MARYLAND ALLIANCE OF PUBLIC CHARTER SCHOOLS -- FACILITIES CHECKLISTS AND GUIDANCE

INTRODUCTION

One of the greatest challenges for many new charter schools, in the school opening and development process, is finding and purchasing or leasing an adequate school facility. The simple truth is that an educational space is a unique use for a property, with specific and distinctive requirements that many commercial spaces do not typically have. And though the school facility may not be the first priority for a founding group, it can often be the biggest hurdle for new charter schools as they work toward charter approval and opening. The checklists and guidance below are designed to assist charter school founding groups as they navigate what can initially be a bewildering and overwhelming process; please note that these checklists and worksheets provided by the Maryland Alliance of Public Charter Schools are introductory information and not intended to replace the assistance of hired consultants and professionals. Additionally, unless your founding group has internal expertise in school facilities, you should seek the assistance of experts in real estate, architecture and finance. The facilities identification and acquisition process is also an opportunity to tap into the financial and legal expertise that your Board members may possess. Founders and Board members can also provide valuable outreach to build positive relationships with the municipality in which you want to locate the school. Though the facilities process can be daunting, the impact your charter school's facility has on the culture and success of the school makes this process worthwhile.

GENERAL NOTES

- Maryland's charter schools, due to their close relationship with their authorizers, have varying requirements and degrees of input and review from the authorizer; it is recommended to initiate discussions with the authorizer's facilities staff as early as possible in the application and charter agreement approval process.
- Maryland state law gives the State Superintendent of Education the authority to approve or disapprove certain charter school construction projects, when the construction projects have:
    - Plans or specifications for the remodeling of or addition to a school building if the remodeling or addition costs more than $350,000;
    - Plans or specifications for the construction of a new school building; or,
    - Change orders that cost more than $25,000 for the remodeling, restoration, or construction of a school building.[1]
- Educational specifications (Ed Specs) are a tool used to communicate educator's requirements to facility designers, evaluating the facility and considering the curriculum to demonstrate that the planned facilities support what the school

[1] Education Article, §2-303(f), Annotated Code of Maryland.

community has defined as its educational priorities. Ed Specs are typically developed by an architect and reviewed and approved by charter school authorizers in Maryland.

GENERAL REQUIREMENTS FOR SCHOOL FACILITIES

- ☐ Compliance with Building Codes Administration within the Maryland Department of Labor, Licensing, and Regulation (DLLR) at http://www.dllr.maryland.gov/labor/build
- ☐ Building condition:
  - ☐ School facilities must be safe [2]and capable of being maintained.
- ☐ Building systems:
  - ☐ The building systems in a school facility must be in working order and capable of being properly maintained, including:
  - ☐ Plumbing and plumbing fixtures;
  - ☐ Telephone;
  - ☐ Technological infrastructure;
  - ☐ Electrical;
  - ☐ Heating and cooling systems;
  - ☐ Fire alarm and emergency notification system as required by State fire codes and emergency procedures; and,
  - ☐ Two-way internal communication system between a central location and each classroom, isolated office space, library media center, physical education space , cafeteria, health suite and other regularly-used spaces.

THE FACILITIES IDENTIFICATION AND ACQUISITION PROCESS

PHASE I – FACILITY NEEDS ASSESSMENT

- ☐ Consider how the facilities can reflect the educational vision and mission of the school.
- ☐ Ideal student/teacher or student/adult ratio.
- ☐ Number of students
- ☐ Planned changes in total student enrollment in the next 3-5 years.
- ☐ Summary of Spatial Requirements for the school facility:
  - ☐ Types of rooms;
  - ☐ Size;
  - ☐ Quantity; and,
  - ☐ Total square footage.
- ☐ Specific technologies or specialty teaching opportunities to be accommodated.
- ☐ Nearby community facilities (parks, libraries, performing arts centers, etc.) that could be utilized by the school.
- ☐ Targeted neighborhoods for enrollment, if relevant.

