



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mike Dang, Manager, Financial and Organizational Performance
Mark Modrcin, Director of Authorizing
SUBJECT: **Somerset Academy Las Vegas Aliante & Skye Canyon Campus Request for Approval to Acquire or Construct a New or Additional Facility that will not affect approved enrollment**
DATE: December 4, 2020

Summary of Request and Recommendation

Somerset Academy Las Vegas (Somerset) is requesting the State Public Charter School Authority (SPCSA) approve the acquisition of its Aliante and Skye Canyon Campuses which will not affect approved enrollments.

SPCSA staff have reviewed Somerset's application and recommend approval for both campuses, with conditions.

Background

Somerset Academy of Las Vegas is operating under a Current Charter Contract with a Start Date of July 1, 2016 and a Charter Contract Expiration Date of June 30, 2022. They submitted this amendment application on October 15th, 2020.

Somerset Academy was founded in 1997 in Miramar, Florida with 50 students in Kindergarten through 5th grades and grown ever since. Somerset Academy of Las Vegas was authorized in 2011 – 2012 and now teaches approximately 9,000 students across seven campuses.

Its mission statement is "We prepare students to excel in academics and attain knowledge through life-long learning by dedicating ourselves to providing equitable, high-quality education for all students. We promote a culture that maximizes student achievement and fosters the development of accountable 21st Century learners in a safe and enriching environment." Its vision statement is "A college prep school, cultivating effective leaders, good character, and a desire to render service."

Somerset requests SPCSA board approval to acquire two of its campuses which will not affect approved enrollment.

The RFA states that “purchasing options have opened up in the leases for the Somerset Aliante and Skye Canyon campuses, which now allow the schools to exit the 2-3% escalators of their current lease and enter into a fair interest rate for the next 30 years in the bond market. The RFA says the “requested amendment does not change the community it currently serves nor its methods of community engagement” as it regards the financing of existing campuses.

According to the RFA, this will be Somerset Academy of Las Vegas’ sixth and seventh facility purchase. The Somerset Academy of Las Vegas board has had experience in regards to facility acquisition and development through the issuance of bonds. Somerset Academy of Las Vegas began operations in the 2011-2012 school year with the North Las Vegas campus which was built out on an existing strip mall containing approximately 62,500 sf. Somerset Academy of Las Vegas then introduced the Sky Pointe in the 2013-2014 school year.

Somerset Academy of Las Vegas opened their Aliante and Skye Canyon Campuses during the school year of 18-19. As done with the NLV, Sky Pointe, Losee, Stephanie, and Lone mountain campuses; Somerset Academy of Las Vegas will look to purchase the Aliante and Skye Canyon campuses through the issuance of bonds.

The RFA application states that Somerset Academy of Las Vegas partnered with the Turner-Agassi Charter School Facility Fund to acquire and construct the Aliante and Skye Canyon facilities. The Somerset Academy of Las Vegas board entered into a Triple Net Lease which requires the school to maintain the facility. The school will now propose to acquire its facility when their purchase option window becomes available. The board members of Somerset Academy of Las Vegas do not present a conflict of interest in dealing with the Turner-Agassi Charter School Facility Fund or any other development group with which they would choose to do business.

Below is a staff analysis of the planned cost savings and cumulative cost savings if the acquisitions are approved and the bonds are issued to plans.

Somerset Aliante				Payments /	yr 2	yr 3	yr 4	yr 5
Lease/Mortgage Payments	SYE 2019	SYE 2020	SYE 2021	SYE 2022	SYE 2023	SYE 2024	SYE 2025	SYE 2026
Current facility leased	\$836,000	\$1,023,000	\$1,233,750	\$1,359,750	\$1,348,748	\$1,390,521	\$1,421,113	\$1,452,377
Proposed facility to acquire	-	-	-	\$1,143,488	\$1,143,488	\$1,143,488	\$1,143,488	\$1,143,488
	-	-	-	-	-	-	-	-
Savings (Cost increase)/yr	\$ -	\$ -	\$ -	\$216,262	\$205,260	\$247,033	\$277,625	\$308,889
Cumulative Savings (Costs)				\$216,262	\$421,522	\$668,555	\$946,180	\$1,255,069

