



Board Report

File #: 2018-0606, **File Type:** Program

Agenda Number: 39.

**REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
OCTOBER 17, 2018
EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 18, 2018**

SUBJECT: METRO TRANSPORTATION SCHOOL

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the programming of up to \$2.875 Million in FY21, \$3.631 Million in FY22, \$4.494 Million in FY23, and \$5 Million annually from FY 24 through FY35 (cumulatively, up to ~~\$75~~ \$71 Million over 15 Fiscal Years), to support the operations of Los Angeles County’s first transportation infrastructure school; and
- B. AUTHORIZING the Chief Executive Officer or his designee to negotiate and execute a Funding Agreement for the transportation infrastructure school with the County of Los Angeles.

ISSUE

Metro is poised to dramatically transform the transportation infrastructure of the region with the passage of Measure M, and in doing so, propel the development of a sizeable well-trained and well-paid skilled workforce to support the planning, construction, operations, and maintenance of our expanding system. This increasing demand for a skilled transportation workforce both within the agency and the industry at-large, combined with local at-risk youth’s employment needs, create a strategic opportunity for Metro to impact the cycle of poverty by serving as an engaged, founding industry partner in a public charter boarding school to provide students with real word learning opportunities that will educate, engage, expose, and employ students within the transportation and infrastructure industry.

The County of Los Angeles has entered into an Exclusive Negotiating Agreement (ENA) with the SEED Foundation to serve as the boarding school operator, with plans to open the school in FY2021. The SEED Foundation will be responsible for facilitating the financing and construction of the boarding school. Ten-million dollars in funds are required annually, once the school reaches full

enrollment in Year 4 of operation, to facilitate the operations of the boarding school. This would be leveraged by Average Daily Attendance revenue from the State which would offset the costs of operating the traditional academic functions of the school.

A firm operating subsidy is required for the SEED Foundation to seek financing for the construction of the boarding school. The proposal is for the County and Metro to share the operating subsidy equally.

An early determination of a long-term commitment to the operating subsidy is also a best practice to demonstrate the long-term commitment of the public partners to the school to prospective philanthropic donors.

BACKGROUND

At its April 2017 meeting, the Metro Board approved Motion #43 by Directors Ridley-Thomas, Fasana, Garcetti, Barger, Garcia, and Dupont-Walker directing the CEO to develop a framework for a pilot educational and job training program, specifically, though not exclusively, targeting at-risk probation youth who had exposure to the County's safety net and who had historically been under-served educationally. (Attachment A).

At its June 2017 meeting, the Metro Board received and filed the proposed framework for a pilot educational and job training program with the objective of facilitating career pathways for local youth in Los Angeles County's transportation sector.

At the May 2018 meeting, the Metro Board authorized the CEO to negotiate and enter into an MOU with the County for the development of the transportation school. The MOU action did not address funding.

At its June 2018 meeting, the Los Angeles County Board of Supervisors authorized an ENA with the SEED Foundation to serve as the boarding school operator for a site in the County's possession on the 8500 block of South Vermont Avenue in Los Angeles.

At the September 2018 meeting, the Metro Board approved \$1M for the predevelopment activities associated with the school site.

DISCUSSION

Transportation School Framework

Attachment B, *The SEED School of Los Angeles County*, outlines the Mission, Vision, and the Educational Model for the boarding high school. The high-school (grades 9 -12), *SEED LA*, will be the first public boarding school nationwide to focus specifically on the future workforce needs of the global transportation infrastructure industry.

SEED LA will fill the missing link within Metro's Career Pathway. Metro has built a clear pathway to careers in transportation and combined this roadmap with investments in people development. SEED LA will serve as the portal to this career pathway by preparing members of our future workforce to be educated, engaged, exposed, experienced and employed within the transportation

industry, readying them, through experienced based learning activities and practicums, internships, mentorships and related strategies, for a meaningful career in the industry.