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[2] COMAR 13A.01.04.03

- [ ] Transportation options for students.
- [ ] Number of on-site parking spaces (required under local jurisdiction permitting code).
- [ ] Outdoor play areas
- [ ] Playing fields (including for specific sports, if middle school and/or high school)

PHASE II – SITE IDENTIFICATION

- [ ] Identify general geographic location within the school system, including which neighborhoods to primarily serve.
- [ ] Identify potential allies, partners and champions in the community.
- [ ] Identify any existing, unused district or educational facilities available from the authorizing school system.
- [ ] Inquire with the local jurisdiction for any vacant buildings owned by the county, city, or nearby towns.
- [ ] Consult with a real estate professional, architectural firm, local business or corporate sponsor for support or options.
- [ ] Confirm local building and zoning codes, permits and approval process.
- [ ] Site location and size.
- [ ] Confirm local zoning allows educational use.
- [ ] Appropriate adjacent businesses
- [ ] Review local crime and vandalism rates
- [ ] Determine suitability for evening events
- [ ] Access, including a design that supports safe and efficient access by students, staff, visitors, and members of the community; and general access that provides good connectivity between the school site and the surrounding neighborhood.
- [ ] Safe walking routes for all children and adults accessing the school via sidewalks.
- [ ] Adequate space for bus loading and unloading.
- [ ] Adequate space for student drop-off and pick-up.
- [ ] Vehicular entrances/exits that allow for safe and efficient traffic flows.
- [ ] Properly identified, appropriate and safe access to all areas for service and emergency vehicles.
- [ ] Adequate off-street parking, which will be defined through local building and zoning codes.
- [ ] Transportation considerations, including:
    - [ ] Access to prime commuting routes;
    - [ ] Access to public transportation and/or bus routes; and,
    - [ ] Bike routes and bike racks
- [ ] Adequate drainage/storm water management

PHASE III – SITE EVALUATION

- ☐ Evaluate space requirements (see MAPCS' Space Requirements Worksheet for initial evaluation, and then work with an architect to develop Educational Specifications.)
- ☐ Evaluate all site considerations to ensure the location fits the needs of the charter school and the needs of the students.
- ☐ Work with architects, project managers and/or general contractors to do a full assessment of existing facility if looking to renovate.
  - ☐ Plumbing and plumbing fixtures;
  - ☐ Communications and technological infrastructure;
  - ☐ Electrical;
  - ☐ Heating and cooling systems; and,
  - ☐ Fire alarm and emergency notification system.
- ☐ Assess and estimate future costs of insurance, repairs and maintenance.
- ☐ Site utilities, including energy sources like natural gas and electric power, access to potable water and water for fire-suppression, and access to sewage services.
- ☐ Security features, including:
  - ☐ Safety/security hazards should be avoided or negated;
  - ☐ Fencing to protect students and the school facilities from trespass or near-by hazards;
  - ☐ Security lightings;
  - ☐ Utility systems that are protected from tampering and improper activation; and,
  - ☐ Site and playground supervision
- ☐ Compliance issues, including:
  - ☐ Zoning;
  - ☐ Building codes;
  - ☐ Americans with Disabilities Act (ADA); and,
  - ☐ Safety and health related
- ☐ Classroom fixtures and equipment:
  - ☐ Each classroom must have an erasable surface, a surface suitable for projection purposes and a display surface. A single surface may meet one or more of these purposes.
  - ☐ Each general or specialty classroom must have storage for classroom materials or access to conveniently located storage.
  - ☐ Classroom lighting: each classroom must have a light system capable of maintaining at least 50 foot-candles of well-distributed light.
- ☐ Classroom temperature and relative humidity:
  - ☐ Each classroom must have a heating and cooling system capable of maintain a temperature between 68- and 75-degrees Fahrenheit and relative humidity between 30% and 60% at full occupancy.
- ☐ Classroom acoustics: Apart from physical education spaces, classroom spaces must have a sustained background sound level of less than 55 decibels

☐ Classroom air quality: Classrooms should have an HVAC system that continually moves air and can maintain a CO2 level of not more than 1,200 parts per million.

PHASE IV – FACILITIES FINANCING

Facilities costs for charter schools make up a significant part of their annual budget and can deeply impact their operational success. The following information lists several options and issues to consider when making vital facilities decisions, such as whether to purchase or lease a facility, and how to finance these transactions. However, these lists are meant to provide introductory information and are not intended to replace the assistance of hired consultants and professionals.

