

**Charter School Facilities Program  
2022 Filing Round  
Staff Summary Report – May 2024  
Item #11 - Resolution 24-25**

<b>Applicant/Obligor:</b>	San Juan Unified/ California Montessori Project-San Juan Campuses
<b>Project School:</b>	California Montessori Project-San Juan Campuses
<b>CDS (County – District – School) Code:</b>	34-67447-0112169
<b>School Address/Proposed Site:</b>	6545 Beech Ave, Orangevale, CA 95662
<b>CSFP Applications Reviewed:</b>	54/67447-00-007 (Rehabilitation) 54/67447-00-008 (Rehabilitation)
<b>Type of Apportionment:</b>	Final
<b>County:</b>	Sacramento
<b>District in which Project is Located:</b>	San Juan Unified
<b>Charter Authorizer:</b>	San Juan Unified
<b>Total OPSC Project Cost:</b>	\$12,940,228
<b>State Apportionment (50% Project Cost):</b>	\$6,470,114
<b>Total CSFP Financed Amount:</b>	\$600,000
<b>Total CSFP Lump Sum Contribution:</b>	\$5,870,114
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.50%
<b>Estimated Annual CSFP Payment:</b>	\$32,623
<b>First Year of Occupancy of New Project:</b>	2024-25

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that San Juan Unified (District or SJU) on behalf of California Montessori Project-San Juan Campuses (School or CMPSJC) 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 SJU contributing no less than \$5,870,114 to the project in the form of a lump sum contribution, as well as CMPSJC electing to have its CSFP loan 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 this financial soundness review. Detailed information is contained in the body of the report:

<b>Criteria</b>	<b>Comments</b>
Demographic Information	In 2022-23, CMPSJC had a total enrollment of 1,426 students in grades K-8; the average daily attendance (ADA) rate was 91.9%, and the Unduplicated Pupil Percentage (UPP) of ADA was 31.9%
Debt Service Coverage	CMPSJC’s debt service coverage from adjusted net income on this CSFP loan is projected to average 562.5% over the first three years that payments are due.
Eligibility Criteria	CMPSJC has met all eligibility criteria: (1) CMPSJC commenced operations in 2006; (2) CMPSJC’s charter is in place through June 2027; (3) CMPSJC is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	CMPSJC students generally perform on par with geographic peers in their local district based on California standardized testing (CAASPP).

**Program Eligibility:** San Juan Unified School District has confirmed that as of April 17, 2024, CMPSJC 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:** State Treasurer’s Office counsel reviewed the applicant’s responses to the questions contained in the Legal Status portion of the application and concluded that the information disclosed does not constitute a material issue relevant to this CSFP financing.

**Project Description:** The Orangevale Campus is located at 6545 Beech Avenue, Orangevale, CA 95662. The campus is comprised of 26,878 sq. ft. of building area on 10 acres of land. The majority of the buildings were constructed in 1957. The anticipated opening date of the rehabilitated facilities is Fall 2024.

CSFP application #54/67447-00-007 is for 22,555 square feet of area – 21,580 square feet of classroom or ‘other’ area, and 975 square feet of restroom area. The anticipated project scope will include the rehabilitation and reconfiguration of 16 (K-6th grade) classrooms, restrooms, administration, and support facilities.

CSFP application #54/67447-00-008 is for 4,323 square feet of area – 3,827 square feet of classroom or ‘other’ area, and 496 square feet of restroom area. The anticipated project scope will include the rehabilitation of 3 (7-8th grade) classrooms, restrooms, and support facilities.

**School Organizational Information:** Under its current charter agreement, CMPSJC serves over 1,400 students in grades K through 8, across three distinct campuses within San Juan Unified School District, located in American River, Carmichael, and Orangevale, respectively.

Brett Barley is the current Superintendent of CMPSJC, Maria Ostendorf is the Principal of Orangevale Campus. Staff reviewed the credentials of key administrative staff and determined that they demonstrate the required experience and educational background to effectively oversee the operations of CMPSJC.

CMPSJC is governed by a Board of Directors consisting of a broad cross-section of professionals with the skills necessary to appropriately oversee the operation of the organization. These members may have, among other valuable traits, experience in education, business, technology, facilities, leadership development and organizational development.