The SEED LA School will recruit students who can most benefit from this structured boarding school experience. There are over 18,000 youth in foster care in Los Angeles County, while nearly 78,000 youth are homeless. The SEED Foundation has demonstrated success at its three established campuses in Washington D.C., Baltimore, and Miami, in creating positive educational and personal experiences for young people, specifically those with multiple poverty indicators, who have had experience with the local safety nets, including the juvenile justice and child welfare systems. The students at the SEED Foundation's existing boarding schools are twice as likely to graduate and three times more likely to graduate from college. The SEED Foundation has produced graduates who enroll in college at the rate of 94% and graduate at 3.5 times the rate of low-income, first generation students. Due to the diverse needs of the targeted students, the SEED Foundation provides an extensive wrap-around services model. Locally, this model will leverage our partnership with Los Angeles County to bring a high-level of support for the students of SEED LA.

The SEED LA School will be open to all youth in Los Angeles County, with a special focus on "opportunity youth" that have, or are at risk, of contact with Los Angeles County's public safety, child protection and welfare departments, or youth who have historically been under-served educationally. High school graduation rates for this population are 45% in California compared to 71%-76% for the general population. The SEED Foundation's graduation rate for a population with consistent poverty indicators is 92%.

Relevance to the Industry

The concept of bringing a college-prep and career-readiness experience has been embraced by the transportation industry partners including private companies who operate within the Transportation Infrastructure space. Metro has consistently heard from leaders within Transportation Infrastructure of their concerns regarding their ability to recruit and retain the future workforce. For example, Metro's recent Disparity Study suggests that there is insufficient availability of minority-owned professional firms to accommodate the amount of business that Metro has to offer. To prepare students for careers in the industry, the following approaches will be used:

- Innovation will be embedded in all aspects of the school through an infused transportation infrastructure curriculum in both the traditional academic setting and as part of after-school programming. Focus areas may include engineering, information technology, public administration and policy, urban and regional planning, and logistics and supply chain management.
- An alignment of the curriculum development for synergy with Metro's workforce demands, to include the full arc of possibilities for youth, including career readiness for college preparatory education and options for immediate job opportunities through Metro and its contractors.
- While not offered in the inaugural years, the curriculum will be developed such that students will have the opportunity to attain industry certifications or training programs to successfully transition to transportation related careers with Metro, other transit industries or pursue related Bachelor degrees. Pathways may also be created to offer dual enrollment in college courses

while in high school with the potential of graduating with an Associates' degree (AA). Ultimately, providing various strategies for students to receive a post-secondary education will be paramount. This aligns with the goal of creating a pipeline for future Metro employees, as 65% of Metro's job classifications require a college degree, and the needs of the industry to fill management and leadership positions; and

- SEED LA will partner with labor, the private sector, community colleges and community organizations to develop culturally-sensitive training programs with wrap-around services (as needed).

In addition to the SEED LA School, the Vermont Manchester campus will also have an on-site transit job training center, that will expand the opportunities for disadvantaged non-school aged residents from across the County to seek opportunities for job training to prepare themselves for careers in the transit industry in coordination with Metro's WIN LA Program.

Given the shared goal with the industry, it is anticipated that long term, continuing support will also be provided by the industry to the SEED Foundation through philanthropic donations.

A Frequently Asked Questions document is provided as Attachment C.

Engagement with LA County Schools & Teachers -- E3 Initiative

The work that has been conducted to develop this project has led Metro to better understand the diverse needs of our communities. The numerous needs of our youth and the opportunity to help them create positive and productive futures, was the inspiration to create a broader approach to connecting with the emerging workforce. To meet this objective, Metro has developed the Expose, Educate, and Employ Youth Initiative (E3). Beyond the SEED LA School, this E3 aims to expose, educate and employ the next generation of youth across the County into the transportation infrastructure industry. The E3 initiative will broaden Metro connections with the future workforce by expanding school tours, providing teacher education about careers in transportation and expanding internships and summer camp models to connect youth from throughout the County with the transportation industry.

