

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD

Charter Actions Requiring a Vote

- ☐ Approve a Charter Application
- ☐ Approve a Charter Renewal (15 yrs.)
- ☐ Approve Charter Continuance (5 or 10 yrs.)
- ☒ Approve a Charter Amendment Request
- ☐ Approve a Charter Agreement
- ☐ Give a Charter Notice of Concern
- ☐ Lift the Charter Notice of Concern
- ☐ Commence Charter Revocation Proceedings
- ☐ Revoke a Charter
- ☐ Board Action, Other _____

Non-Voting Board Items

- ☐ Public Hearing Item
- ☐ Discussion Item
- ☐ Read into Record

Policies

- ☐ Open a New Policy or Changes to a Policy for Public Comment
- ☐ Approve a New Policy
- ☐ Approve Revisions to an Existing Policy

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SUBJECT: Charter Amendment: Rocketship Education DC Public Charter School
▪ New Location

DATE: October 28, 2019

The following proposal was open for public comment from August 13, 2019, until September 16, 2019, and the DC Public Charter School Board (DC PCSB) held a public hearing on September 16, 2019. DC PCSB received eighteen public comments about this proposal, of which fourteen were in support of the school's request, and three were opposed.

The remaining comment received was from the Ward 5A Advisory Neighborhood Commission (ANC) requesting that DC PCSB allow more time for comment before the Board's vote on October 28, 2019. During the public hearing on September 16, 2019, the DC PCSB Board granted this request. As of the writing of this memo no comment from the ANC has been received.

Attachment B contains a summary of all the public comments received, which may be found in their entirety here: <https://dcpccb.egnyte.com/fl/RCUuLhbbhy>.

Recommendation

DC PCSB staff recommends that the Board approve Rocketship Education DC Public Charter School's (Rocketship PCS) charter amendment request to operate its third campus at a new location in Ward 5 and approve DC PCSB Board Chair Rick Cruz to sign the amendment on behalf of the Board.

Proposal

Rocketship PCS submitted written notification to DC PCSB stating its intent to operate its third campus, Rocketship PCS – Ward 5, at 5450 3rd Street NE beginning in school year (SY) 2020-21. The school currently operates two other campuses, Rocketship PCS - Legacy Prep (Ward 7) and Rocketship PCS - Rise Academy (Ward 8). If this request is approved, beginning in SY 2020-21, Rocketship PCS will operate at all three campuses in Wards 5, 7, and 8.

Per the school's charter agreement amendment application, effective August 1, 2019, Rocketship PCS has entered into a 30-year development lease agreement with Launchpad Development to sublease a 53,500 square foot facility from Turner Impact Capital. Beginning in SY 2020-21, Rocketship PCS plans to initially educate 180 students in grades prekindergarten-3 (PK3) through second at the Ward 5 campus, and it will add a new grade level each year until the campus offers grades PK3-5.

In preparation for Rocketship PCS to open its third campus, the proposed new site in Ward 5 will undergo an extensive two-phase construction process, beginning in October 2019. Phase 1 of the facility's construction will include building at least twelve classrooms to accommodate up to 180 students in grades PK3-2, in addition to several administrative offices. The school intends to complete this phase by the start of SY 2020-21. Phase 2 of the new campus' construction will be completed before SY 2021-22 to accommodate Rocketship PCS's total anticipated enrollment of 355 students in grades PK3-5 when it reaches maturation in SY 2023-24.

The school's ultimate enrollment will be about half that of Rocketship PCS's first two campuses. Therefore, per the school's testimony at its public hearing on September 16, 2019, beginning in SY 2020-21, Rocketship PCS is also planning to sublease part of the space at the proposed Ward 5 site to another charter middle school that will educate approximately 160 students at the campus. While the total enrollment combined for both schools at the proposed campus will be about 515 students, Rocketship PCS's leadership explained that its sublease agreement with the subtenant would remain contingent on demand for enrollment at Rocketship PCS. If demand proves high for Rocketship PCS-Ward 5, the school reserves the right to

evict the subtenant and grow to the full standard size of its other Rocketship PCS campuses.

The proposed new location is easily accessible by WMATA Metrorail and bus service, given its proximity to the Fort Totten Metro Station, which provides connection points to the Red, Yellow, and Green lines. Therefore, Rocketship PCS does not anticipate any challenges with families transporting students to the proposed site in Ward 5.

Rationale

Rocketship PCS originally planned to open its third campus in Ward 5 in SY 2018-2019, since the school had met all the conditions required in its charter agreement to open a new campus.¹ However, due to difficulty securing a facility at that time, on July 23, 2018, DC PCSB approved the school to postpone its third campus opening.² As part of the conditions imposed in the July 2018 amendment, the school was required to provide a copy of its lease for the third campus to DC PCSB by March 1 of the school year before the new campus was scheduled to open. Given the school submitted a copy of its proposed lease in its [charter amendment application](#),³ Rocketship PCS has satisfied the conditions of the July 2018 amendment to open its third campus in SY 2020-21.

During the school's public hearing on September 16, 2019, the DC PCSB Board requested that Rocketship PCS provide a copy of the market needs analysis that the school referenced in its application. This request was in response to two public comments that DC PCSB received inquiring about the validity of the school's needs assessment to determine where to locate in Ward 5. In response, the school provided Attachment C, a report that summarizes the level of poverty and low academic performance in Ward 5, and how Rocketship PCS may be of benefit to the students in that area by closing the achievement gap.

