

**DC Public Charter School Board
CHARTER AGREEMENT AMENDMENT APPLICATION**

Submitter: Glen Howard- Board Chair, Goodwill Excel Center Public Charter School

Amendment Request: New Facility

Submission Date: March 23, 2021

SCHOOL BACKGROUND

- Campus name(s) and location(s): **Goodwill Excel Center PCS is currently located at 1776 G Street, NW, DC**
- Year(s) opened: **2016**
- Grade levels served: **9-12**
- Date the charter will be eligible for renewal: **SY 2025-26**

NEW LOCATION

1. List all the facilities and addresses the school currently operates, along with the new facility the LEA plans to operate. Include the campus located in each facility, highlighting any changes from what is currently written in the school's charter agreement.

The Goodwill Excel Center (GEC) currently operates a facility at 1776 G Street, NW, DC for up to 360 students. A second facility will open to serve additional students permitted through an enrollment ceiling increase. The location of the second proposed facility is at 1201 Maryland Avenue, SW, DC.

2. Please check the reason below that best describes your proposed change.

- ☐ Entire campus or school is relocating from current location to a new location.
- ☒ A single campus is both staying in its current location AND expanding into a second location (e.g., some grades in one facility and some in a second facility to allow more space, or until a permanent larger facility is found).
- ☐ School is creating a new campus being housed in a new facility

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3. Is the proposed new facility a property you plan to purchase or lease? If you have already purchased or leased the property, provide the dates the property was acquired.

GEC plans to lease the facility. GEC has identified a facility and is, at the time of submitting this application, in the process of negotiating a Letter of Intent with the landlord. It is GEC's intention to have a lease for the facility in place no later than June 15, 2021.

4. Does the new space require renovation? If so, describe the renovation needs and timeline.

The new space will require renovation. It is currently an empty shell and the renovations will be to build out a facility that is generally along the lines of what is in place at GEC's existing facility. GEC is in the process of preparing a timeline for the renovations and currently estimates that construction will begin in November 2021 and be completed in April 2022. GEC has issued an RFP to select an architect to design the space and anticipates the design process will begin in April 2021.

5. How many square feet is this space? What is the maximum occupancy at the new location? If the maximum occupancy load for staff and students is less than the total number of staff and students who will occupy the facility at any point in the future, please explain how you will address this issue.

The space is approximately 26,500 rentable square feet. The maximum occupancy at the new location is estimated to be significantly more than 325 persons, which is enough for the staff and students who are expected to occupy the facility at any point in the future. GEC's enrollment ceiling, when fully phased in, is 550, which GEC anticipates dividing equally between the two sites. 275 students plus approximately 25 school staff and approximately 25 staff and children in the child development center yields a total of 325 people, which is below the anticipate maximum occupancy at the new location.

6. DC PCSB will review the school's Financial Audit Reviews (FAR) and current financials to determine the fiscal health of the organization. Describe how the proposed amendment will impact the school's finances. Explain any anticipated expenses for the proposed changes and how the school will finance them.

GEC anticipates a net loss in years 1 and 2 while the student enrollment increases to anticipated levels. As demonstrated in prior years, GEC has consistently achieved its targeted enrollment and managed the organization to ensure long-term financial sustainability.

7. In addition to providing a [5-year Operating Budget](#), answer the following questions regarding the financial impact of the proposed new location:

- a. How much does the proposed new facility cost, and how many students will be served at the new site?

See attached summary for summary of facility costs. Students anticipated to be served at the new facility are as follows: Year 1- 212; Year 2- 250; Year 3 and beyond- 275.

- b. What is the school's per pupil cost, and how does this compare with its per-pupil allowance?

See attached schedule.

- c. If you plan to operate multiple facilities, in addition to the proposed new

location, what is the LEA's total facilities cost (e.g., lease, plus mortgage)? How does this expense compare with your per pupil allowance?

See attached schedule.

- d. What additional sources of funding do you plan to use to pay for this new facility?

GEC currently has cash reserves of approximately \$6M to support expansion to a second facility. In addition, GEC does not have outstanding debt. Therefore, GEC is in a financially strong position to support the expansion and adequately cover any temporary shortfall in projected revenue in the event of lower than anticipated student enrollment.

8. What contingencies do you have in case the new facility has a delayed opening? What contingencies do in case the school enrolls fewer students than anticipated?