DETERMINATION OF SAFETY IMPACT

This Board action will have no adverse impact on safety standards for Metro.

FINANCIAL IMPACT

Staff requests that the Board program funds as follows, not to exceed \$2.875 million in FY21, \$3.631 million in FY22, \$4.494 million in FY23 and \$5 million in FY24 through FY35 once the school is fully operational. This programming will last for the duration of 15 fiscal years from FY21 through FY35. Annual budgeted commitments from Metro shall be no greater than \$5M. The maximum cumulative program allocation shall be no greater than ~~\$75~~ \$71 M.

As part of the solicitation process, the SEED Foundation provided a proforma for the costs associated with the round-the-clock services provided within a 5-day a week boarding school. Once

the school is fully operational, with 400 students, there will be 52 staff members dedicated to the non-academic portion of the boarding school facility. Their duties will range from dedicated mental and health service delivery, facility operations and maintenance, resource coordinators, management, and various other operations. The total expenses associated with personnel costs are approximately \$3.76 million per year.

Other costs associated with the school include debt service for the facility, estimated at approximately \$2.25 million per year, food at \$1.3 million per year, student transportation at \$350,000 per year, and various building, programmatic and administrative-related expenses at \$2.34 million per year.

The annual Metro allocation can be reduced depending on proceeds from external state and federal grants sought by Metro and charitable contributions to the SEED Foundation. SEED has committed to raising any other necessary funds beyond the \$10 million annual operating subsidy that is required from Metro and the County of Los Angeles. This will be shared equally between the two agencies.

Since this is multi-year long range programming effort, the Chief of Human Capital & Development will be responsible for budgeting costs in the current and future fiscal years.

Impact to Budget

As development and implementation occur, staff will assign eligible funds to the respective workforce initiative. Potential future Metro fund sources for the transportation school include external federal and state grants, Proposition A, C, Measure R Planning and Administration, General funds and other future fund sources eligible for workforce development and training based on eligibility and availability. Before programming funding eligible for transit operations, Metro will exhaust all other sources.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports strategic plan Goal #3 (Enhance Communities and lives through mobility and access to opportunity) - Initiative #3.1 (To lift up local communities, Metro will create jobs and career pathways in transportation). As part of the E3 Initiative, Metro is developing a transportation focused school curriculum to extend the career pipeline to high school students to cultivate the transportation infrastructure workforce of the future. The high school will complement the E3 Initiative by connecting school-age children throughout the County with the opportunity-rich industry of transportation infrastructure.

ALTERNATIVES CONSIDERED

The Board could choose not to proceed with the recommended action. Staff does not recommend proceeding with this alternative since it does not address the priorities outlined in the Board motion to address the agency's workforce needs.

The Board could choose to program at five year intervals. This is not recommended as it may not provide the County and the SEED Foundation the certainty of funding required to finance the

construction of the school.

NEXT STEPS

Upon approval by the Board, staff will execute the Funding Agreement with the County.

ATTACHMENTS

Attachment A - Motion 43

Attachment B - The SEED School of Los Angeles County

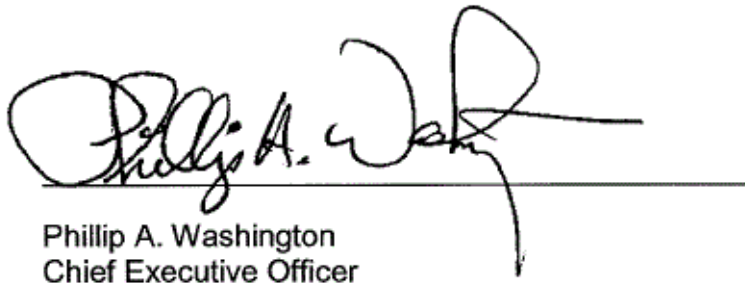
Attachment C - Transportation School FAQ

Attachment D - E3 External Stakeholder List

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