¹ On November 3, 2014, DC PCSB granted Rocketship PCS full charter approval, approving the school to open up to eight campuses under the following conditions: a) All previously authorized campuses have opened; b) All operating DC campuses have PMF scores of at least 65 for the most recent year of reporting; c) All operating DC campuses have early learning programs that are the equivalent of "tier 1" on the forthcoming EC PMF for the most recent year of reporting; and, d) There have been no material violations of the law and neither the school nor any of its campuses are under "charter warning" status by PCSB.

² Rocketship PCS Approved Postponement to Open Third Campus Amendment, July 23, 2018, <https://bit.ly/34cDZnR>.

³ See the proposed lease on Page 14 of the amendment application

Financial Implications

Per the school's most recent unaudited financial statements, Rocketship PCS's current financial condition does not warrant an immediate concern, given the school's current ratio of 4.7 and 61 days of cash on hand.

Notably, the school's liquidity is adequate, but Rocketship PCS's long-term condition is not as stable, with a negative net asset position and a debt ratio of 1.3. Both of these metrics indicate that the school's total liabilities exceed its total assets. The school's most significant liabilities are 1) a deferred rent liability that is declining, and 2) accounts payable to the school's charter management organization, Rocketship Public Schools, for its current facilities financing. While Rocketship PCS's current financial condition does not present an immediate concern, opening the proposed third campus has the potential to affect the overall financial health of the school long term. Therefore, if this request is approved, DC PCSB staff will continue monitoring the school's financial performance as the development of the third campus progresses.

The school's proposed 5-year budget is on page 22 of its [amendment application](#). While the school has run operating deficits in its first three years of operations, the net losses have been reduced each year as enrollment increases. Moreover, Rocketship PCS has renegotiated the leases for both its Legacy Prep and Rise Academy campuses, resulting in a lease expense that is now less than the facilities allotment received by the local education agency. While the lease for the third campus is more expensive than its other facilities, Rocketship PCS's facilities allotment is projected to total \$7.1M in 2024, compared to lease obligations of \$6.4M, which will provide funds for related occupancy expenses (e.g., repairs, maintenance, custodial services). The school's actual occupancy expense may be lower if Rocketship PCS exercises its purchase options for the building. This projection assumes that enrollment stabilizes at Legacy Prep and Rise Academy by SY 2023-24, and at the third campus by SY 2024-25. While there is a risk that enrollment growth will be slower than projected, the school's ability to grow enrollment since opening in 2016 mitigates this risk.

Notification and Community Engagement

On August 1, 2019, Rocketship PCS's board authorized the school's leadership to submit an amendment application to DC PCSB for the proposed additional campus. On August 2, 2019, Rocketship PCS submitted a written notification to DC PCSB. As part of its amendment application, the school provided several examples of engagement efforts that Rocketship PCS conducted to inform community members and stakeholders of the school's plans to open a campus in Ward 5. These examples include letters to neighboring school leaders, presentations shared with

stakeholders at various community meetings, and a log of numerous outreach efforts that Rocketship PCS staff conducted with local churches, businesses, and community organizations in the Fort Totten area.

On August 13, 2019, DC PCSB staff notified ANC Commissioner Gordon-Andrew Fletcher of Ward 5A08 and submitted a notice to be published in the DC Register. DC PCSB also posted a notice on its website stating it would accept public comment until September 16, 2019. Copies of these public notices in their entirety may be found here: <https://dcpcsb.egnyte.com/fl/0GggVagI3b>.

Community Response

In response to the school's proposal to open its third campus in Ward 5, Rocketship PCS received eighteen public comments, of which fourteen comments expressed support for the school's request, three expressed opposition, and one requested additional time to submit further comment. The comments in support of the school's new location noted Rocketship PCS's strong relationships with students and families and the dedication of its teachers and school leaders. One community member, as well as the Ward 5A ANC, expressed concern about increased traffic and congestion in the Fort Totten area. Additionally, two other community members questioned the validity of Rocketship PCS's market needs analysis, which the school referenced in its amendment application, and requested that the school submit the results of its report to DC PCSB. The school has since provided a summary of this report, which may be found in Attachment C.

The final public comment came from the Ward 5A ANC. Given the ANC was on summer recess when the school initially submitted its amendment application, Commissioner Fletcher submitted a letter to DC PCSB's Board on September 15, 2019, requesting additional time to review the school's application and address its concerns directly with Rocketship PCS. Although the public comment period for this proposal closed on September 16, 2019, the DC PCSB Board agreed to allow the ANC to provide a written response after the deadline. To date, DC PCSB has not received any further response from the ANC, but the school reports both parties have been in contact to resolve the ANC's concerns.

Attachment B provides a summary of all the public comments received, and the following link contains copies of the public comments in their entirety: <https://dcpcsb.egnyte.com/fl/RCUuLhbbhy>.

Attachments to this Proposal:

Attachment A: Charter Agreement Amendment Application (Enclosed)

Attachment B: Public Comment about Rocketship PCS

Attachment C: Rocketship PCS Market Needs Analysis

Attachment D: Rocketship PCS Amended Agreement

Attachment A

Rocketship DC PCS Charter Agreement Amendment Application

A copy of the school's charter amendment application in its entirety may be found at the following link: <https://dcpcsb.egnyte.com/fl/gE7pQ9NVMT>.