If the facility has a delayed opening, GEC can use classrooms at Goodwill of Greater Washington's headquarters at 1140 3rd Street, NE, DC. In the event the school enrolls fewer than expected students, GEC's \$6 million cash reserves will alleviate financial pressure while GEC's student enrollment reaches enrollment expectations.

9. How has the school informed its external stakeholders (e.g., local ANC commissioners, neighbors) and internal stakeholders (e.g., students, staff, parents) of the proposed amendment? Describe any notable support for or opposition to the proposed amendment. How do you plan to address stakeholders' concerns? Describe your plan to continue engaging stakeholders post-approval.

GEC has held multiple virtual town halls with staff to communicate expansion updates and will continue to use town halls to share updates with and obtain input from both staff and students. The leadership team participated in both a survey and brainstorming session with an architectural firm to give input on GEC's programmatic needs to inform a test fit of the new proposed facility. Given current negotiations over an LOI at the time of this application submission, GEC has not yet started external engagement of neighbors around the proposed facility. The facility is located in a business district and not a residential community. Once an LOI is signed, GEC will reach out to nearby businesses to introduce itself and the school mission. Given GEC's unique mission to prepare individuals for employment, GEC will look to build relationships not only to establish neighborly relations, but also potential job placement relationships for students. Located near the proposed facility is the Bureau of Engraving and Printing with whom GEC's management organization, Goodwill of Greater Washington, has had an established relationship since 1987 as a federal contractor providing janitorial services. Furthermore, GEC plans to engage ANC 6D Commissioners to request time at an upcoming meeting to make a presentation on GEC and to answer any questions.

10. When did your school's board approve the proposed amendment? Please attach minutes from the meeting and vote results.

The Goodwill Excel Center board approved the proposed amendment on March 23, 2021.

Consolidated Statement of Activities

(Includes current facility and new facility)

	Y1 425	Y2 500	Y3 550	Y4 550	Y5 550
Student enrollment					
Revenue					
Per pupil allowance	\$ 7,662,488	\$ 9,240,059	\$ 10,418,166	\$ 10,678,620	\$ 10,945,586
Per pupil facilities allowance	1,470,126	1,755,503	1,960,020	1,989,420	2,019,261
Federal entitlements	20,000	20,000	20,000	20,000	20,000
	9,152,614	11,015,562	12,398,186	12,688,040	12,984,847
Expenses					
Staff related expenses	5,289,926	5,605,050	6,689,823	6,866,607	7,048,694
Direct student costs	1,708,236	1,776,565	1,847,628	1,921,533	1,998,395
* Occupancy expense	1,446,351	1,308,950	1,240,093	1,247,872	1,255,884
Office expenses	334,081	344,103	354,230	364,660	375,404
General expenses	1,289,324	1,324,004	1,363,724	1,404,636	1,446,775
	10,067,918	10,358,672	11,495,499	11,805,308	12,125,151
* Operating income/(loss)	(915,304)	656,890	902,687	882,732	859,696
Depreciation/Amortization	839,355	839,355	839,355	839,355	839,355
Net income/(loss)	\$ (1,754,659)	\$ (182,465)	\$ 63,332	\$ 43,377	\$ 20,341
Allowance per pupil	\$ 18,029.38	\$ 18,480.12	\$ 18,942.12	\$ 19,415.67	\$ 19,901.07
Per pupil cost (excluding occupancy)	\$ 22,260.99	\$ 19,778.15	\$ 20,172.29	\$ 20,721.44	\$ 21,288.40
Facilities allowance per pupil	\$ 3,459.12	\$ 3,511.01	\$ 3,563.67	\$ 3,617.13	\$ 3,671.38
Occupancy expense per pupil	\$ 3,403.18	\$ 2,617.90	\$ 2,254.72	\$ 2,268.86	\$ 2,283.43

Notes:

- Cash reserves of approximately \$6M will be used to cover facility buildout and capital expenditures for 2nd facility in addition to covering years 1 and 2 projected net loss.
- Occupancy expense for 2nd facility reflects anticipated lease terms.
- Incremental positions are included for 2nd facility.
- 2nd child development center added based on same cost as 1st child development center.
- Management fee increased to \$1M in year 1 from FY2021 \$810K for additional support required for 2nd facility.
- Per pupil cost is calculated based on total expenses less occupancy expense.

* Years 1 and 2 occupancy expense includes non cash rent expense of \$934K and \$305K, respectively.