**2023-24 CMP Board of Directors**

<b>Name</b>	<b>Position</b>	<b>Term Expiration</b>
Julia Sweeney	Business Representative	June 2024
Bob Lewis	Business Representative	June 2023
Mickey Slamkowski	Montessori Representative	June 2024
Laura Kerr	Charter Representative	June 2026
Scott Richards	Community Representative	June 2024
Renée Dall	San Juan Parent Representative	June 2024
Jenna Westbrook-Kline	Capitol Parent Representative	June 2026
Aaron Walker	Elk Grove Parent Representative	June 2025
Ann Curtis	Shingle Springs Parent Representative	June 2026

**School Academic Performance:** The following tables represent the recent academic performance of CMPSJC; nearby local elementary school, Oakview Community Elementary; nearby local middle school, Andrew Carnegie Middle; and San Juan Unified School District. Results are provided through the California Department of Education’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 testing participation varied due to factors surrounding the novel coronavirus (COVID-19) pandemic.

**English Language Arts Achievement**

	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
CMPSJC	50%	51%	53%	*	**	54%	53%
Local Elementary	46%	54%	75%	*	**	40%	51%
Local Middle	56%	57%	50%	*	**	55%	47%
SJU	44%	47%	47%	*	**	43%	42%

**Mathematics Achievement**

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
CMPSJC	35%	33%	36%	*	**	42%	41%
Local Elementary	46%	47%	64%	*	**	40%	49%
Local Middle	47%	46%	42%	*	**	36%	32%
SJU	34%	35%	37%	*	**	30%	30%

**Enrollment Trends and Projections:** The tables below present historical and projected enrollment and average daily attendance information for CMPSJC from FY 2021 through FY 2028. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

**CMPSJC Student Enrollment and Average Daily Attendance**

Year (FY)	2021	2022	2023	2024	2025	2026	2027	2028
Enrollment	1,397	1,386	1,426	1,471	1,521	1,529	1,529	1,529
ADA (%)	95.5	95.7	91.9	93.8	95	95	95	95

**Financial Analysis**

**Financial Data Sources:** This financial analysis is based on the consideration and review of the following for CMPSJC: (1) audited financial statements for FYs 2020-21 through 2022-23; and (2) budget projections for FYs 2023-24 through 2027-28 along with assumptions.

**Assumptions:** Staff’s financial analysis of CMPSJC is based upon the following assumptions: (1) occupancy of the new facility in FY 2024-25; (2) the repayment of CMPSJC’s CSFP matching share loan in the amount of \$600,000 at 3.5% interest commencing in FY 2025-26; (3) the lump sum contribution of no less than \$5,870,114 to the project by SJU; (4) school enrollment and ADA projections as provided above under Enrollment Trends and Projections.

