

Agenda for Board meeting on 9/28:

1. Background: Review expansion planning effort through Fall '08 (Dave/Kirk) - 10 min
2. What's changed? Current situation, future space needs, financial picture (Kirk) - 10 min
3. Short term: Plan for FY 2010 (Eric) - 5 min
4. Long -term: Proposed guiding principles for long-term planning (Mike to lead discussion) - 20 min
5. Long-term: Initial discussion of options (Brian to lead group discussion) - 45 min
6. How and when to seek stakeholder input? (Dave to lead group discussion) - 15 min
7. How/when does fundraising fit in? (Dave to lead group discussion) - 15 min
8. Recap/to-dos/action items



Academie Lafayette  
Historical Operating Metrics

	1999- <u>2000</u>	2000- <u>2001</u>	2001- <u>2002</u>	2002- <u>2003</u>	2003- <u>2004</u>	2004- <u>2005</u>	2005- <u>2006</u>	2006- <u>2007</u>	2007- <u>2008</u>	2008- <u>2009</u>	Budgeted 2009- <u>2010</u>
Students (last Wed of Sep)	252	301	297	303	342	361	382	407	435	484	550
Y-O-Y Incr/(decr)		19%	-1%	2%	13%	6%	6%	7%	7%	11%	14%
Y-O-Y attrition rate		8%	23%	20%	16%	20%	19%	16%	13%	9%	10%
Approximate employees (excluding interns)					35	37	45	45	50	55	63
Revenue	\$1,528,610	\$2,127,145	\$2,055,989	\$2,663,353	\$2,846,019	\$3,050,805	\$3,548,862	\$4,027,061	\$4,386,581	\$4,952,609	\$5,746,937
Operating expenses	<u>\$1,377,703</u>	<u>\$1,909,330</u>	<u>\$2,244,682</u>	<u>\$2,544,783</u>	<u>\$2,646,121</u>	<u>\$3,057,139</u>	<u>\$3,509,122</u>	<u>\$3,736,429</u>	<u>\$4,359,909</u>	<u>\$4,842,007</u>	<u>\$5,651,405</u>
Operating surplus/(deficit)	\$150,907	\$217,815	(\$188,693)	\$118,570	\$199,898	(\$6,334)	\$39,740	\$290,632	\$26,672	\$110,602	\$95,532
Operating accounts	\$175,907	\$390,938	\$193,157	\$242,558	\$174,376	\$140,551	\$38,743	\$126,248	\$108,218	\$165,299	\$134,873
Charno funds	\$0	\$0	\$0	\$0	\$100,000	\$39,829	\$158,631	\$202,338	\$180,229	\$411	\$0
Sinking/debt service funds	\$0	\$0	\$0	\$0	\$157,922	\$117,023	\$124,130	\$39,987	\$49,435	\$82,466	\$117,712
Investments/Endowment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,492</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$259,048</u>	<u>\$337,085</u>	<u>\$336,585</u>	<u>\$336,585</u>
Total	\$175,907	\$390,938	\$193,157	\$242,558	\$448,790	\$347,403	\$421,504	\$627,621	\$674,967	\$584,761	\$589,170
Long term debt	\$25,000	\$0	\$0	\$2,550,000	\$2,550,000	\$2,495,000	\$2,435,000	\$2,375,000	\$2,310,000	\$2,490,000	\$2,409,300
Line of credit debt	\$0	\$0	\$0	\$30,000	\$135,000	\$160,000	\$330,000	\$70,000	\$125,000	\$65,000	\$65,000
Charno Funds received	\$0	\$0	\$0	\$0	\$100,000	\$200,000	\$200,000	\$200,000	\$200,000	\$100,000	\$0
Annual funds raised	\$0	\$0	\$0	\$50,410	\$39,361	\$32,178	\$32,178	\$56,263	\$32,475	\$51,034	\$30,000
Other grants/gifts	<u>\$0</u>	<u>\$50,375</u>	<u>\$120,000</u>	<u>\$333,100</u>	<u>\$109,040</u>	<u>\$81,615</u>	<u>\$34,306</u>	<u>\$50,334</u>	<u>\$139,210</u>	<u>\$134,579</u>	<u>\$92,000</u>
Total	\$0	\$50,375	\$120,000	\$383,510	\$248,401	\$313,793	\$266,484	\$306,597	\$371,686	\$285,613	\$122,000

# Projected Enrollment

Académie Lafayette projects enrollment to continue to grow through 2014-15 and then stabilize at around 530 students.