- Site Options for Charter Schools:
    - Existing school buildings
        - Pros
            - Ideal academic setting
            - Purpose-built for educational purpose
            - Typically, good parking and play space
        - Cons
            - Availability
            - Shared space with other schools a possibility
            - Often in poor condition or have deferred maintenance items
    - Commercial Space (office space and warehouse/flex space)
        - Pros
            - Greater availability
            - Large and typically open spaces easily converted into classrooms
            - Potentially easy car and bus access
            - Less local political impact
        - Cons
            - Can be hard to create school culture
            - Extensive renovations cost
            - Potentially inappropriate school settings
            - Limited play space
            - Can have limited parking space
            - Limited public transportation access
    - Houses of Worship
        - Pros
            - Affordability
            - Spaces available during school days
            - Often have educational spaces configured with classrooms, cafeteria, gym, playgrounds, etc.
            - Good access and parking
        - Cons
            - Compliance with 1st Amendment/Establishment issues

            - Potentially complicated relationship with religious leadership
    - New Construction
        - Pros
            - Tailored to the needs of the school
            - Low initial maintenance costs
            - Attractive to prospective parents and the community
        - Cons
            - High-costs (though sometimes less than renovating space)
            - Code requirements for new educational facilities may be more extensive
            - Disposition of the property if charter is not renewed
- Purchase verse Lease:
    - Purchase:
        - Pros
            - Appropriate for charter schools with substantial knowledge concerning financial and legal issues arising from purchasing property
            - Allows ultimate control over the physical site
            - Greater stability; no "short-term leases" or "difficult landlords"
            - Demonstrates permanence and investment in the community
            - Effective way to build financial equity
        - Cons
            - Requires up-front cash investment
            - Requires substantial time commitment
            - May require long-term debt burden or significant fundraising
            - Ongoing maintenance and responsibilities of property management
    - Lease
        - Pros
            - Greater flexibility
            - Requires less initial investment
            - May not carry full responsibilities of property management
            - Not affected by downturns in real estate market, and may benefit from soft rental markets
        - Cons
            - Potential uncertainty, dependent of the term of the lease
            - Limits future financing due to limited collateral opportunities
            - Property investments typically are not recouped
            - Typically, no or limited direct control over property management issues
            - Difficulty in estimating and/or control common area maintenance costs (CAM)
- Purchase Process[3]

[3] *Fundamentals of Purchasing Real Estate*, Worksheet no. 12, www.iff.org

- Purchase Agreement -- expresses interest in a property, subject to a due diligence period
    - Often, “earnest money,” or a small down payment up to 10% of the purchase price, is required. This amount is often credited toward the purchase if the purchase goes through, or is refunded back to the potential purchaser
- Or, sometimes a Letter of Intent to Purchase is adequate – expresses interest in purchasing and can be used to establish initial terms of sale, including price, due diligence period and closing date. A Letter of Intent is not a binding contract.
- Due diligence period:
    - Building inspections
        - Layout suitability
        - General condition of property
        - Roof
        - Structural
        - Systems
            - Electrical
            - Mechanical
        - Environmental audit
    - Zoning and parking requirement review
    - Building code review
    - Environmental assessments; and,
    - Appraisal
- Establish a budget
    - The rule of thumb is that total facilities costs should **not** be more than 20% of the schools total operating budget.
- Facilities financing options:
    - Facilities costs can be funded from operating funds, but this limits the ability to make significant renovations or acquire an adequate property.
    - A capital campaign can be used for financing a facility, but requires significant fundraising capacity and resources.
    - Traditional bank loans, often brokered by private charter facilities financing firms.
    - Loan guarantees by other entities.
    - Low-interest loans through community development financial institutions (CDFIs)
    - Research grant opportunities from Federal, state, and local non-profit and foundation sources.
    - State bond issues
- Secure a financing commitment
    - Items typically needed for financing:
    - A development budget
    - Financial statements
    - Operating budget

        - Other committed sources of funds for the project
        - Appraisal
        - Property survey
            - Any restrictive covenants
            - Condition of title
            - Easements
    - Closing of property purchase.

PHASE V – RENOVATIONS/CONSTRUCTION

Each public charter school authorizer in Maryland has different processes, requirements, and timelines for coordinating renovations and construction with their individual facilities departments; meeting early in the facilities acquisition process with the local authorizer's facilities staff is advisable. The following is a general checklist of action items that will potentially be needed during the renovations or construction process for charter schools in Maryland.