Somerset Skye Canyon				Payments /	yr 2	yr 3	yr 4	yr 5
Lease/Mortgage Payments	SYE 2019	SYE 2020	SYE 2021	SYE 2022	SYE 2023	SYE 2024	SYE 2025	SYE 2026
Current facility leased	\$700,000	\$782,400	\$877,500	\$960,000	\$1,079,456	\$1,145,324	\$1,171,094	\$1,197,443
Proposed facility to acquire	-	-	-	\$904,880	\$904,880	\$904,880	\$904,880	\$904,880
	-	-	-	-	-	-	-	-
Savings (Cost increase)/yr	\$ -	\$ -	\$ -	\$55,120	\$174,576	\$240,444	\$266,214	\$292,563
Cumulative Savings (Costs)				\$55,120	\$229,696	\$470,140	\$736,354	\$1,028,917

Applicant Eligibility

When reviewing any RFA, SPCSA staff and board review the Academic, Financial and Organizational performance of the applicant charter school. Somerset has met Financial and Organizational performance standards, at the charter level, which is how these two frameworks are measured.

The Aliante campus’ last NSPF Star Rating was 2 stars for its Elementary School and 5 stars for its Middle School.

The Skye Canyon campus’ last NSPF Star Rating was 5 stars for its Elementary and for its Middle School.

Regarding its academic performance, because this amendment will help both the elementary and middle school programs be more sustainable financially and fund enhanced educational effectiveness, and the amendment does not contemplate the addition of any seats or expansion to another campus, staff finds Somerset’s application eligible to be approved.

Summary, Recommendation and Condition

Overall, SPCSA staff finds the Somerset application acquire its Aliante and its Skye Canyon Facilities that will not affect approved enrollment eligible for recommendation for approval by the SPCSA board.

Proposed Motion

Approve Somerset Academy of Las Vegas’s request to acquire its Aliante and its Skye Canyon Facilities that will not affect approved enrollment, subject to the following condition.

The condition is that Somerset submit its bond prospectus or offering memorandum and the final terms received upon issuance(s), including total debt encumbrance, term of years, interest rate, cost of issuance and issuance cost breakdowns. Staff will work directly with the school on the format of this information.

SCHOOL PROFILE INFORMATION

School Enrollment, Demographics & Special Populations

Aliante Campus

Year	Total Enrollment	A	B	C	H	I	M	P	ELL	FRL	IEP
18-19	831	5.4%	11.4%	33.0%	35.7%	0.6%	10.5%	3.4%	1.9%	17.9%	8.7%
19-20	982	3.8%	11.5%	34.3%	36.4%	0.5%	10.7%	2.9%	2.6%	17.0%	11.1%

Note: all enrollment numbers are from Validation Day each year.

Skye Canyon Campus

Year	Total Enrollment	A	B	C	H	I	M	P	ELL	FRL	IEP
18-19	855	1.2%	1.5%	18.1%	24.1%	0.0%	54.6%	0.5%	2.2%	11.0%	8.3%
19-20	954	5.6%	4.4%	52.6%	24.5%	0.0%	11.3%	1.6%	2.0%	13.3%	8.8%

Note: all enrollment numbers are from Validation Day each year.

- A – Asian
- B – Black
- C - White
- H – Hispanic
- I – American Indian/Alaskan Native
- M – Two or more races
- P – Pacific Islander
- IEP – Individualized Education Plan –A student with a disability/special education student
- ELL – English Language Learner
- FRL – A student who qualifies for Free or Reduced-Price Lunch

School Nevada State Performance Framework (Nspf) Academic Star Ratings¹

Aliante Campus

Year	Campus	Star Rating
2019	Somerset Aliante ES	2
2019	Somerset Aliante MS	5

Skye Canyon Campus

Year	Campus	Star Rating
2019	Somerset Skye ES	5
2019	Somerset Skye MS	5

¹ Due to COVID-19, the Nevada Department of Education (NDE) applied for and was granted a 2019-20 school year waiver from the US Department of Education for certain assessment, accountability, school identification, and reporting requirements established by the Every Student Succeeds Act (ESSA). Accordingly, for the 2019–20 school year, Nevada statewide assessments were not administered and the NDE did not calculate Nevada School Performance Framework (NSPF) school ratings.