- 10% attrition
- 85 Ks in 2009-2010

## Projected Enrollment

Grade	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
K	103	85	85	85	85	85	85	85	85
1	80	93	77	77	77	77	77	77	77
2	77	72	84	69	69	69	69	69	69
3	53	69	65	76	62	62	62	62	62
4	58	48	62	59	68	56	56	56	56
5	38	52	43	56	53	61	50	50	50
6	20	34	47	39	50	48	55	45	45
7	31	18	31	42	35	45	43	50	41
8	24	28	16	28	38	32	41	39	45
<b>Total</b>	<b>484</b>	<b>499</b>	<b>510</b>	<b>531</b>	<b>537</b>	<b>535</b>	<b>538</b>	<b>533</b>	<b>530</b>

# Project Description

- Académie Lafayette's school facility is operating at capacity, with all available space, including the cafeteria, being used for academic purposes.
- Enrollment is expected to increase to 537 students within four years, which will require:
  - Nine new classrooms,
  - New meeting space,
  - New kitchen and cafeteria that will double as a multi-purpose room, and
  - Furniture, fixtures and equipment for the additional space.
- Académie Lafayette proposes a renovation and expansion project to be accomplished in two components:  
**Component I:**
  - Convert the current facility's cafeteria and kitchen into three middle school classrooms.
  - Convert current boys' bathroom space on the first floor into one new classroom and office space.
  - Construct new boys' bathroom on the first floor in the space currently housing the teachers' lounge.
  - Construct new teachers' lounge on the first floor.
  - This work was completed in August.**Component II:**
  - Construct an addition of approximately 12,700 square feet that will consist of a reception area, a conference room, a teacher workroom, five new classrooms, the kitchen and the cafeteria, which will double as a multi-purpose room.
  - The addition will bridge the space between the current facility and the playground, improving student safety and consolidating entry points into the buildings, further enhancing building security.
  - The first phase will consist of the construction of the five classrooms, and meeting space and will commence in early 2009.
  - The second phase will consist of the construction of the kitchen and cafeteria and will commence when the necessary fundraising has occurred.
- Total project costs are expected to be \$4.5 million.

# Proposed Plan of Finance

- Académie Lafayette proposes to issue bonds to:
  1. Refinance outstanding variable rate debt totaling \$2.31 million,
  2. Renovate and upgrade its main school facility,
  3. Fund a debt service reserve fund, and
  4. Capitalize interest for up to two years.
- Construction costs for the portion of the project being financed are estimated to be \$2.6 million. *(5 new classrooms)*
- Académie Lafayette has raised approximately \$150,000 toward the costs of the project and is in the silent phase of a capital campaign to raise \$2 million to complete the project. *(Kitchen + cafeteria)*
- The plan of finance contemplates the issuance of fixed rate tax-exempt bonds without credit enhancement.
- The bonds will bear interest semi-annually, have a final maturity of 30 years and be amortized on a substantially level debt service basis beginning in fiscal year 2015.
- The plan of finance assumes the bonds can secure an investment grade rating ("BBB") from S&P.

**What has changed since Fall 2008?**

Attrition has fallen from 10% to 6%

We accepted 135 Kindergartners in 2009-2010 rather than 85

	Student Projections			Classrooms Needed			Classrooms After Expansion
	Fall 2009	Fall 2008	Difference	Fall 2009	Fall 2008	Difference	
2009-2010	564	499	65	34	31	3	33
2010-2011	589	510	79	34	29	5	33
2011-2012	623	531	92	35	31	4	33
2012-2013	642	537	105	34	32	2	33
2013-2014	646	535	111	35	32	3	33
2014-2015	654	538	116	37	31	6	33
2015-2016	649	533	116	36	32	4	33
2016-2017	644	530	114	35	32	3	33
2017-2018	631	522	109	35	31	4	33
2018-2019	607	522	85	34	31	3	33

**What are the implications of the new student projections?**

The planned expansion to 33 classrooms will not meet the number needed in future years due to reduced attrition

Even with the Kindergarten at Broadway United, the Nichols campus will be short 2 classrooms in 2010-2011

The new projection of 607 students at steady state ~~far~~ exceeds our stated goal of no more than 550 on our campus

Draft Goals (many are in conflict at some level)

- Maintain and improve current high standard of academic excellence
- Maintain school identity/esprit de corp
- Extend this quality program to more children
- Preserve and/or expand our socioeconomic/racial diversity
- Become a reliable school option for the neighborhood (so they don't feel forced to move without even applying because they feel the odds of getting in are so low)
- Provide early education opportunities
- Turn our present excess demand/space challenge into advantages that further our stake-holders' other needs such as a more robust middle school and a quality public high school solution.
- Develop strategic partnership/s the make AL stronger with other organizations such as other charters, district, Kauffman Foundation, etc.....

