

**Charter School Facilities Program
 Proposition 51 Funding Round
 Staff Summary Report – November 2023
 Item 7 Resolution 23-52**

Applicant/Obligor:	Griffin Technology Academies
Project School:	Mare Island Technology Academy
CDS (County – District – School) Code:	48-70581-6116255
School Address/Proposed Site:	2 Positive Place Vallejo, CA 94589
Type of Project:	New Construction and Rehabilitation
Type of Apportionment:	Final
County:	Solano
District in which Project is Located:	Vallejo City Unified
Charter Authorizer:	Vallejo City Unified
Total OPSC Project Cost:	\$31,959,666
State Apportionment (50% Project Cost):	\$15,979,833
Total CSFP Financed Amount:	\$15,979,833
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
Estimated Annual CSFP Payment:	\$815,279
First Year of Occupancy of New Project:	2026-27

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Griffin Technology Academies (GTA) on behalf of Mare Island Technology Academy (School or MITA) 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 period. This recommendation is contingent upon GTA 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 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 GTA on behalf of MITA. Detailed information is contained in the body of the report:

Criteria	Comments
Population	In 2022-23, GTA had a total enrollment of 966 students across all network schools; the average daily attendance (ADA) rate was 91.8%.
Debt Service Coverage	GTA's debt service coverage from adjusted net income on this CSFP loan is projected to average 206.4% over the first two years that payments are due, inclusive of GTA's other projected CSFP loan on behalf of MIT Academy.
Eligibility Criteria	MITA has met all eligibility criteria: (1) MITA commenced operations in Aug. 1999; (2) MITA's charter is in place through June 2025; (3) MITA is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	MITA students generally perform as well or better on average than demographic peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: Vallejo City Unified has confirmed that as of September 21, 2023, MITA is in compliance with the terms of its Charter Agreement and has no pending or outstanding Notices of Violation or 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 will renovate the Positive Place campus, demolish existing buildings and structures onsite and re-grade the site. The proposed project involves the construction of new buildings, including multiple two-story classroom buildings; a science building; an administration building; a multipurpose building; a gymnasium; as well as a soccer field; and other outdoor play fields. The proposed project will construct a total of 42 classrooms which would increase the combined student capacity of MIT Academy high school and Mare Island Technology Academy middle school by 7 classrooms. Site improvements will also include on-site parking, improved vehicle circulation, landscaping, walkways, and other amenities.

School Organizational Information: The mission of Mare Island Technology Academy middle school is to challenge and empower a diverse community of young people, 6th through 8th grade, to master a rigorous, interconnected curriculum that equips them with exceptional academic, technological, social, and life skills and enables them to become self-motivated, competent, lifelong learners.

Griffin Technology Academies is a charter management organization (CMO) which operates two middle schools and two high schools in Vallejo, California. MITA is governed by the GTA Board of Directors. Board members have a legal fiduciary responsibility for the well-being of the organization and endeavor to ensure that MITA adheres to the concepts and philosophy of its charter authorization. The Board consists of 7 to eleven members, two of whom are student representatives elected by their respective peers, one from each GTA high school.

Nick Driver is the current Superintendent of Schools for GTA; Mark Driver is the current Chief Financial Officer. Lai Saeteurn is the Director of MITA. Staff reviewed the credentials of GTA and MITA key leaders, concluding the management team demonstrates the required experience and educational background to effectively oversee the operations of GTA and, by extension, MITA.

2023-24 Griffin Technology Academies Board of Directors

Name	Role(s)	Current Term End
Shawna Gilroy	Chair	June 2024
Vivian Wesley	Vice-Chair	December 2023
Rebecca Hartman-Baker	Director	May 2025
Luis Rosales	Director	June 2025
Phil McGuire	Director	September 2025
*Pending election	Student Member	June 2024
*Pending election	Student Member	June 2024

School Academic Performance: The following tables represent the recent academic performance of students attending MITA; a similar local middle school: Hogan Middle; and Vallejo City Unified. Results are provided through CDE’s CMASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards. Staff would note that Hogan Middle is a substantially higher population school chosen due to lack of smaller comparables in the district.