**Long-Term Liabilities:** Based on available data, staff are not aware of any foreseeable long-term liabilities at this time. Additionally, obligors 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 CMPSJC’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 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	AVERAGE	THRESHOLD LEVEL
<b>OPERATIONAL &amp; FINANCIAL</b>										
Enrollment	1,397	1,386	1,426	1,471	1,521	1,529	1,529	1,529		
Average Daily Attendance (ADA)	1,334	1,326	1,311	1,380	1,445	1,453	1,453	1,453		
Average Daily Attendance (%)	95.5%	95.7%	91.9%	93.8%	95.0%	95.0%	95.0%	95.0%	94.6%	< 94.0%
FTE Teachers	75	76	78	80	86	86	86	86	82	
Pupil-Teacher Ratio	18.6	18.2	18.3	18.4	17.7	17.8	17.8	17.8	18.1	> 25.0
LCFF Sources/ADA	\$ 8,692	\$ 9,146	\$ 10,482	\$ 11,409	\$ 11,608	\$ 11,957	\$ 12,328	\$ 12,720	\$ 11,043	
% Change		5.2%	14.6%	8.8%	1.7%	3.0%	3.1%	3.2%	5.7%	
Operating Revenues/ADA	\$ 11,926	\$ 11,979	\$ 14,541	\$ 15,431	\$ 14,751	\$ 14,731	\$ 15,078	\$ 15,470	\$ 14,238	
% Change		0.4%	21.4%	6.1%	-4.4%	-0.1%	2.4%	2.6%	4.1%	
Operating Expenses plus CSFP Lease/ADA	\$ 10,709	\$ 11,602	\$ 13,516	\$ 14,928	\$ 14,649	\$ 14,718	\$ 14,994	\$ 15,311	\$ 13,803	
% Change		8.3%	16.5%	10.4%	-1.9%	0.5%	1.9%	2.1%	5.4%	
Free Cash Flow/ADA	\$ 1,217	\$ 377	\$ 1,025	\$ 504	\$ 102	\$ 14	\$ 84	\$ 159	\$ 435	< 0
<b>DEBT SERVICE COVERAGE</b>										
Total Operating Revenues	\$ 15,911,836	\$ 15,883,541	\$ 19,064,186	\$ 21,295,097	\$ 21,314,888	\$ 21,404,471	\$ 21,908,496	\$ 22,477,814		
Total Operating Expenses	14,288,161	15,383,614	17,720,744	20,600,119	21,167,146	21,352,036	21,753,949	22,214,225		
Total Other Sources/Uses	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	1,623,675	499,927	1,343,442	694,978	147,742	52,435	154,547	263,589		
Add Back Capital Outlay	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	46,517	45,013	45,179	17,388	17,388		
Adjusted Net Income Available for CSFP Lease Pymt.	1,623,675	499,927	1,343,442	741,495	192,755	97,614	171,935	280,977		
CSFP Lease Payments	-	-	-	-	-	32,623	32,623	32,623		
Free Cash Flow	\$ 1,623,675	\$ 499,927	\$ 1,343,442	\$ 741,495	\$ 192,755	\$ 64,991	\$ 139,312	\$ 248,354	\$ 606,744	< 0
DSC from Adj. Net Income	N/A	N/A	N/A	N/A	N/A	299.2%	527.0%	861.3%	562.5%	< 110.0%
DSC from LCFF Sources subject to CSFA Intercept								56651.8%	56651.8%	
CSFP Lease Payment/Oper. Revenues	N/A	N/A	N/A	N/A	N/A	0.2%	0.1%	0.1%	0.1%	> 15.0%
<b>LIQUIDITY</b>										
Current Assets	\$ 10,861,916	\$ 6,401,087	\$ 10,109,123							
Current Liabilities	6,381,887	1,333,488	4,147,718							
Net Working Capital	\$ 4,480,029	\$ 5,067,599	\$ 5,961,405							
Net Working Capital/Oper. Expenses	31.4%	32.9%	33.6%						32.6%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 6,111,645	\$ 978,427	\$ 4,263,891							
Unrest. Cash & CE/Oper. Expenses (Days)	156	23	88							
Unrest. Cash & CE/All Expenses (Days)	156	23	88						89	< 90

**Benchmark Summary:**

- Enrollment – CMPSJC experienced a dip in ADA in FY23 consistent with statewide trends. Attendance has increased in FY24 and is projected to return to historical levels.
- Full-time equivalent (FTE) Teachers – Pupil-teacher ratio consistently resides well below the maximum threshold of 25.
- Free Cash Flow and/or per ADA – CMPSJC operates with historically positive cash flow.
- Debt Service Coverage (DSC) from Adj. Net Income – Staff find the estimated 562.5% average debt service coverage exceeds the required threshold and projection factors used are reasonable. Elevated DSC is a direct result of the lump sum funds contributed by SJU.
- CSP Lease Payment relative to Operational Revenues: Representing an estimated 0.1% of annual operating revenues, the proposed CSFP lease payment is well under the 15% threshold—unlikely to create a hardship for CMPSJC.
- Net Working Capital relative to Operating Expenses – CMPSJC liquidity metrics are strong with an average ratio of Net Working Capital to Operational Expenses at 32.6%, and Unrestricted Cash and Equivalents on hand equal to 89 days’ worth of expenses.
- Lump Sum Contribution – SJU has provided certification of the availability of funds in the form of a signed memorandum from the district’s Chief of Operations, Mr. Frank Camarda. Funds will be sourced from local bond Measure P, which was approved by voters in the November 2016 general election.

**Staff Recommendation:** Staff recommends that the California School Finance Authority (CSFA) Board determine that San Juan Unified on behalf of California Montessori Project-San Juan Campuses (CMPSJC) is financially sound for the purposes of 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 SJU contributing no less than \$5,870,114 to the project in the form of a lump sum contribution, as well as CMPSJC electing to have its CSFP loan 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.