

**Charter School Facilities Program
2022 Filing Round
Staff Summary Report – September 2023
Item 9 Resolution 23-48**

Applicant/Obligor:	Lompoc Unified School District
Project School:	Manzanita Public Charter
CDS (County – District – School) Code:	42-69229-0116921
School Address/Proposed Site:	991 Mountain View Blvd. Vandenberg SFB, CA 93437
Type of Project:	New Construction, Rehabilitation
Type of Apportionment:	Final
County:	Santa Barbara
District in which Project is Located:	Lompoc Unified
Charter Authorizer:	Lompoc Unified
Total OPSC Project Cost:	\$13,788,854
State Apportionment (50% Project Cost):	\$6,894,427
Local Matching Share Lump Sum:	\$6,894,427
Total CSFP Financed Amount:	\$0
First Year of Occupancy of New Project:	FY2026-27

Staff recommend that the California School Finance Authority (Authority or CSFA) Board determine that Lompoc Unified School District (District or LUSD) on behalf of Manzanita Public Charter (School or MPC) 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 LUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$6,894,427. Staff recommend 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 MPC. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In FY2022-23, MPC had a total enrollment of 452 students across grades K-6 (the ADA rate was 94%).
Local Matching Share	LUSD will satisfy the local matching share requirement by drawing from funds awarded via a federal Public Schools on Military Installations (PSMI) grant received in 2022. District officials have certified that no less than \$6,894,427 has been set aside for facility projects at MPC.
Eligibility Criteria	MPC meets all eligibility criteria: (1) MPC commenced operations in 2008; (2) MPC’s current charter authorization was certified through June 2023, and has been extended to June 2025 under Section 58 of AB130; (3) MPC is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	MPC students consistently perform as well or better than demographic peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: LUSD has confirmed that as of July 6, 2023, MPC 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: The MPCS 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.

School Organizational Information: MPC is governed by a Board of Directors, composed of no less than five, and no more than nine members. Directors serve for no less than three years and until a successor director has been designated and qualified. Suzanne Nicastro is the MPC Superintendent; Katherine Franson is the current Interim Principal. Staff reviewed the credentials of key administrative figures, and determined that collectively and individually, the management team demonstrates having the required experience and educational background to effectively oversee the operations of MPC.

Manzanita Public Charter Board of Directors

Name	Position	Term
Arleen Pelster	Chairman	Jan. 2018 - Present
Krishna Flores	Vice Chairman	Oct. 2018 – Present
Eli Villanueva	Secretary	Nov. 2020 – Present
Monique Mangino	Treasurer	Oct. 2017 – Present
Eric Wilhelm	Member	July 2014 – Present
Beth Chi	Member	Oct. 2022 - Present

School Academic Performance: The following tables represent the recent academic performance of MPC, a demographically similar local elementary school, La Cañada Elementary, and the LUSD. 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).*

***2020-2021 data was suppressed to protect student privacy.*

English Language Arts Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
MPC	48%	45%	45%	*	**	48%
Local K-6	50%	54%	52%	*	**	36%
District	45%	47%	44%	*	**	36%

Mathematics Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
MPC	34%	31%	39%	*	**	35%
Local K-6	25%	28%	35%	*	**	21%
District	28%	27%	29%	*	**	21%

Enrollment Trends and Projections: The tables below present enrollment and average daily attendance information for MPC and LUSD from FY2019-20 through FY2025-26. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

MPC Student Enrollment and Average Daily Attendance

Year (FY)	2020	2021	2022	2023	2024	2025	2026	2027	2028
Enrollment	423	413	441	452	463	463	525	590	625
ADA	95.6%	97.9%	95.6%	94%	95.4%	95.4%	95.4%	95.4%	95.4%

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 LUSD: (1) audited and interim financial statements for FYs 2019-20 through 2022-23; (2) projected budget for FY 2023-24; and (3) future projections for FYs 2024-25 through 2027-28 along with assumptions.