Our Challenge: To make our program available to as many families as possible without compromising at all on academic excellence and without losing our unique feel and identity.

I. Scenarios and issues

A. Build expansion

1. Use current design or re-design?
2. What are costs of building?
3. Can we build enough classrooms?
4. Can we raise enough money to supplement borrowing?
5. Will site be too dense with new building?

B. Acquire another building and operate two campuses

1. How long will we want to use Broadway United space?
2. Will two campuses be tolerated by our constituents?
3. Cost of acquisition vs. building?
4. How will we finance? Would BoA allow another borrowing to acquire?
5. How would we divide the grades between the campuses?
6. Will we still need to build kitchen/cafeteria at Nichols?
7. Where in the city would we want the new campus to be?
8. Will KCMUSD sell us a vacant building?
9. If not, are there non-school buildings available that we can buy?
10. How do we get stakeholders on board?

## **Current Short Term Situation – 2 campus**

### **Main Campus**

6903 Oak – 1-8

### **Kindergarten Center**

406 W. 74th St.

Kansas City, MO 64114

## **Low growth to negative growth plan**

### **Facilities Plan:**

#### **Mid-Term – 2 campus**

Maximize space within current facilities to accommodate large '09 K class and lower than average attrition as they move through the program. Strategies may include reclaiming space @ Mezzanine Level or Boiler Room. Potentially split first grade between both campuses.

#### **Long Term – 1 campus**

All students including K to transition back to Main Campus. Future lower class size should allow reclaimed cafeteria space or small cafeteria addition at Oak campus.

**Enrollment and Attrition Policy** – Manage the size of the incoming K class carefully and potentially take fewer than 85 students in future classes or a number determined by current attrition rates and projections. A minimum “buffer” in classroom numbers should be kept at the main campus.

**Revenue Impacts** – Costs are relatively low, but revenue is also lower with fewer resources to work with.

**Diversity Impacts** – With fewer slots available, recruiting will continue to be a challenge. Also, a relatively larger percentage of the student body will be made up of siblings, reinforcing our current student body diversity profile.

## **Moderate Growth – Plan 1**

### **Facilities Plan:**

#### **Mid-Term – 2 campus**

Get the building addition project (classrooms and cafeteria) moving forward next year per the current design or something close to it with an aim to maximize the footprint at the Oak campus.

#### **Long Term – 1 campus**

All students including K to transition back to Main Campus. Future class size to remain at 100 students / year.

**Enrollment and Attrition Policy** – Incoming class size to be kept at 100 students / year and to vary per attrition rates. The addition should be planned with a buffer of space at current campus to accommodate fluctuations in class size.

**Revenue Impacts** – The cost to benefit ratio is relatively high in this scenario. New construction costs are expensive and the increase in student population over the long term is moderate.

**Diversity Impacts** – With more slots available AL’s ability to capture a diverse group of applications should be easier, but recruiting will continue to be a challenge.

## **Moderate Growth – Plan 2**

### **Facilities Plan:**

#### **Mid-Term – 2 campus**

Get the building addition project (classrooms and cafeteria) moving forward next year per the current design or something close to it with an aim to maximize the footprint at the Oak campus.

#### **Long Term – maintain 2 campuses indefinitely**

K class to remain at W. 74<sup>th</sup>

**Enrollment and Attrition Policy** – Incoming class size to be kept at 100-135 students / year and to vary per attrition rates. The second campus space can be used as a “release valve” for space needs which should allow us to maximize the Oak campus.

**Revenue Impacts** – The cost to benefit ratio is more moderate in this case as our student population increases.

**Diversity Impacts** – With more slots available AL’s ability to capture a diverse group of applications should be easier, but recruiting will continue to be a challenge.

## **Continued Growth**

### **Facilities Plan:**

#### **Mid-Term – 2 campus**

Look to rent more space at the Kindergarten Center and/or transition into another larger second campus lease for multiple grade levels. Build small cafeteria addition or reclaim space for cafeteria at Oak campus.

#### **Long Term – maintain 2 campuses indefinitely**

**Enrollment and Attrition Policy** – Class size to be determined by second campus facility. The second campus space can be used as a “release valve” for space needs which should allow us to maximize the current Oak campus.

