C.1 Facilities Acquisition

The facility necessary to implement the program of instruction at the Arizona Autism Charter School (AZACS) requires nine classrooms to accommodate 81 students with nine students and three full-time staff members in each classroom. Because AZACS will have fewer students in each classroom than most schools, smaller classrooms ranging from 650 to 750 square feet can accommodate that number of students and staff. In addition, a classroom will be needed for pull-outs and one-on-one instruction and another room will be needed for therapies such as Occupational Therapy and Speech. For years two and three an additional classroom will be added to accommodate nine new students each year. A reception area, teacher workroom and multi-purpose room will also be needed to accommodate the range of activities at the school. Other space considerations include restroom facilities with at least two restrooms available for students and one restroom for staff. An ideal facility would be at least 8,000 to 10,000 square feet. This space would accommodate the students, staff and program of the school and would be in line with the recommended 100 square feet per student. An outdoor space with a playground, play equipment and picnic tables would be desirable for breaks during the school day and recess time.

With the assistance of realtor Mark Stratz of Cassidy Turley BRE Commercial, AZACS located a 10,000 square foot facility on 12th St. and Washington in central Phoenix that would meet the needs of the school and the program of instruction. The building was formerly used as a charter school and is currently zoned for use as a school. It is currently set up with 9 classrooms, a multipurpose room, five offices, a library, a computer lab and three sets of bathrooms. Two of the offices can be used as pull-out rooms for one-on-one and small group instruction and a third office can be used as an Occupational Therapy/Sensory Room. At least two of the classrooms are oversized and can be split into two classrooms to accommodate the additional students planned for years two and three. The facility currently has a large parking lot with 38 parking spaces. AZACS has engaged the owner/lessor who indicated he would be willing to take half of the parking lot to make a playground and would also be willing fence the playground area with no upfront costs to AZACS. The AZACS leadership team has toured the facility and has seen first-hand that it can accommodate the students and program proposed in this application.

Costs: The cost of fencing the playground and other minor tenant improvements is estimated at $10,000. Based on initial negotiations, these costs would be paid initially by the owner/lessor. AZACS would pay back these costs in year one, in two installments of $5,000 as reflected in the budget. There is an additional $10,000 planned in tenant improvements for years two and three to make building modifications that may be necessary to prepare two additional classrooms.

The lease cost is $12 per square foot with an additional $2 per square foot covering utilities for a total of **$14 per square foot including utilities**. Even though the advertised price on the realtor flyer is $15 per square foot full service (covering utilities janitorial, trash and taxes), AZACS has entered into preliminary negotiations with the owner/lessor Virgil Berry of Berry Realty and has obtained an email note confirming he is willing to lease the property for **$14 per square foot/full service including utilities**. A copy of that email is below and will also be attached to the realtor flyer in the application materials.

Diaz Diana C

From: virgil j. berry <virgilberry@berryrealty.com>
Sent: Wednesday, December 12, 2012 3:58 PM
To: Diaz Diana C
Subject: 1145 E. Washington Phoenix, AZ

Ms. Diana Diaz, we have decided to make the space available to your school. Our terms for the school are $14.00 a square foot with Janitorial, utilities
and property taxes included. The space is approximately 10,000 square feet. We look forward to working with you and if you need any additional information please let me know.

Virgil J. Berry, Jr.
Broker, Berry Realty and Associates
1241 E Washington, Ste 201
Phoenix, AZ 85034
Office: (602) 252-5171
Fax: (602) 256-7303
E-mail: virgilberry@berryrealty.com

The AZACS leadership team plans to use approximately 2,000 square feet during the start-up phase beginning June 2013 and the remainder of the facility starting the first week of July 2013. The landlord is willing to waive the security deposit and defer the cost the first month's lease payment until August 15th. There are $10,000 budgeted for tenant improvements. AZAC's will make two $5,000 payments in its first year to reimburse lessor for these costs.

In addition the AZACS start-up budget includes:

- $1,500 for property and casualty insurance
- $2,500 for liability insurance
- $2,000 for utilities
- $1,000 for fees and permits (including $300 for City of Phoenix Fire and Safety inspection/permit, $250 for asbestos report, $200 for Maricopa County Health Dept. permit, $250 for misc. fees) Our intent is to work with the landlord to ensure any additional costs related to ensuring building compliance be included in our lease.

Timeframe

Plans are to enter into final negotiations and secure a contract for a facility in March of 2013, after the charter application has been approved in January. The owner/lessor would begin tenant improvements in March, after the contract has been finalized and signed. Tenant improvements would be completed by the end of May 2013. The AZACS team would begin using 2,000 square feet of the facility as office space and to meet with potential families in June of that year. AZACS would occupy the entire facility starting the first week of July of 2013, to begin furnishing the classrooms and to offer families tours. The plan is to have the school furnished and ready for occupancy on or before July 29, 2013 when teachers are set to begin training. During training week, teachers will be given time to set up their rooms to ensure they are ready for students on the first day of school, August 5, 2013.

Educational Occupancy

AZACS will ensure the facility is in compliance with all rules and regulations related to obtaining a Certificate of Educational Occupancy and will be prepared to coordinate all necessary inspections by the City of Phoenix such as Fire Department inspections for sprinklers and fire alarms and any other inspections deemed necessary. The AZACS team will also provide the architectural drawings of layout of space, proof of year built, and information on tenant improvements as required to obtain the certificate of educational occupancy.

As previously mentioned, AZACS' first choice facility on 12th St. and Washington was previously used as a charter school and will require minimal tenant improvements to accommodate the program of instruction outlined in this application and to obtain approval for educational occupancy. For the few tenant improvements that are necessary, such as building a playground and fencing outdoor spaces,

AZACS will work with the owner/lessor to hire a contractor who is very familiar with the necessary requirements to obtain approval for educational occupancy.

Other Potential Facilities

In the event the facility on 12th St. and Washington is not available at the time AZACS is ready to finalize arrangements for a facility, other potential facilities have been identified within the target area, which is within the Phoenix Union High School District. The facilities listed below would also accommodate the program of instruction and the students as outlined in this application. Details and pictures of these facilities are included with this section of the application.

1) **Broadway Commerce Center**
   4001 and 4013 E. Broadway Rd., Phoenix
   Description: The Broadway Commerce Center is an office/flex industrial complex. The newly renovated suites range from 1,148 to 11,758 square feet. Lease rates range from $0.69 to $0.99 GRS. There is excellent access to I-10 and US-60.

2) **Desert Sky Festival**
   Southeast Corner of 75th Ave. and Thomas Rd., Phoenix
   Description: Retail Space available for use by a school. There is excellent monument and building signage available. Location has dense population and high traffic counts.