

**Charter School Facilities Program
2022 Filing Round
Staff Summary Report – February 2025
Item# 9 Resolution 25-08**

Applicant/Obligor:	California Montessori Project
Project School:	Capitol Campus
CDS (County – District – School) Code:	34 67439 0111757
School Address:	2635 Chestnut Hill Dr, Sacramento
Type of Project:	Rehabilitation
Type of Apportionment:	Preliminary/Advance
County:	Sacramento
District in which Project is Located:	Sacramento City Unified
Charter Authorizer:	Sacramento City Unified
Total OPSC Project Cost:	\$10,760,142.00
State Apportionment (50% Project Cost):	\$5,380,071.00
Local Matching Share (SCUSD Contribution):	\$2,690,035.50
Total CSFP Financed Amount:	\$2,690,035.50
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
Estimated Annual CSFP Payment:	\$137,244
First Year of Occupancy of New Project:	2026-27

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that California Montessori Project (CMP) on behalf of Capitol Campus (School or CC), is financially sound for Charter School Facilities Program (Program or CSFP) Preliminary/Advance Apportionment. This determination, as it relates to Preliminary/Advance Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this period. This recommendation recognizes that CMP will be meeting the 50% local matching share requirement by financing 25% of the total project cost through the Program, while the remaining 25% will be met by a cash contribution from Sacramento City Unified (SCU). Sacramento City Unified, on behalf of California Montessori Project, Capitol Campus, is providing a cash contribution in amount of \$2,690,035.50. A signed agreement between SCU and CMP has been filed in support of this cash contribution. This recommendation also recognizes California Montessori Project, Capitol Campus is 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 CMP. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2023-24, CC had a total enrollment of 357 students in grades K-8; the average daily attendance (ADA) rate was 95%, and the Unduplicated Pupil Percentage (UPP) of ADA was 31.6%.
Debt Service Coverage	CMP's debt service coverage from adjusted net income on this CSFP loan is projected to average 383.5% over the first three years that payments are due.
Eligibility Criteria	CC has met all eligibility criteria: (1) CC commenced operations in 2006; (2) CC's charter is in place through June 2027; (3) CC is in good standing with its chartering authority and in compliance with the terms of its charter.
Student Performance	CC students' performance consistently exceeded that of peers in their local district during the period examined, based on California standardized testing (CAASPP).

Program Eligibility: Sacramento City Unified has confirmed that as of February 18, 2025, CC 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: CC's application request is for the rehabilitation of 13 permanent and portable classrooms, restrooms, and support facilities, serving K-8th grades. The project scope includes the modernization of 12,274 square feet of classroom area, 10,085 square feet of 'other' area, and 1,362 square feet of restroom area. Additional improvements may include complete HVAC replacement, new electrical service and distribution, new plumbing infrastructure, new interior finishes and flooring, new windows and doors, structural upgrades, new roofing/gutters, and exterior painting.

Local Matching Share: CMP will be meeting the 50% local matching share requirement by financing 25% of the total project cost through a 30-year Program loan, while the remaining 25% will be met by a cash contribution from Sacramento City Unified School District (SCUSD). SCUSD, on behalf of California Montessori Project, Capitol Campus is providing a cash contribution in amount of \$2,690,035.50. A signed agreement between SCUSD and CMP has been filed in support of this contribution. California Montessori Project, Capitol Campus's CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code.

School Organizational Information: CMP offers an environment which has the programs, resources and school climate to enable students to become educated to high academic standards and to develop themselves to their fullest capacity. CMP uses Montessori assessments to place students and monitor progress, Dynamic Indicators of Basic Early Literacy Skills (DIBELS) to monitor literacy, i-Ready to monitor English Language Arts and Mathematics progress, and CAASPP Interim Assessment Blocks as another academic measure. Additionally, CMP ensures that the school's curriculum components are aligned with educational state standards and the Montessori methodology.

Rebecca Marsolais is the current Superintendent of CMP, Shannon Schmidt is the current Principal of CC. The CMP Board consists 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.

2024-25 California Montessori Project Board of Directors

Name	Position	Term Expiration
Julia Sweeney	Board Chair	June 2025
Kim <u>Zawilski</u>	Montessori Representative	June 2027
Bob Lewis	Business Representative	June 2026
Laura Kerr	Charter Representative	June 2026
Scott Richards	Community Representative	June 2027
Jenna Westbrook-Kline	CMP-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 CC; a similar local elementary school, Alice Birney Waldorf Elementary; a similar local middle school, Albert Einstein Middle; and Sacramento City Unified. Results are provided through the California Department of Education’s CAASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards.

