	
% Change		-23.2%	44.3%	22.6%	-0.1%	-2.0%	-0.5%	1.1%	1.6%	5.5%	
Free Cash Flow/ADA	\$ (392)	\$ 2,055	\$ 427	\$ -	\$ 35	\$ 0	\$ -	\$ 0	\$ 1	\$ 236	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$ 5,892,181	\$ 5,836,870	\$ 5,019,203	\$ 6,011,887	\$ 6,212,202	\$ 6,213,219	\$ 6,320,828	\$ 6,504,035	\$ 6,611,099		
Total Operating Expenses	6,110,594	4,692,396	4,848,818	6,011,887	6,197,530	6,213,218	6,320,828	6,504,034	6,610,850		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	(218,412)	1,144,474	170,386	-	14,672	1	-	1	249		
Add Back Capital Outlay	-	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	(218,412)	1,144,474	170,386	-	14,672	1	-	1	249		
CSFP Lease Payments	-	-	-	-	-	-	-	-	-		
Free Cash Flow	\$ (218,412)	\$ 1,144,474	\$ 170,386	\$ -	\$ 14,672	\$ 1	\$ -	\$ 1	\$ 249	\$ 123,486	< 0
LIQUIDITY											
Current Assets	\$ 4,822,674	\$ 3,380,226	\$ 3,537,767								
Current Liabilities	3,441,378	854,454	841,609								
Net Working Capital	\$ 1,381,296	\$ 2,525,772	\$ 2,696,157								
Net Working Capital/Oper. Expenses	22.6%	53.8%	55.6%							44.0%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 1,771,406	\$ 2,557,063	\$ 3,112,794								
Unrest. Cash & CE/Oper. Expenses (Days)	106	199	234								
Unrest. Cash & CE/All Expenses (Days)	106	199	234							180	< 90

Benchmark Summary:

- Enrollment – ADA consistently exceeded target threshold of 94% prior to the COVID-19 pandemic. As stated above, school officials clarified that one of two operational sites was closed at the end of FY2019-20, resulting in an obvious decrease in enrollment, as well as a temporary skew of ADA due to CDE guidelines in place for FY2020-21 that instructed schools to pause updates to ADA reporting and utilize the prior year’s figures. Based on ADA reporting from FY2022-23 and future projections, staff do not see these calculations as any cause for concern.
- FTE Teachers – Pupil-teacher ratio consistently resides below maximum target of 25.
- Free Cash Flow and/or per ADA – School operates with historically positive cash flow. While it is uncommon to see budget projections balance to net zero multiple years in a row, SDCC’s budget services provider submitted accompanying explanations indicating these are simply conservative assumptions. COLA estimates nearly match expense increases over the period modeled, and SDCC is near max capacity (466) already. Taken in context with official enrollment and ADA reporting from CDE, staff find these projections acceptable.
- Liquidity – SDCC liquidity metrics are strong. Official audit figures demonstrate a 44% ratio of net working capital to operational expenses, and 180 days of operating expenses sustainable by unrestricted cash and equivalents.
- Local Match – SDUSD has provided documentation certifying contracts worth approximately \$18 million dedicated to the SDCC facilities project have already been fulfilled. These funds, sourced from multiple local bond measures passed by voters between 2008 and 2022, exceed the required local match amount.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that San Diego Unified (SDUSD) on behalf of San Diego Cooperative Charter (SDCC) is financially sound for the purposes of this 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 SDUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$4,183,457, pursuant to Sections 17199.4. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.