C.1 Facilities Acquisition

Description of Facility

The Rising School will locate, acquire, and maintain facilities that are safe, clean, functional, and as aesthetically appealing as possible within budget. The school has several criteria for its facility. It should be located within central Tucson in an area bordered by River Road (north), Swan Road (east), Broadway Boulevard (south), and I-10 (west). This area includes the 85705, 85716, and 85719 zip codes, plus the western portions of 85711 and 85712. The facility should be on or near a main traffic artery, on a public bus line, and close to a public library and a public park. For startup and year 1, the school will begin with 100 students divided into four groups.

To serve 100 students and four groups of students, our facility should have these features:

- Total facility space: 6,400 square feet
- Classrooms: 4 (676 square feet each)
- Administrative office: 1 (234 square feet)
- Principal's office: 1 (234 square feet)
- Bathrooms with four stalls and two sinks, ADA compliant: 2 (260 square feet each)
- Staff workroom/break room: 1 (468 square feet)
- Lobby: 1 (504 square feet)
- Multi-Purpose Room: 1 (1,736 square feet)
    - The Multi-Purpose Room (MPR) can be opened into the Lobby, increasing MPR's overall space to 2,240 square feet

Available Facilities

To locate available facilities that meet the above criteria, The Rising School in May 2012 began working with commercial real-estate agent Tari Auletta, CCIM, Vice President of Grubb & Ellis Company. Ms. Auletta has identified several existing properties that meet the school's space, location, amenities, and budgetary needs.

The first available facility is located in Amphi Plaza at 825 E. Ft. Lowell Road, Tucson, 85719. The facility is prominently located on Ft. Lowell Road, a major thoroughfare, near the cross street of First Avenue, another main traffic artery. Public buses run regularly on both Ft. Lowell and First Avenue. The facility includes 6,500 square feet of available space. The facility, at the end of a strip mall, is surrounded by abundant parking. It is situated near Navajo Park and Woods Public Library. The facility's lease rate is $9.00 per square foot per year, and the lease type is NNN, with triple net charges estimated to be approximately $3.00 per square foot per year. Thus, the annual lease would by approximately $78,000 per year.

The second available facility is located in First Prince Plaza at 3650 N. First Avenue, Tucson, 85719. The facility is prominently located at the intersection of two major streets, First Avenue and Prince Road. Public buses run regularly on both First Avenue and Prince Road. The facility includes 6,480 square feet of available space. It is situated near Navajo Park and Woods Public Library. The lease rate is $10.00 per square foot per year, and the lease type is NNN

(estimated at $3.00 per square foot per year). Thus, the annual lease would by approximately $84,240 per year.

The third available facility is located at 4037 N. Oracle Rd., Tucson, 85705. The facility is prominently located on Oracle Rd., a major thoroughfare, and is just south of the Tucson Mall, which is on Wetmore Road. Public buses run regularly on Oracle. The facility includes 6,400 square feet of available space. It is situated near Jacobs Park and Woods Public Library. The lease rate is $12.00 per square foot per year and the lease type is triple net (estimated at $3.00 per square foot per year). Consequently, the annual lease would be about $96,000 per year.

Timeframe for Securing Facility

In May 2012, The Rising School began working with commercial real-estate agent Tari Auletta of Grubb & Ellis. Ms. Auletta made inquiries and located several possible facilities, including those described above. Throughout the remainder of 2012, she will continue to search for suitable facilities and working with CEO George Rising to identify the best choice of facilities in anticipation of The Rising School's charter approval. Once the charter is approved in January 2013, the school will move as quickly as possible to contract for a facility that meets its space, location, and budgetary requirements. The latest date for moving into the facility is July 1, 2013, with the possibility of moving in as early April 1, 2013. To help with Rising School budgeting, Ms. Auletta will negotiate with the lessor to delay beginning payment until after August 1, 2013.

Costs of Securing a Facility and Complying with Laws and Regulations

In its startup and three-year budgets, the Rising School has accounted for the costs of securing a facility and complying with laws and regulations.

Real Estate Agent

The school has contracted as its real-estate agent Tari Auletta of Grubb & Ellis. According to Ms. Auletta, her fee (a percentage of the rent) will be paid by the landlord.