English Language Arts Achievement

	FY22	FY23	FY24
Capitol Campus	61.25%	55.39%	51.49%
Alice Birney Waldorf Elementary	41.85%	43.00%	39.74%
Albert Einstein Middle	35.62%	30.63%	29.52%
Sac City Unified	38.19%	38.20%	38.95%

Mathematics Achievement

	FY22	FY23	FY24
Capitol Campus	43.12%	40.00%	42.86%
Alice Birney Waldorf Elementary	29.09%	26.91%	26.82%
Albert Einstein Middle	17.19%	18.94%	16.31%
Sac City Unified	26.93	28.67%	29.38%

Enrollment Trends and Projections: The tables below present enrollment and average daily attendance information for CC and CMP from FY 2021-22 through FY 2029-30. CMP administration anticipates occupying the rehabilitated facilities by the start of FY 2026-27. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

CC Student Enrollment and Average Daily Attendance

Year (FY)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Enrollment	345	352	357	417	417	417	417	417	417
ADA (%)	95.4	92.6	95.0	95.0	95.0	95.0	95.0	95.0	95.0

CMP Student Enrollment and Average Daily Attendance

Year (FY)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Enrollment	2859	2856	2957	3062	3073	3073	3073	3073	3073
ADA (%)	92.5	91.2	92.3	95.5	95.2	95.2	95.2	95.2	95.2

Financial Analysis

Financial Data Sources: This financial analysis is based on the consideration and review of the following for CMP: (1) audited financial statements for FY 2021-22 through 2023-24; (2) budget projections for FYs 2024-25 through 2029-30 along with assumptions.

Assumptions: Staff’s financial analysis of CMP is based upon the following assumptions: (1) occupancy of the project facilities in FY 2026-27; (2) the repayment of CMP’s CSFP matching share loan in the amount of \$2,690,036.50 at 3.0% interest commencing in FY 2027-28; (3) CMP enrollment and ADA projections as provided above under Enrollment Trends and Projections.

Long-Term Liabilities: CMP has two additional CSFP Projects, CMP Elk Grove Campus and CMP Shingle Springs Campus, in repayment. Elk Grove has been in repayment since 2015 and Shingle Springs has been in repayment since 2016. These payments, \$421,764 per year, were included in Staff’s review in determining coverage. Based on available data, staff are not aware of any other 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 CMP’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.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff's analysis regarding CMP's financial soundness.

