C.1 FACILITIES ACQUISITION

A. Facilities Identification and Design Process

Create Academy has utilized experienced real estate professionals to help locate possible school sites within the zip codes 85034, 85006, and 85004. Within these zip codes, there is a need for a high-performing K-12 school for low-income populations, as described in section A.2.

In addition, we have been working with our partners in The Design School at Arizona State University to conduct an architecture studio course, led by licensed architects and professors of architecture Claudio Vekstein and Elena Rocchi, that explores design and implementation of arts learning in an adaptive reuse scenario, working with three sites currently owned by the City of Phoenix in the 85034 area code. The product of this studio will help to inform the space utilization in years one through three and is intended to catalyze a capital investment campaign resulting in a purpose-built or substantially renovated, adaptively reused facility by the end of year three. Photos and research from this process can be found at www.createacademy.org/gallery.

B. Description of Facility Necessary for Program

Create Academy will open in year one (2015-2016) with 200 students in 6 classrooms and grow to 290 students in 9 classrooms in year two (2016-2017) and 380 students in 12 classrooms in year three (2017-2018). (At the end of its full seven-year evolution to K-12, Create Academy will enroll a total of 580 students.) Kindergarten, grade 7 and grade 8 will each have two classrooms, with 20 students each for kindergarten, and 25 students each for grades 7 and 8. Grades 1 through 6 will each have single classrooms with 40 students and two teachers.

In addition to the regular classrooms, Create Academy will make heavy use of additional Studio spaces. In the first year, these studios will take the form of a visual arts studio (painting/drawing tables, sink, flat storage, etc.) and a performing arts studio (open space with floor safely accommodating theatre and dance movement). In the second year, a music studio will be added. In the third year, a computer graphics/design studio will be added.

Projected square footage requirements per student were based on 60 square feet per student, which is on the higher end of the square footage necessary to implement a project-based learning curriculum, as there are fewer classrooms with class sizes that are slightly larger to fit more students into each classroom. Our real estate broker, who has vast experience with project-based charter school facilities, quoted us a range of 50-60 square feet for this type of curriculum. We budgeted facility costs based on the highest square footage to be as conservative as possible.

Figure C.1.1 Projected Space Needs for Years One through Three

	2015-2016	2016-2017	2017-2018
Number of students	200	290	380
Number of total staff	17	24	30
Grade levels served	K-2, 5-6	K-3, 5-7	K-8
Total plan (sq. ft.) Based on 60 sq. ft./student	12,000	17,400	22,800
Classrooms: K (20 students)	2	2	2
Classrooms: 1-6 (40 students)	4	5	6
Classrooms: 7-8 (25 students)	0	2	4
Studios	2	3	4

Figure C.1.2 Projected Facilities Costs for Years One through Three

Facility Related Expenditure	Year 1	Year 2	Year 3
Building Rent/Lease/Loan	$144,000	$208,800	$273,600
Interior square ft.	12,000	17,400	22,800
Rent/Lease/Loan Cost/sq. ft.	$12	$12	$12
Building and Improvements	$40,000	$20,000	$20,000
Land and Improvements	$10,000	$5,000	$5,000
Fees/Permits	$1,000	$1,000	$1,000
Property/Casualty Insurance	$1,200	$1,200	$1,200
Liability Insurance/Property/Casualty	$23,194	$27,700	$30,803
Utilities (Electric, Gas, Water, Waste)	$28,500	$31,500	$34,500
Utilities Cost/sq. ft.	1.5	1.5	1.5
TOTAL	$247,894	$295,200	$366,103
PERCENT OF REVENUE	19%	18%	18%

The facility will also need the following characteristics:

- Enough restrooms and drinking fountains to satisfy the number of students and adults at the school.
- A reception area for when students and parents enter the building.
- Two offices where the school Directors can meet with parents and teachers.
- An area in which the special education contracted services and teachers can work.
- A multi-purpose room that can be used both as a cafeteria, and as a school-wide morning meeting room.
- A teacher resource/work room, that can be a component of the administration office

C. Available Facilities within Target Market

The facility search is a top priority for Create Academy. It is particularly important to Create Academy that it locates a building as soon as possible, as this will help with recruiting students to attend the school.

