

**To:** El Camino Real Staff  
**From:** Marshall Mayotte and Melanie Horton  
**Reviewed By:** Dave Fehle, Lisa Ring, and David Hussey  
**Re:** Potential Property Acquisition  
**Date:** 10/15/15

**Summary:** Following the Board's approval on September 16, 2015, ECR entered into a due diligence period to evaluate the potential purchase of a property in West Hills, with the idea of using this facility to relocate and expand ECR's existing Independent Study program. As part of the due diligence process, ECR paid a refundable \$100,000 deposit to the buyer. We have until October 31 to evaluate this property and make a decision; if we walk away by October 31, we will be refunded the \$100,000 deposit in full.

**About the Property:**

- Location: West Hills
- Property Type: Former private school; previously a temple
- Rent: Not applicable. ECR would own the property.
- Size: Land is ~80K square feet. Building is ~16K square feet

**Assumptions:**

- Purchase price and renovations: not to exceed \$5MM
- Enrollment projection
  - 2016-17: 150
  - 2017-18: 225
  - 2018-19: 300
  - 2019-20: 400
- ECR will submit a separate charter petition for the Independent Study program. This will allow us to open up the program to other students in the community and increase the program's enrollment from the current size (~100) to 300 or 400 students. Currently, only students who enroll at ECR through the attendance boundary or lottery are eligible to participate in the Independent Study program.
- Class sizes of up to 30, as per the LAUSD average for Independent Study programs.
- The ECR administration team and business/operations team would oversee both ECR and the Independent Study school.

**Financial Findings:** EdTec, ECR's current back office provider, has prepared a financial analysis of the proposed plan. The preliminary findings show a healthy return on investment. With an enrollment of 300 or more students, the sharing of overhead costs, rent, and net income is projected to provide ECR with a return in excess of 10%. These are the possible risks:

- ECR may not reach enrollment targets. If that were to occur, ECR could sell the property or find other uses for the property (e.g. supplemental programs for the high school or a K-8 school.) The alternate plan would depend on ECR's involvement in other projects (i.e. Oso and Highlander).
- LAUSD, LACOE or CDE may not approve a charter petition for a larger, separate Independent Study program. If that were to occur, ECR could sell the property or find other uses for the property (e.g. supplemental programs for the high school or a K-8 school.) The alternate plan would depend on ECR's involvement in other projects (i.e. Oso and Highlander).

**Other possible uses along with the Independent Study program:**

- The facility has an area that would work well as a daycare. A daycare has been on the administration's wish list for the staff. This may require UTLA approval since the funds used to operate a daycare could be used for other employee benefits.
- The facility could also serve as a community learning center for ECR students. The campus could operate with extended hours so that students have access to computers, Internet, and printers during evenings and weekends.

**Possible Questions:**

1. Why not a K-8 School?
  - The current campus cannot accommodate a large student population. In order to run a K-8 school at this property, ECR would need to invest in the construction of additional classroom space. For an Independent Study program, students do not need to be at school every day. So in theory, we could have 400 enrolled students, but only 100 students on campus at any given time.
  - If attendance exceeds 125 students at any given time, additional feasibility studies must be performed (e.g. traffic study).
  - The current campus is nearly move-in ready for an Independent Study program. There are a sufficient number of classrooms and the classrooms are the right size.
2. Why purchase a new facility for the Independent Study program?
  - ECR currently has a successful Independent Study program. This new property would allow us to significantly expand the program and open it up to students from other communities.
3. Why submit a separate charter for the Independent Study program?
  - If the Independent Study program is run through ECR, then only students who enroll in ECR through the attendance boundary or lottery may participate in the program. As a separate entity, the Independent Study program is open to all students. This provides a valuable and necessary option for students who are unable to attend school during traditional school hours (i.e. students with family or work commitments and students with certain health issues).
4. Who would operate the campus?
  - Assistant Principal Lisa Ring would oversee both the Independent Study program and the Alternative Education program.

5. As a high school teacher, how will I benefit from this school?
  - If costs are shared, then the reduction of administrative costs improves the bottom line of the high school. For example, if ECR has just the high school, then ECR is responsible for the entire cost of the business office (including accounting, payroll, technology, and other business functions); however, if there are multiple entities, then this cost is shared. While it is true that as we grow we may need to hire additional support staff, the skills and expertise of administrators and higher-level staff can be shared across the multiple entities, thus decreasing the cost of these staff to ECR.
  
6. Will purchasing a new facility increase our costs?
  - Operational costs do not grow in the same proportion as classroom costs. For example, although a new classroom must be created for every additional 30 students, business and operations personnel (i.e. business office, clerical, custodial, security) should theoretically grow at slower rates, since student growth has a smaller incremental impact on these positions. So there is still a net benefit to the school due to the cost savings generated from economies of scale, as explained in Question 5. While it is true that as we grow we may need to hire additional support staff, the skills and expertise of administrators and higher-level staff can be shared across the multiple entities, thus decreasing the cost of these staff to ECR.

**Next Steps:** The administration team welcomes any questions you may have about this proposed project. We will collect your questions through a Google form, and address these questions at a Town Hall meeting on Monday, October 19 at 3:30pm. The location will be announced soon.

We will open this issue for a vote after the meeting. We will email a link to the poll.