**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

	2018	2019	2020	2021	2022	2023
MITA	41%	44%	*	**	33%	21%
Hogan Middle	32%	30%	*	**	28%	28%
District	30%	30%	*	**	27%	27%

Mathematics Achievement

	2018	2019	2020	2021	2022	2023
MITA	24%	31%	*	**	17%	17%
Hogan Middle	21%	17%	*	**	13%	14%
District	30%	20%	*	**	17%	17%

Enrollment Trends and Projections: The tables below present enrollment and average daily attendance information for GTA schools collectively, and MITA individually, from FY 2020 through FY 2029. GTA submitted the following additional information regarding assumptions made in the projected years:

- Declining enrollment from FY20 to FY23 reflects statewide trends associated with the COVID-19 pandemic, as well as the temporary relocation of students from the Positive Place campus to district owned sites while extensive mold remediation operations were performed in FY22.
- Collective enrollment growth projections from FY24 onward are supported by multiple factors:
 - MIT Academy returned to the Positive Place campus in FY23.
 - 233 Hobbs Avenue, the site of Griffin Academy High and MIT Griffin Academy Middle, saw six new classrooms constructed during FY23, and is projected to continue to expand utilizing local Measure S funds over the next five years.
 - Mare Island Technology Academy middle school was most affected by the temporary loss of space at the Positive Place campus and has yet to return. This school is the oldest and most established of the four and will benefit greatly from the completion of the proposed CSFP (Prop 51) facilities by FY27.
 - GTA has engaged a full-time staff member as Director of Family Engagement, who will also be focused on student recruitment and retention.
 - GTA has established a partnership with another local K-8 charter school, working towards aligning their curriculum and establishing a natural path for students who wish to continue their high school education in a charter environment.

Based on the combination of these factors, staff find the enrollment projections within reason.

GTA Student Enrollment and Average Daily Attendance

Year (FY)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enrollment	1230	1337	1178	966	970	1215	1320	1420	1655	1725
ADA (%)	95.7	98.4	88.3	91.8	93	93	93	93	93	93

MITA Student Enrollment and Average Daily Attendance

Year (FY)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enrollment	420	418	352	278	254	290	300	300	420	420
ADA (%)	96.3	96.3	96.3	93.5	93	93	93	93	93	93

Financial Analysis

Financial Data Sources: This financial analysis is based on the consideration and review of the following for GTA: (1) audited financial statements for FYs 2019-20 through 2020-22; (2) final budget for FY 2022-23; and (3) projections for FYs 2023-24 through 2028-29 along with assumptions.