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE MET											
	Actual FY 2022	Actual FY 2023	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	2,859	2,856	2,957	3,062	3,073	3,073	3,073	3,073	3,073		
Average Daily Attendance (ADA)	2,644	2,606	2,730	2,924	2,925	2,925	2,925	2,925	2,925		
Average Daily Attendance (%)	92.5%	91.2%	92.3%	95.5%	95.2%	95.2%	95.2%	95.2%	95.2%	94.2%	< 94.0%
LCCF Sources/ADA	9,089	\$ 10,400	\$ 11,307	\$ 11,477	\$ 11,845	\$ 12,210	\$ 12,618	\$ 13,032	\$ 13,076	\$ 11,673	
% Change		14.4%	8.7%	1.5%	3.2%	3.1%	3.3%	3.3%	0.3%	4.7%	
Operating Revenues/ADA	11,995	\$ 14,256	\$ 15,288	\$ 16,862	\$ 16,744	\$ 17,142	\$ 17,566	\$ 18,000	\$ 18,008	\$ 16,207	
% Change		18.8%	7.2%	10.3%	-0.7%	2.4%	2.5%	2.5%	0.0%	5.4%	
Operating Expenses plus CSFP Lease/ADA	11,798	\$ 13,765	\$ 14,953	\$ 16,587	\$ 16,736	\$ 17,063	\$ 17,322	\$ 17,551	\$ 17,676	\$ 15,939	
% Change		16.7%	8.6%	10.9%	0.9%	2.0%	1.5%	1.3%	0.7%	5.3%	
Free Cash Flow/ADA	197	\$ 491	\$ 334	\$ 275	\$ 9	\$ 80	\$ 244	\$ 448	\$ 332	\$ 268	< 0
	Actual FY 2022	Actual FY 2023	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	AVERAGE	THRESHOLD LEVEL
DEBT SERVICE COVERAGE											
Total Operating Revenues	715,509	\$37,151,521	\$41,735,152	\$49,304,493	\$48,977,372	\$50,141,330	\$51,379,640	\$52,649,031	\$52,674,747		
Total Operating Expenses	72,377	35,449,395	40,400,252	48,079,259	48,529,947	49,486,374	50,106,485	50,779,010	51,143,698		
Total Other Sources/Uses	-	-	(53)	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	943,132	1,702,126	1,334,847	1,225,234	447,425	654,956	1,273,155	1,870,021	1,531,049		
Add Back Capital Outlay	-	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	924,881	929,293	901,842	894,657	871,025	840,805		
Adjusted Net Income Available for CSFP Lease Pymt.	943,132	1,702,126	1,334,847	2,150,115	1,376,718	1,556,798	2,167,812	2,741,046	2,371,854		
CSFP Lease Payments	421,764	421,764	421,764	421,764	421,764	421,764	559,008	559,008	559,008		
Free Cash Flow	521,368	\$1,280,362	\$ 913,083	\$1,728,351	\$ 954,954	\$ 1,135,034	\$1,608,804	\$2,182,038	\$ 1,812,846	\$ 1,348,538	< 0
DSC from Adj. Net Income	223.6%	403.6%	316.5%	509.8%	326.4%	369.1%	387.8%	490.3%	424.3%	383.5%	< 110.0%
DSC from LCCF Sources subject to CSFA Intercept								5310.7%	5333.6%	5322.2%	
CSFP Lease Payment/Oper. Revenues	1.3%	1.1%	1.0%	0.9%	0.9%	0.8%	1.1%	1.1%	1.1%	1.0%	> 15.0%
FUNDRAISING											
Fundraising for Operations	26,702	\$2,048,943	\$2,182,865	\$2,383,089	\$ 2,383,089	\$ 2,383,089	\$2,383,089	\$2,383,089	\$ 2,383,089	\$ 2,295,227	
Fundraising/Oper. Revenues	6.7%	5.5%	5.2%	4.8%	4.9%	4.8%	4.6%	4.5%	4.5%	5.1%	> 15.0%
DSC without Fundraising	-280.6%	-82.2%	-201.1%	-55.2%	-238.6%	-195.9%	-38.5%	64.0%	-2.0%	-114.5%	< 100.0%
% of Fundraising Required for 100% DSC	75.5%	37.5%	58.2%	27.5%	59.9%	52.4%	32.5%	8.4%	23.9%	41.8%	> 50.0%
LIQUIDITY											
Current Assets	732,881	\$18,601,624	\$19,090,463								
Current Liabilities	945,474	8,528,601	7,486,802								
Net Working Capital	87,407	\$10,073,023	\$11,603,661								
Net Working Capital/Oper. Expenses	28.2%	28.4%	28.7%							28.5%	< 5.0%
Unrestricted Cash & Cash Equivalents	81,369	\$7,871,830	\$8,426,482								
Unrest. Cash & CE/Oper. Expenses (Days)	37	81	76								
Unrest. Cash & CE/All Expenses (Days)	36	80	75							64	< 90

Benchmark Summary:

- Enrollment – Despite a slight dip in 2023, average ADA rate exceeds the 94.0% threshold.
- Free Cash Flow and/or per ADA – CMP operates with historically positive cash flow; Staff finds projections reasonable and within tolerance given the length of the period examined.
- Debt Service Coverage from Adj. Net Income – Estimated 383.5% average debt service coverage, well above the threshold of 110%.
- CSFP Lease Payment relative to Operational Revenues: Representing an estimated 1.0% of annual operating revenues, indicating the projected CSFP lease payments are unlikely to create any financial hardship.
- Net Working Capital relative to Operating Expenses – CMP liquidity metrics are strong with an average ratio of Net Working Capital to Operational Expenses slightly over 28.5%, well above the 5% threshold.
- The model reflects 64 expense days of unrestricted cash reserves, which is slightly under the 90-day threshold.

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that California Montessori Project (CMP) on behalf of Capitol Campus (School or CC), is financially sound for Charter School Facilities Program (Program or CSFP) Preliminary/Advance Apportionment. This determination, as it relates to Preliminary/Advance Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this period. *This recommendation recognizes that CMP will be meeting the 50% local matching share requirement by financing 25% of the total project cost through the Program, while the remaining 25% will be met by a cash contribution from Sacramento City Unified School District (SCUSD). SCUSD is providing a cash contribution in amount of \$2,690,035.50. A signed agreement between SCUSD and CMP has been filed in support of this contribution.* This recommendation also recognizes California Montessori Project, Capitol Campus's CSFP payments will be 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.