As of the time of the submission of this application, the options for a school building are as follows:

Option One - 920 E. Madison St., Phoenix, AZ 85034
920 E. Madison St. is a warehouse space centrally located between major highways and public transportation options. This facility is 33,464 square feet with ample parking, and the landlord is willing to explore dividing the facility to accommodate a school of 200 students in Y1, while also remaining a viable option for long-term use as our school population grows over the next seven years. At $9/square foot, this industrial warehouse space is ideal for project-based learning classrooms as well as performance and studio arts spaces.

Option Two - 1501-1515 E. Buckeye Rd., Phoenix, AZ 85034
1501-1515 E. Buckeye Rd. is a retail facility that currently has 18,365 square feet available at one end of the property, which is ideal for a school use. There is ample parking available. The size of this facility would suit our needs for at least the first two to three years. At a rate of $12.75/square foot, we have budgeted slightly under the asking base rent for this facility, since we budgeted based on $12/square foot for our rent costs.[1] In addition to the footnote below, please also see Section F. Costs Associated with Securing for further explanation on the feasibility of this budgeted amount.

Option Three - 625 S. 5th St., Phoenix, AZ 85004
625 S. 5th St. is also an industrial warehouse facility centrally located between several major highways. It is located a few blocks from the ASU School of Art graduate studio spaces, making this an ideal location for partnerships. 18,734 square feet of this facility is currently available, and the building is approximately twice the size, which provides for the possibility of future school expansions within the same facility. At a rate of $6/square foot, this space is very

[1] Because each facility found was $6, $9, or $12.75 per square foot, we averaged the rental amounts ($9.25/square foot average), and then added a cushion of $2.75/square foot (budgeted a total of $12/square foot) to conservatively plan for a facility that was on the higher end of the potential rent range.

affordable, as any tenant improvements would be able to either be provided by the landlord or subsidized with the additional money we budgeted in the event of higher rent.

D. Compliance and Educational Occupancy

Create Academy understands that according to House Bill 2197, "a charter school is subject to the same level of oversight and the same ordinances, limitations and requirements, if any, that would be applicable to a school that is operated by a school district." Therefore, Create Academy will ensure that its facility meets the necessary requirements of state building codes, access requirements according to the Americans with Disabilities Act and fire, health, and structural safety requirements. Create Academy will ensure that it maintains proper records documenting this compliance.

Create Academy will also ensure that it complies with Fire Marshal Charter School Requirements, International Fire Code, Uniform Building Code, Uniform Mechanical Code and selected National Fire Code Standards. Create Academy will also ensure that the State Fire Marshall conducts scheduled inspections at Create Academy.

Create Academy anticipates some costs of facility improvements will be included in the terms of its lease. Whenever any type of construction takes place, Create Academy will ensure that all plans are approved by the City of Phoenix, that permits are in order (including Fire, Site, Civil, and Building), that a licensed contractor is hired, and that compliance is consistently reviewed. Upon completion of these improvements, Create Academy will ensure that it is in complete compliance with all codes specified in the Occupancy Guidelines of the City of Phoenix Development Services Department.

E. Timeframe for Securing a Facility

Create Academy will continually communicate the status of its facility acquisition to its governing Board. In addition, Create Academy is in regular communication with real estate advisors and members of the community who have connections to potential facilities. When authorization occurs, Create Academy will have identified and completed necessary documents to occupy a space. All improvements made to the building will be completed by June of 2015. Create Academy will negotiate the terms of its lease to allow for the first monthly payment to be deferred to August 2015. Due to the fact that Create Academy does not anticipate making this payment until August, summer staff development will take place in an off-site donated facility at Arizona State University, and secured through a partnership with the Herberger Institute School of Film, Dance and Theatre.