Assumptions: Staff’s financial analysis of GTA is based upon the following assumptions: (1) completion and occupancy of the new facilities by FY 2026-27; (2) the repayment of GTA’s CSFP matching share loan in the amount of \$15,979,833 at 3% interest commencing in FY 2027-28; (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 at this time. 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 GTA’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	Projected FY 2029	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL												
Enrollment	1,230	1,337	1,178	966	970	1,215	1,320	1,420	1,655	1,725		
Average Daily Attendance (ADA)	1,177	1,316	1,040	887	902	1,130	1,228	1,321	1,539	1,604		
Average Daily Attendance (%)	95.7%	98.4%	88.3%	91.8%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.2%	< 94.0%
FTE Teachers	52	56	46	40	40	50	54	58	67	70	53	
Pupil-Teacher Ratio	23.7	23.9	25.6	24.2	24.3	24.3	24.4	24.5	24.7	24.6	24.4	> 25.0
LCFF Sources/ADA	\$ 10,402	\$ 9,901	\$ 11,440	\$ 12,158	\$ 12,670	\$ 13,069	\$ 13,274	\$ 13,697	\$ 14,059	\$ 14,499	\$ 12,517	
% Change		-4.8%	15.5%	6.3%	4.2%	3.1%	1.6%	3.2%	2.6%	3.1%	3.9%	
Operating Revenues/ADA	\$ 12,570	\$ 14,908	\$ 16,379	\$ 20,647	\$ 19,189	\$ 18,660	\$ 18,213	\$ 18,576	\$ 18,902	\$ 19,371	\$ 17,742	
% Change		18.6%	9.9%	26.1%	-7.1%	-2.8%	-2.4%	2.0%	1.8%	2.5%	5.4%	
Operating Expenses plus CSFP Lease/ADA	\$ 10,970	\$ 12,323	\$ 18,074	\$ 23,356	\$ 19,460	\$ 17,984	\$ 17,425	\$ 17,250	\$ 18,371	\$ 18,325	\$ 17,354	
% Change		12.3%	46.7%	29.2%	-16.7%	-7.6%	-3.1%	-1.0%	6.5%	-0.3%	7.3%	
Free Cash Flow/ADA	\$ 1,599	\$ 2,585	\$ (1,695)	\$ (2,708)	\$ (271)	\$ 676	\$ 789	\$ 1,326	\$ 532	\$ 1,047	\$ 388	< 0
DEBT SERVICE COVERAGE												
Total Operating Revenues	\$ 14,791,279	\$ 19,613,805	\$ 17,027,396	\$ 18,308,700	\$ 17,310,109	\$ 21,084,847	\$ 22,358,792	\$ 24,531,405	\$ 29,093,782	\$ 31,076,539		
Total Operating Expenses	12,909,312	16,212,824	18,789,986	20,710,290	17,554,969	20,321,370	21,390,331	22,780,504	26,265,905	27,388,152		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	1,881,967	3,400,981	(1,762,590)	(2,401,590)	(244,860)	763,477	968,461	1,750,901	2,827,877	3,688,387		
Add Back Capital Outlay	-	-	-	599,040	687,601	771,407	805,212	839,018	872,824	906,629		
Add Back Depreciation	-	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	1,881,967	3,400,981	(1,762,590)	(1,802,550)	442,741	1,534,884	1,773,673	2,589,919	3,700,701	4,595,016		
CSFP Lease Payments	-	-	-	-	-	-	-	-	2,009,191	2,009,191		
Free Cash Flow	\$ 1,881,967	\$ 3,400,981	\$ (1,762,590)	\$ (1,802,550)	\$ 442,741	\$ 1,534,884	\$ 1,773,673	\$ 2,589,919	\$ 1,691,510	\$ 2,585,825	\$ 1,233,636	< 0
DSC from Adj. Net Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	184.2%	228.7%	206.4%	< 110.0%
DSC from LCFF Sources subject to CSFA Intercept									N/A	824.9%	855.9%	
CSFP Lease Payment/Oper. Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.9%	6.5%	6.7%	> 15.0%
LIQUIDITY												
Current Assets	\$ 12,764,817	\$ 17,536,068	\$ 16,907,037									
Current Liabilities	904,853	7,411,155	10,142,327									
Net Working Capital	\$ 11,859,964	\$ 10,124,913	\$ 6,764,710									
Net Working Capital/Oper. Expenses	91.9%	62.5%	36.0%								63.4%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 9,899,771	\$ 13,523,038	\$ 13,324,035									
Unrest. Cash & CE/Oper. Expenses (Days)	280	304	259									
Unrest. Cash & CE/All Expenses (Days)	280	304	259								281	< 90

Benchmark Summary:

- Enrollment – ADA nearly meets target threshold of 94%. GTA schools experienced a decline in attendance rates from FY20 through FY23 as discussed above. GTA projects a return to minimum 93% ADA by FY24. Staff find these projections conservative and reasonable given the variety of other factors impacting enrollment and continuity for GTA students.
- FTE Teachers – Pupil-teacher ratio consistently resides below maximum target of 25.
- Free and/or per ADA Cash Flow – GTA operates with historically positive cash flow. Temporary deficits seen in FY22 and FY23 relate to the costs of mold remediation at the Positive Place campus, as well as administrative costs incurred while navigating a dispute with Vallejo City Unified, which has since been resolved.
- Debt Service Coverage – Projected 206.4% average debt service coverage on loan payments commencing in FY28 includes payments toward GTA’s other CSFP project loan on behalf of MIT Academy. Combined lease payments total 6.7% of operational

revenues on average, well below the program threshold of 15%, and commensurate with the scale of the project.

- Net Working Capital relative to Operating Expenses – GTA liquidity metrics are well above program targets. Ratio of Net Working Capital to Operational Expenses shows 63.4% on average and Unrestricted Cash and Equivalents on hand equate to over 280 days' worth of expenses.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Griffin Technology Academies (GTA) on behalf of Mare Island Technology Academy 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 period. This recommendation is contingent upon GTA electing to have its CSFP payments intercepted at the state-level, 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.