C.1 Facilities Acquisition

Ethos Academy: A Challenge Foundation Academy ("Ethos Academy") will provide a K-8 charter school in the 85301 zip code. There is a dire need for elementary schools that consistently increase student achievement. The governing board is committed to obtaining a facility that compliments the school's mission to "empower all students to succeed."

A. Description of Facility Necessary for Program [1]

Ethos Academy has identified the needs of a facility necessary for its program. In Years 1-3 the school will enroll 175, 225, and 275 students, respectively. Facility needs were determined by the full enrollment numbers and not the conservative budget estimates (90% of enrollment). The campus will require 7 classrooms in Year 1, 9 classrooms in Year 2, and 11 classrooms in Year 3. Thus, the minimum square footage required each year will be 9625 sf, 12,375 sf, and 15,125 sf., which is an average of 55 square feet per student. Additional details are provided below in figures C.1.1 and C.2.1.

Figure C.1.1
Projected Space Needs (Years 1-3)

	2015-2016	2016-2017	2017-2018
Number of students	175	225	275
Number of FTE staff	16.0	18.25	22.75
Grade levels served	K-3	K-4	K-5
Total Interior SF	9,625	12,375	15,125
Total Classrooms	7	9	11

Figure C.1.2
Projected Facility Costs (Years 1-3)

	2015-2016	2016-2017	2017-2018
Building Rent/Lease/Loan	$77,000	$101,970	$128,411
Interior Square Feet	9,625	12,375	15,125
Cost / Square Foot	$8.00 / sf	$8.24 / sf	$8.49 / sf
Building and Improvements	$10,000	$10,000	$10,000
Land and Improvements	0	0	0
Fees and Permits	0	0	0
Property and Casualty Insurance	0	0	0
Liability, Property, Casualty Ins.	$22,632	$23,891	$25,547
Utilities (Electric, Gas, Water, Waste)	$30,000	$38,400	$46,848
Interior Square Feet	9,625	12,375	15,125
Cost / Square Foot	$6.51 / sf	$5.84 / sf	$5.45 / sf

Total Facility Costs	$139,632	$174,261	$210,806
Percent of Revenue	12.7%	12.6%	13.6%

Ethos Academy has established additional requirements, in addition to the classrooms, to conduct the mission of the school. These include access to adequate restrooms, drinking fountains, reception areas, administrative offices, special education meeting space, outdoor recreation space, and a multi-purpose room for meals and large-scale gatherings.

B. Available Facilities within Target Markets

Ethos Academy's founding team has engaged in an aggressive search for multiple, qualifying facilities. The governing board is considering two viable locations, at the time of submitting the application, that accommodate the projected needs of the school.

1) 7317 North 61st Avenue, Glendale, Arizona, 85301
2) 7614 North 43rd Avenue, Glendale, Arizona, 85301

Option One

The facility located at 7317 North 61st Avenue in Glendale is identified as the first option. It is a church with buildings that were previously used for an elementary school. It is a collection of three classroom buildings (12 classrooms and 1 special education room), an office building (4 administrative offices and reception areas), and a multi-purpose room. The total interior square footage of these buildings is 16,489 square feet.

The annual lease costs to occupy the entire facility are $8.00/sf with a 3% annual increase. Ethos Academy will occupy a portion of the space each year that is commensurate with the space required. Non-lease costs per year are safely projected at $6.51/sf for improvement, insurance and utilities. The total Year 1 cost per square foot is budgeted at $14.51/sf for 9,625 square feet of space.

Option Two

The second option available to Ethos Academy is a church located at 7614 North 43rd Avenue in Glendale. It has facilities that were leased and utilized by the Glendale Union High School District for academic purposes. The campus contains 7 classrooms, 1 special education room, administrative offices, reception area, and a multi-purpose room. The total interior square space for buildings dedicated to the lease is 10,188 square feet.