The timeline for securing a facility will be as follows:

Figure C.1.3 Timeline for Securing a Facility

February-September 2014	Programming, area selection, site search
October 2014	Property tour, RFP/proposal

November 2014	Space planning/pricing, site selection
December 2014	Proposal negotiation, lease documents
January 2015	Construction documents
February 2015	Permits
March 2015	Construction
April 2015	Construction
May 2015	E-class Certificate of Occupancy
June 2015	Furniture, fixtures, equipment
July 2015	Move-in

F. Costs Associated with Securing a Facility

Create Academy assumes $1,000 for permit issuance and associated mechanical and electrical vendors. Given that all of our sample facilities will require some level of tenant improvement, we have worked with our broker to establish that we will negotiate with landlords to pay the tenant improvements up front, with the agreement that through a slightly elevated rent cost, we would reimburse the landlord for the tenant improvements over time.

Costs associated with improvements at the following locations are as follows:

Option One - 920 E. Madison St., Phoenix, AZ 85034
Since 920 E. Madison St. is an industrial facility, it will take significant tenant improvements to develop the space into an appropriate facility for Create Academy. However, given that the landlord is willing to divide the space into increasing amounts as Create Academy grows, these tenant improvements will either be worked into the lease agreement or paid with the additional money we budgeted for in the base rent. We assume a base rent of $12/square foot, and this facility is leased at a rate of $9/square foot, leaving $3/square foot available for tenant improvements out of Create Academy's budget alone. Additionally, Create Academy has budgeted for an additional $40,000 in building improvements and $10,000 in land improvements to ensure an appropriate space prior to opening.

Option Two - 1501-1515 E. Buckeye Rd., Phoenix, AZ 85034
As 1501-1515 is retail facility, it will take fewer tenant improvements to develop the space into an appropriate facility for Create Academy. Our broker anticipants our tenant improvements will be able to be worked into the lease agreement. Because of this, the $0.75/square foot not covered by the budgeted amount for rent could come from the $40,000 building improvements line item. In Y1, this would be $9,000, leaving $31,000 for any additional building improvements or potential carryover to cover this additional cost in Y2 and Y3. The building improvement line

item could also be used cover the additional rental cost for Y2 ($13,050, leaving $6,950 for building improvements) and Y3 ($17,100, leaving $2,900 for building improvements). Since this space would only be appropriately sized for up to Y3, Create Academy would not have to continue "borrowing" the $0.75/square foot from other line items beyond Y3. Create Academy has budgeted for an additional $10,000 in land improvements to ensure an appropriate space prior to opening.

Option Three - 625 S. 5th St., Phoenix, AZ 85004
625 S. 5th St. is also an industrial facility, and it will take significant tenant improvements to develop the space into an appropriate facility for Create Academy. Our broker anticipates our tenant improvements will either be worked into the lease agreement or paid with the additional money we budgeted for in the base rent. We assume a base rent of $13/square foot, and this facility is leased at a rate of $6/square foot, leaving $6/square foot available for tenant improvements out of Create Academy's budget alone. Additionally, Create Academy has budgeted for an additional $40,000 in building improvements and $10,000 in land improvements to ensure an appropriate space prior to opening.

G. Financial Arrangements for Securing a Facility

Create will be working with both private and non-profit groups to secure either or both credit enhancement guarantees and lease to purchase options. Founding leaders have reached out by way of its partners to several groups that can provide 100% financing for charter school, which would include the facility and the build-out costs. Should Create Academy seek a lease opportunity, they will work with one of many groups that will provide both credit enhancement and lease guarantees.

H. Layout of Space

Each property considered allows Create Academy the ability to provide a space layout that will be consistent with the charter petition. A simple layout of each space is included in a separate document titled C.1 Facilities Acquisition – Layout of Space Exhibits.