The Goodwill Excel Center, Public Charter School
Per Pupil Revenue Assumptions - Summary
Years 1 to 5 Projection
As of 3/16/2021

	<u>FY2021</u>	<u>Y1</u>	<u>Y2</u>	<u>Y3</u>	<u>Y3</u>	<u>Y3</u>
<u>Year-Over-Year Increase</u>						
Per pupil allowance		2.5%	2.5%	2.5%	2.5%	2.5%
Facilities allowance		1.5%	1.5%	1.5%	1.5%	1.5%
<u>PER PUPIL RECAP</u>						
General Education	\$ 13,797.00	\$ 14,141.90	\$ 14,495.45	\$ 14,857.84	\$ 15,229.28	\$ 15,610.02
Special Education						
Level 1	\$ 10,970.00	\$ 11,243.97	\$ 11,525.07	\$ 11,813.20	\$ 12,108.53	\$ 12,411.24
Level 2	\$ 13,571.00	\$ 13,910.07	\$ 14,257.82	\$ 14,614.27	\$ 14,979.62	\$ 15,354.11
Level 3	\$ 22,279.00	\$ 22,835.70	\$ 23,406.59	\$ 23,991.76	\$ 24,591.55	\$ 25,206.34
Level 4	\$ 39,468.00	\$ 40,455.12	\$ 41,466.50	\$ 42,503.16	\$ 43,565.74	\$ 44,654.88
SpEd Compliance	\$ 1,120.00	\$ 1,147.58	\$ 1,176.27	\$ 1,205.68	\$ 1,235.82	\$ 1,266.71
Attorneys' Fees Compliance	\$ 1,007.00	\$ 1,031.66	\$ 1,057.46	\$ 1,083.89	\$ 1,110.99	\$ 1,138.76
At Risk Students	\$ 2,545.00	\$ 2,608.14	\$ 2,673.34	\$ 2,740.18	\$ 2,808.68	\$ 2,878.90
Per Pupil Facilities Allowance	\$ 3,408.00	\$ 3,459.12	\$ 3,511.01	\$ 3,563.67	\$ 3,617.13	\$ 3,671.38
Note: Year-over-year per pupil funding increase assumption is based on a review of historical trends over the past several years using a conservative approach.						

The Goodwill Excel Center, Public Charter School
New Facility Costs - Summary
Years 1 to 5 Projection
As of 3/16/2021

<u>Key lease assumptions for new facility:</u>					
Anticipated lease commencement	7/1/2021				
Anticipated rent commencement	1/1/2022				
Estimated rent concession period	1/1/2022 - 10/31/2022				
Anticipated expiration of lease term (10 yrs + 10 months from rent commencement date)	10/31/2032				
Estimated Square Feet	26,431				
Estimated tenant allowance \$90/SF	\$2,378,790				
Estimated RET eligible for rebate (annual - included in base rent)	\$230,000				
<u>Estimated buildout:</u>					
Estimated buildout cost per square foot	\$130				
Estimated facility buildout, furniture and equipment	\$ 3,436,030				
<u>Estimated Source of funding for buildout:</u>					
Estimated tenant improvement allowance	\$ 2,378,790	69%			
GEC cash reserves	1,057,240	31%			
Total estimated cost of buildout, furniture and equipment	\$ 3,436,030				
	<u>Y1</u>	<u>Y2</u>	<u>Y3</u>	<u>Y4</u>	<u>Y5</u>
Student enrollment	212	250	275	275	275
<u>Estimated Occupancy Expense - New Facility</u>					
Building Rent	\$ -	\$ 628,287	\$ 960,065	\$ 984,066	\$ 1,008,668
Deferred Rent Amortization	933,529	305,242	(26,535)	(50,537)	(75,139)
Common Area Maintenance	-	8,603	8,861	9,127	9,401
Real Estate Tax Eligible for Rebate (embedded in base rent)	-	(153,333)	(230,000)	(230,000)	(230,000)
Tenant Allowance	(209,893)	(209,893)	(209,893)	(209,893)	(209,893)
Occupancy Rent Expense	723,636	578,906	502,497	502,763	503,037
Occupancy Service Expense	122,200	125,866	129,642	133,531	137,537
Estimated Total Occupancy Expense - New Facility	\$ 845,836	\$ 704,772	\$ 632,139	\$ 636,295	\$ 640,574
Note: Estimated RET rebate not reflected for rent concession period.					