The annual lease costs to occupy the entire facility are $6.50/sf with a 3% annual increase. The non-lease costs for this space were set at $6.51/sf and are consistent with option one. Ethos Academy will occupy a portion of the space the first year but will require the use of modular buildings, agreed to by landlord, in Years 2 and 3. The TeamCFA property entity, Challenge Foundation Properties, has obtained quotes from established modular building companies that

would secure 3600 sf of additional classroom space in Year 2. The cost for these buildings (move-in ready) is approximately $ 64,476 annually. The total facility costs for this option (including the modular building in Years 2 and 3) are below the total facility budget costs.

Compliance and Educational Occupancy [2]

House Bill 2197 requires charter schools to engage in 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." Ethos Academy will comply with the American Disabilities Act, the Fire Marshall Charter School Requirements, International Fire Code, Uniform Building Code, Uniform Mechanical Code, and all other relevant compliance requirements.

It is anticipated that unexpected costs will arise as a facility lease is finalized and a campus is occupied. The budget reflects a $10,000 annual earmark to assist with these unusual costs. In addition, it is expected that the leases considered will include common and relevant facility improvements that are provided by the landlord. All forms of construction or improvements will comply with all additional requirements of the City of Glendale, or neighboring municipality, that includes fire, site, civil and building permits.

C. Timeframe for Securing a Facility

Ethos Academy will be proactive in communicating the status of securing a facility. TeamCFA provides experts in the fields of real estate, finance, and law to ensure the negotiations of a lease are conducted in a professional manner consistent with the needs of the school and its mission. Upon authorization Ethos Academy will finalize all legal documents required to secure a facility to ensure improvements are completed by May 2015. The lease will include a provision that enables the school to begin payments in August 2015 in order to accommodate the delay in receiving its first equalization payment from the state. Development of staff and other required activities will take place at established TeamCFA schools in the state.

Figure C.1.3
Secured Facility Timeline

Time	Activity
Pre-Oct. 2014	Obtain All Community Options
September 2014	Finalize Local Community Options
October 2014	Board Property Tours/Proposals
November 2014	Updated Improvements Pricing
December 2014	Final Negotiations/Lease Preparation
January 2015	Construction Documents and Permits
February 2015	Construction Documents and Permits
March 2015	Complete All Facility Improvements
April 2015	Obtain E-Class Certificate of Occupancy

May 2015	Order Furniture, Fixtures, and Equipment
June 2015	Secure Furniture, Fixtures, and Equipment
July 2015	Occupy and Prepare Facility (Open House)
August 2015	Ethos Academy Opens and Classes Begin

Costs Associated with Securing a Facility

Ethos Academy will require a City plan review, site visits, permit issuance, and specialized building vendors. The Start-Up budget has allotted $3,000 to cover these expenses as approved by the TeamCFA Business Committee and Challenge Foundation Properties. Considerations of these expenses are further provided in a site-to-site comparison.

Option One

This campus is the most ideal of the two options currently available because it contains the classroom space required without the need of modular. In addition, it was previously occupied as a school and is designed for educational purposes. The improvements identified currently include additional, secured fencing for safety purposes. The landlords have already retro-fitted the campus with secured HVAC, parking space, recreation space, and meeting space. Some classes include educational supplies that will be built into the lease.

Option Two

Option Two provides a viable option for launching a successful school. It would require the use of a modular building in Years 2 and 3. The governing board has identified this site as the second option due to this fact. However, the landlord has agreed to utilize existing land to house a new modular building. Financially this location fits the budget and enables the academic plan to take place in accordance to the mission.

Financial Agreements for Securing a Facility

Challenge Foundation Properties provides low-interest loans for new builds that enable network schools to secure appropriate facilities. Ethos Academy intends to utilize this program starting in Year 4.

Layout of Space

Simple layouts and maps for both options are attached.

_____

[1,2] Adapted from the CASA Academy charter application, approved by the Arizona State Board for Charter Schools January 15, 2014.