**Revenue Impacts** – The cost to benefit ratio is favorable in this case assuming we can negotiate favorable long-term lease terms on a larger facility.

**Diversity Impacts** – Continued growth should help with recruiting efforts and the location of a second campus could be an asset depending on our recruitment goals.

## Classroom Supply vs Demand

	<u>All Grades are on One Campus</u>			<u>Two Campuses - K and 1st-8th</u>		
	<u>Total Needed</u>	<u>Available in Nichols</u>	<u>Excess/ (Shortage)</u>	<u>1st-8th Needed</u>	<u>Available in Nichols</u>	<u>Excess/ (Shortage)</u>
<b>8% Attrition</b>						
2009-2010	34	28	(6)	26	28	2
2010-2011	34	28	(6)	29	28	(1)
2011-2012	35	28	(7)	30	28	(2)
2012-2013	34	28	(6)	29	28	(1)
2013-2014	35	28	(7)	30	28	(2)
2014-2015	34	28	(6)	29	28	(1)
2015-2016	34	28	(6)	29	28	(1)
2016-2017	34	28	(6)	29	28	(1)
2017-2018	34	28	(6)	29	28	(1)
2018-2019	32	28	(4)	27	28	1
<b>6% Attrition</b>						
2009-2010	34	28	(6)	26	28	2
2010-2011	34	28	(6)	30	28	(2)
2011-2012	36	28	(8)	32	28	(4)
2012-2013	35	28	(7)	31	28	(3)
2013-2014	35	28	(7)	31	28	(3)
2014-2015	37	28	(9)	33	28	(5)
2015-2016	37	28	(9)	33	28	(5)
2016-2017	35	28	(7)	31	28	(3)
2017-2018	35	28	(7)	31	28	(3)
2018-2019	34	28	(6)	30	28	(2)
<b>4% Attrition</b>						
2009-2010	34	28	(6)	26	28	2
2010-2011	34	28	(6)	30	28	(2)
2011-2012	37	28	(9)	33	28	(5)
2012-2013	37	28	(9)	33	28	(5)
2013-2014	38	28	(10)	34	28	(6)
2014-2015	37	28	(9)	33	28	(5)
2015-2016	38	28	(10)	34	28	(6)
2016-2017	39	28	(11)	35	28	(7)
2017-2018	38	28	(10)	34	28	(6)
2018-2019	36	28	(8)	32	28	(4)

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## Student Growth and Classroom Analysis - Two Campuses (K-3 & 4-8)

Kindergarten students per year	100
Attrition assumption	6.0%
Maximum students per classroom	22
Support classrooms for English, Art, Music & Computer	

	Classrooms Needed				Students		
	Total	K-3	4-8	Support	Total	K-3	4-8
<b>Nichols Campus</b>							
2009-2010	31	18	11	2	564	375	189
2010-2011	27	20	0	7	383	383	0
2011-2012	27	20	0	7	391	391	0
2012-2013	26	19	0	7	386	386	0
2013-2014	25	18	0	7	365	365	0
2014-2015	25	18	0	7	365	365	0
2015-2016	25	18	0	7	365	365	0
2016-2017	25	18	0	7	365	365	0
2017-2018	25	18	0	7	365	365	0
2018-2019	25	18	0	7	365	365	0
2019-2020	25	18	0	7	365	365	0
<b>New Campus</b>							
2009-2010	0	0	0	0	0	0	0
2010-2011	19	0	13	6	221	0	221
2011-2012	21	0	15	6	261	0	261
2012-2013	21	0	15	6	298	0	298
2013-2014	23	0	17	6	335	0	335
2014-2015	26	0	19	7	354	0	354
2015-2016	26	0	19	7	359	0	359
2016-2017	26	0	19	7	364	0	364
2017-2018	26	0	19	7	361	0	361
2018-2019	25	0	18	7	346	0	346
2019-2020	25	0	18	7	346	0	346
<b>Total</b>							
2009-2010	31	18	11	2	564	375	189
2010-2011	46	20	13	13	604	383	221
2011-2012	48	20	15	13	652	391	261
2012-2013	47	19	15	13	684	386	298
2013-2014	48	18	17	13	700	365	335
2014-2015	51	18	19	14	719	365	354
2015-2016	51	18	19	14	724	365	359
2016-2017	51	18	19	14	729	365	364
2017-2018	51	18	19	14	726	365	361
2018-2019	50	18	18	14	711	365	346
2019-2020	50	18	18	14	711	365	346