Assumptions: Staff’s financial analysis of LUSD is based upon the following assumptions: (1) project completion and occupancy by FY2026-27; (2) provision of the local matching share by LUSD as a lump sum in the amount of \$6,894,427; (3) 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.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff’s analysis regarding LUSD’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	423	413	441	452	463	463	525	590	625		
Average Daily Attendance (ADA)	404	404	422	425	442	442	501	563	597		
Average Daily Attendance (%)	95.6%	97.9%	95.6%	94.0%	95.4%	95.4%	95.4%	95.5%	95.4%	95.6%	< 94.0%
FTE Teachers	20	22	22	22	22	22	27	31	31	24	
Pupil-Teacher Ratio	21.2	18.8	20.0	20.5	21.0	21.0	19.4	19.0	20.2	20.1	> 25.0
LCFF Sources/ADA	\$ 9,452	\$ 9,335	\$ 9,638	\$ 10,547	\$ 11,842	\$ 12,302	\$ 12,674	\$ 13,052	\$ 13,451	\$ 11,366	
% Change		-1.2%	3.2%	9.4%	12.3%	3.9%	3.0%	3.0%	3.1%	4.6%	
Operating Revenues/ADA	\$ 12,233	\$ 13,206	\$ 15,029	\$ 17,415	\$ 14,421	\$ 14,671	\$ 14,846	\$ 15,042	\$ 15,386	\$ 14,694	
% Change		8.0%	13.8%	15.9%	-17.2%	1.7%	1.2%	1.3%	2.3%	3.4%	
Operating Expenses plus CSFP Lease/ADA	\$ 12,078	\$ 12,703	\$ 13,746	\$ 15,292	\$ 14,485	\$ 15,187	\$ 14,329	\$ 13,811	\$ 13,861	\$ 13,943	
% Change		5.2%	8.2%	11.2%	-5.3%	4.8%	-5.6%	-3.6%	0.4%	1.9%	
Free Cash Flow/ADA	\$ 155	\$ 503	\$ 1,283	\$ 2,124	\$ (63)	\$ (516)	\$ 517	\$ 1,231	\$ 1,525	\$ 751	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$ 4,947,499	\$ 5,340,960	\$ 6,336,782	\$ 7,397,327	\$ 6,373,151	\$ 6,483,733	\$ 7,439,690	\$ 8,470,803	\$ 9,178,511		
Total Operating Expenses	4,884,643	5,137,547	5,795,929	6,495,288	6,401,171	6,711,592	7,180,643	7,777,646	8,268,649		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	62,856	203,413	540,853	902,039	(28,020)	(227,859)	259,047	693,157	909,862		
Add Back Capital Outlay	-	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	62,856	203,413	540,853	902,039	(28,020)	(227,859)	259,047	693,157	909,862		
CSFP Lease Payments	-	-	-	-	-	-	-	-	-		
Free Cash Flow	\$ 62,856	\$ 203,413	\$ 540,853	\$ 902,039	\$ (28,020)	\$ (227,859)	\$ 259,047	\$ 693,157	\$ 909,862	\$ 368,372	< 0
LIQUIDITY											
Current Assets	\$ 1,928,467	\$ 2,810,972	\$ 3,218,425								
Current Liabilities	389,001	1,068,093	934,693								
Net Working Capital	\$ 1,539,466	\$ 1,742,879	\$ 2,283,732								
Net Working Capital/Oper. Expenses	31.5%	33.9%	39.4%							34.9%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 1,007,445	\$ 1,737,312	\$ 2,384,676								
Unrest. Cash & CE/Oper. Expenses (Days)	75	123	150								
Unrest. Cash & CE/All Expenses (Days)	75	123	150							116	< 90

Benchmark Summary:

- Enrollment – ADA consistently exceeds target threshold of 94%.
- 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. Projections anticipate a temporary drawdown from FY2023-24 through FY2024-25 due to decreases in federal revenue. Positive cash flow is projected to resume by FY2025-26 as additional new classrooms become available.
- Liquidity – MPC maintains strong liquidity with Net Working Capital relative to Operating Expenses at 34.9%, and an estimated 116 days' worth of Operating Expenses on hand.
- Local Match – LUSD has provided documentation certifying that \$6,894,427 has been set aside specifically for projects at MPC. Funds will be sourced from the PSMI grant awarded to the district in 2022.

Staff Recommendation: Staff recommend that the California School Finance Authority Board determine that Lompoc Unified School District on behalf of Manzanita Public Charter is financially sound for the purposes of this Charter School Facilities Program 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 LUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$6,894,427. Staff recommend that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.