- ☐ Site/building reviewed by County Inspections and Zoning departments before start of renovations/construction;
- ☐ Site/building submitted to authorizer's facilities department for approval by MSDE;
- ☐ Lease submitted to authorizer's facilities department
- ☐ Educational Specifications for facility submitted to authorizer's facilities department for review
- ☐ Review Health Service requirements with local county health department
- ☐ Review food licensing requirements with local county health department
- ☐ Schematic design submitted to authorizer's facilities department for review
- ☐ Design development documents submitted to authorizer's facilities department for review
- ☐ Construction documents submitted to the authorizer's facilities department for review
- ☐ Submit permitting documents to county permits office
- ☐ Determine anticipated date of receiving permits and certificate of use and occupancy
- ☐ Proposed construction contracts submitted for authorizer's Board of Education approval
- ☐ Determine date of start of construction
- ☐ Determine date of construction completion
- ☐ Final inspections by county inspectors, fire marshal, health department (for health services and food)
- ☐ Updated Pressure Vessel Inspections and Certificates (boiler inspection, if natural gas/fuel oil boiler on site)
- ☐ Technology equipment in place to ensure access to authorizer main server and software programs necessary for administration, secretary and special education staff, at a minimum.

- ☐ Communication system in place ensure communication with main office from classrooms for emergency announcements
- ☐ Traffic flow plan to ensure safety of charter school students, families and staff while minimizing impact on surrounding community
- ☐ Prior to opening of the charter school, dependent on authorizer's requirements:
    - ☐ Certificate of Use and Occupancy, demonstrating compliance with:
        - ☐ Fire marshal/life safety code
        - ☐ Americans with Disabilities Act (ADA) accessibility
        - ☐ County Health Department code
        - ☐ County electrical building code
    - ☐ AHERA Management Plan submitted to Maryland Department of the Environment
    - ☐ Asbestos certification
    - ☐ Lead Contamination Control Act compliance
    - ☐ Emergency Management Plan
    - ☐ Final approved Shelter-In-Place plans and other security measures

TAKEAWAY TIPS – CHARTER SCHOOL FACILITIES

- Do not postpone the search for a facility; a facilities commitment (lease or sale of property) is required in order to sign a Charter Agreement with an Authorizer;
- Bring in expert assistance (consultants, real estate agents, architects, and finance);
- Conduct a thorough needs assessment;
- Explore partnerships throughout the community; and,
- Financing options are available but can be complex.

Projecting Your New Occupancy Budget

Square Feet in Building:

Cost Item	Monthly	Annual	Annual Cost per Square Foot	Assumptions
A: Mortgage/Taxes/Insurance				
Mortgage/Rent				
Property Taxes				
Property Insurance				
Section B: Utilities				
Gas				
Electric				
Water				
C: Maintenance				
Fire and Safety				
Fire Alarm Maintenance				
Exterminating				
Elevator Maintenance				
HVAC Maintenance				
Snow Removal				
Garbage Removal				
Maintenance Repairs				
Capital Improvements				
Replacements Reserve				Approximately 3% of your occupancy costs
Janitorial Supplies				
D: Payroll				
Maintenance Worker				
Janitor				
Fringe Benefits				
E: Administration				
Management Fee				Approximately 4% of your occupancy budget
City Permit Fees				
Bank Charges				
Miscellaneous				
Total Building Expenses				

Creating a Project Development Budget

Development Budget	Notes	Total Cost
A. Acquisition		
Building/Land	Purchase Price	
Building Inspections	Estimate	
B. Construction (Hard Costs)		
Renovation Costs	Per square foot	
New Construction	Per square foot	
Construction Contingency	% of Construction Costs	
Environmental Clean-up	Estimate	
Permit fees, tap fees, utility charges	Estimate	
C. Professional Fees		
Architecture & Engineering	% of Construction Costs	
A&E Reimbursables	Estimate	
Phase 1 Environmental Consultant	Estimate	
Phase 2 Environmental Consultant	(If necessary)	
Geotechnical Exploration	For New Construction	
Testing and Inspection Services	For Renovation or New Construction	
Legal Fees	Estimate	
Developer/Project Manager Services	% of project costs	
Construction Estimator		
D. Project Financing Fees and Costs		
Property Survey	Estimate	
Appraisal	Estimate	
Title and Recording	Estimate	
Construction Escrow Fees	Estimate	
Application Fees	Estimate	
Financing Fees	% of Loan	
Construction Interest	Amount of Bank Loan used during construction	
Lender Inspecting Architect	Estimate	
Lender Legal Fees	Estimate	
E. Miscellaneous		
Real Estate Taxes	Based on tax records	
Property / Builder's Risk Insurance	Estimate	
F. Furnishings and Equipment		
Program Equipment	Estimate	
Data & Communication Equipment	Estimate	
Security Equipment	Estimate	
Other Furnishings	Estimate	
Other		
	Subtotal Furnishings and Equipment	
	Total Development Cost Estimate	**$ –**