



# Charter School Facility Issues: Cost Effectiveness of Current Facilities and Lease Assistance November 15, 2018 LESC

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# ASK Facility





# ASK Facility Facts

- Opened Feb 2016
- \$6.75 million
- 38,950 sq ft
- 26 classroom spaces
- 2 flexible spaces
- 10 offices
- 6 acres



# Facility Costs

- Initial Facility lease (\$14.91/sq ft) – 280 scholars
  - Jan 2014 – December 2014
  - \$414,437 per year (inc NNN) 1.5% escalator
  - 27,800 sq ft on 1.2 acres
- Current Facility lease (\$13.73/sq ft) – 500 Scholars
  - Opened Feb 2016
  - \$534,903 per year Fixed
  - 38,950 sq ft on 6 acres



# Requirements

- Facilities Act 2015
  - Public building
    - Not available location or suitability
  - Non-Profit primary purpose to support school
    - ASK Best choice, greatest advantage
  - Private owner
    - Difficult to find
    - TI must be done by landlord not school
    - Usually higher to cover costs
- E-Occupancy/Adequacy Standards
- Anti-donation Clause
- Debt prohibition
- Lease Purchase Agreement



# Charter Facility Funding 2012 NMSA 22-24-4

- Per Membership rate\* avg Mem 80-120 day Prior year
- (b) "classroom facilities" or "classroom space" includes the space needed, as determined by the minimum required under the statewide adequacy standards, for the direct administration of school activities. 22-24-4 16b 2012 NMSA
- 6-27-30 NMAC Defines and requires spaces for direct administration of school activities includes additional spaces beyond classrooms
- Council may grant waiver. However, if a school provides the space, it should be eligible for Lease assistance



# ASK Facility Funding Concerns

- Lease assistance 68.47%
- \$366,284 (18-19 award letter)
- State Equalization Guarantee 31.52%
- \$168,619
- SB – 9 (2 year review LPA denied)
- HB – 33 (N/A District Bonded to capacity)



# Solutions: Lease Assistance Grants

- Lease Assistance
  - Clarity through statute
- Establish a Facilities Acquisition Fund
  - Establish criteria
  - Reduce lease fund over time
  - State receives equity for payments
- Lease assistance consistency – Yearly uncertainty
  - Possible closure
- Lease Purchase approval timeline





# Unrealized Potential