Building and Improvements

The Rising School, working with Ms. Auletta, will negotiate to have the landlord pay all or most of the required building improvements. If the school must pay for its own building improvements, however, the school and Ms. Auletta will negotiate amortizing the expense over the first 13 months of the lease (1 month in the startup period and 12 months in year 1). Based on advice from Ms. Auletta and Rob Caylor of Caylor Construction, the school is assuming budgeting $2,000 a month for building improvements every month during the startup period and during the first three years of operation. Thus, the school is budgeting $2,000 for building improvements during the one-month startup period. Permit fees for construction, which are usually 2% of total construction cost (according to Ms. Auletta and Mr. Caylor), are included in these budgeted amounts for building improvements.

Land and Improvements

The school will have no separate land-and-improvement costs, which will be paid by the landlord or rolled into the rental price.

Rent Deposits

Based on advice by Ms. Auletta, The Rising School will budget one month's rent, $7,020, for rent deposit.

Organizational Fees

The school will budget $494 during the startup period for organizational fees. This figure includes the following costs: $75 paid to the Arizona Corporation Commission for incorporating Rising Schools, Inc., as a nonprofit corporation in Arizona; $10 paid to the Arizona Secretary of State's office for securing two trade names ("Rising Schools, Inc." and "The Rising School"); $265 paid for publication of Rising Schools, Inc.'s Articles of Incorporation; $8 paid for fingerprinting Governing Board member George Rising; $67 paid to Arizona Department of Public Safety for processing the fingerprinting of Board member George Rising; and $69 paid to Arizona Department of Public Safety for processing fingerprinting of Governing Board member Greg Berger.

Certification of Occupancy Fees

The school will budget $300 for Certificate of Occupancy fees. This cost is an assumption based on advice from Ms. Auletta.

Other Permits/Fees

For other permits and fees, the school will budget $1,000 during the startup period. This cost is an assumption based on advice from Ms. Auletta. Permit fees for construction for building improvements, which are usually 2% of total construction costs (according to Ms. Auletta and Mr. Caylor of Caylor Construction), are included in the budgeted amounts for building improvements ($2,000 per month).

Inspection Fees

Inspect fees are included in the permit fees, according to Ms. Auletta.

Property/Casualty Insurance

The school will pay $425 for property/casualty insurance during the startup period. This cost is an assumption based on a written quote by Alan G. Martin, CIC, CRM, of Martin Insurance Consultants.

Liability Insurance

During the startup period, the school will pay $800 for liability insurance. This includes $425 for general liability and $375 for worker's comp. This cost is based on fees paid to Marana Insurance and from assumptions based on a written quote by Alan G. Martin of Martin Insurance Consultants.

Utilities Deposits

The school will budget $3,516 for utilities deposits. For electricity, Tucson Electric Power requires a deposit of $0.44 per square foot or $2,816 for 6,400 square feet. For gas, Southwest Gas requires a $500 security deposit. Tucson Water requires a $250 deposit. These costs are assumptions based on price quotes from Tucson Electric Power, Southwest Gas, and Tucson Water, respectively.

Phone/Communications/Internet Connectivity

During the startup period, the cost for phones, phone service, and internet service will be $3,070. This includes the following: the purchase of 3 TS-600 Business Class Phones ($190 each; $570 total); cell phone and internet service for 16 months at $137.50 per month ($2,200 total); and phone/wifi service for one month at $300 per month. These costs are based on fees paid to Verizon and from online prices on Cox Business, Verizon, and Quest websites, and from a written quote by Jeff Weinman of Computer Dimensions.

Security

For a security system, the school will contract with Guard Pro Protection Systems or another service provider. The security system will cost $2,841.99 during the startup period. This cost includes $2,129.00 in parts, $680.00 in labor installation, and 1 month of service at 32.99 per month. These costs are assumptions based on a written quote by Stephen Abril, owner of Guard Pro Protection Systems.

Financial Arrangements for Securing Facility

Working through Sean P. Murray, Senior Business Relationship Manager and Vice President of Wells Fargo Bank, The Rising School has secured a $150,000 revolving line of credit from Wells Fargo.

Reference

Odden, A. R., & Picus, L. O. (2008). *School finance: A policy perspective* (4th ed.). New York: NY: McGraw-Hill.