

# Finding a Home: A Tale of Two Public Charter Schools

*Finding the right facility sent two charter schools on different paths.*

By Carrie Rollman and Ryan Gever



The Two Rivers project team and community leaders at the Young ribbon-cutting ceremony on August 18, 2015.

**T**he process of considering and implementing a new facility project is fun but challenging for any school or district. Two Rivers Public Charter School and Washington Latin Public Charter School in Washington, D.C., went through that process recently. Although both schools faced multiple obstacles in finding their long-term homes, they learned many lessons along the way.

Two Rivers opened on Capitol Hill in 2004, operating on a short-term lease in part of a District of Columbia Public Schools (DCPS) facility. In the middle of the 2006–2007 school year, the school moved into its permanent home: a former warehouse that the school bought and renovated. As Two Rivers expanded to its capacity of more than 500 PreK–8 students, the school purchased and renovated a second building just across the street.

Because it consistently had the longest waiting list of any public charter school in the District of Columbia, Two Rivers decided to replicate its successful program, which meant finding another building. In August 2015, a second Two Rivers campus opened in the former DCPS Young Elementary School, welcoming 78 PreK–1 students. As enrollment expands to another 500-student operation, the school will gradually occupy more space in the Young Elementary School building.

In 2006, with 179 students in grades 5–7, Washington Latin opened its doors in a church near the National Cathedral in Washington, D.C. It had an ambitious growth plan to add one grade each year until graduating its first senior class in 2012 and reaching its full capacity of 680 students in grades 5–12. Facing a limited amount of space in its first church facility and a growing student population, Washington Latin was forced to move

and operate out of three facilities—two churches and a former home—to accommodate all its students.

However, operating a successful middle- and upper-school program out of three old and separate facilities had its challenges. And in 2013, Washington Latin opened the school year in its long-term home at the old DCPS Rudolph Elementary School building.

### Considering Space

All schools have unique missions, curricula, and teaching and operating paradigms that affect their space needs. Understanding a school's space needs helps determine whether a property or building is worth consideration.

Two Rivers was replicating its existing elementary school, so school officials knew they needed about 35,000 net square feet to accommodate the targeted student population on a new campus. That knowledge made the search more efficient, because the school did not have to invest effort in considering facilities that were significantly larger or smaller.

In the case of Washington Latin, its satellite spaces were to be consolidated into one location. It was important that the space support each school's identity within one building and provide room for the high school athletics program. Access to an adjacent field and multiwing facility were major factors for a successful new home.

### On the Money Side

Very early in the planning process, it's important for a school to determine how much it can afford to spend on a capital project. Therefore, the school must project the amount of equity and grant funds that are available to contribute to the project and then determine the amount of debt it can carry.

In the District of Columbia, public charter schools operate with a combination of a per-pupil general allotment, a per-pupil facility allotment, grants and donations, and Title I–V funding for special allocations. There is no separate, direct funding source for capital projects. Regardless of whether a school has no rent or debt, or whether it is entering into a lease or modernization project, it still receives the same amount of funding from the District. That funding, along with grants and donations, must pay off any loans annually. Some of the approaches to borrowing money include commercial loans, New Markets Tax Credit (NMTC) transactions, and tax-exempt bonds.

Both Two Rivers and Washington Latin explored multiple financing options. Two Rivers determined that



The renovated Randolph building on the first day of school for Washington Latin, September 2013.

commercial loans were the best fit. NMTC allocations would not be completed when necessary for the project schedule, but they could be combined with commercial loans if allocations were secured after construction. Washington Latin, however, did identify NMTC allocations since their availability fit within the parameters of its project schedule, so funding was secured through a leveraged loan with NMTC equity.

### Finding the Facility

Finding any property, yet alone one that is the right size and affordable, is difficult in the District of Columbia, forcing public charter schools to be creative in leasing and purchasing sites. Commercial properties often have high price points, and religion-based or mission-based institutions typically offer shorter-term leases and do not provide the security or financial stability to make them a true long-term home.

For those schools in the District of Columbia that have created a long-term home, the most common property type has been surplus DCPS buildings under 25-year leases with extensions. The length of the term makes large capital investment feasible, since it provides for a long period in which to pay down the debt.

Although former schools may lend themselves well to educational uses, the buildings need investments to recover from years of poor maintenance and oftentimes the effects of sitting vacant for several years.

Beyond the physical condition of the building, the process of negotiating and executing a lease requires extensive review and, most important, public approval. Therefore, the process of site control itself requires the school to interface with its new neighbors and



The sitting steps in the Community Room serve as a learning and gathering space for the entire Two Rivers community.

community, as well as city partners. Those initial interactions are critical for setting a positive community relations tone and maintaining public partnerships.

Two Rivers' decision to replicate coincided with the availability of several DCPS surplus properties. Washington Latin opened and grew its enrollment for six years in a variety of temporary spaces, including churches and old houses, but none of those options provided a long-term stable home for the school.

Facing long-term facility challenges, each school bid on and received long-term leases on surplus DCPS buildings, giving them both the security and amortization period to make large capital investments.

### The Matter of Time

As a public charter school considers a move to a new campus or location, it must consider the timing of site control, financing, duration of design and construction, and the school's opening date.

The start and end dates for a new school project are typically determined by the timing of site control and the first day of school. Once those two general dates have been determined, the total amount of time available for the project schedule—including the time it takes to secure funding, complete design, and construct the facility—can be developed.

However, securing funding, completing design, and constructing a facility do not have to be, and often cannot be, a linear process. To secure funding, a certain level of design is typically needed and, given a condensed project schedule, construction may begin before the completion of design.

Two Rivers was awarded the Young building in the fall of 2013. On the basis of that award date, the school decided to pursue an opening for the 2015–2016 school year, creating an approximately 18-month total project schedule.

Washington Latin Public Charter School was awarded the Rudolph building in the summer of 2012. That timing presented the school leadership team with an opportunity to open the school in the new building the following school year (2013), forcing a fast-paced 12-month total project schedule. That tight schedule required careful planning with the project team and many atypical overlaps in the various phases of the process.

Because of the difference in the overall time available for the project, the Washington Latin project schedule required more risk, since site control, financing, and permitting overlapped, whereas Two Rivers was able to have a longer design process and gave lenders more time to close the financing deal.

### Securing Financing

School leaders need to understand the level of investment necessary to get to the point of closing a financing transaction. A certain level of effort and services are required up front to get to the point of funding a project.

To understand the initial investment needed, both Two Rivers and Washington Latin identified the necessary investments before closing. Those investments included engaging a project manager, architect, and construction manager; developing the design to a level that could be submitted for permitting; performing a variety of site and facility studies; and undertaking preliminary construction activities.

### School Responsibilities

Few charter schools have the in-house staff and expertise to ensure that they get the best new home possible. Without in-house capability, assembling a team of program managers, designers, construction experts, and various other consultants will ensure—when good partners are found—that all those hurdles are overcome, that the new space is delivered on time and within budget, and that it meets the school's program needs.

Developing a project team also allows the school staff to apply their energy to the day-to-day tasks of the academic operations. Thus, it is important to understand what capacity and capabilities school staff and leadership have to devote to the temporary needs of the project. The extent to which they can take on that responsibility should be the direct indicator of how extensive a team will be needed.

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