

# Citizens of the World – Kansas City

*Broadway Facility Project Update  
September 26th Board Meeting*



September 26, 2024

# Broadway Facility Project – Context Refresh

**In June the Board of Directors decided to pursue the acquisition and renovation / expansion of the Broadway Facility.**

**In order to reach that decision CWC-KC and Level Field Partners explored two long-term facilities options:**

1. Identify, acquire, and renovate (as needed) a **new permanent facility** for occupancy in Summer 2026 (including former KCPS buildings).
2. **Purchase Broadway** and **renovate / expand** it to make it our permanent facility.

**We pursued parallel paths to inform our decision:**

1. InSite, our broker, conducted an on and off-market site search; but due to local commercial real estate dynamics, their search yielded few viable options.
  - We explored the possibility of purchasing and renovating **4200 Tracy Avenue**, but the project cost profile driven by both CWC-KC's programming and operational requirements as well as the new storm shelter requirement, proved to be unaffordable.
2. We evaluated the affordability and feasibility of making the required repairs / renovations and expanding Broadway in order to meet CWC-KC's long-term facility requirements.
  - We worked with Multistudio and McCown-Gordon to obtain conceptual pricing estimates in order to inform our high-level preliminary budget used to test overall affordability.

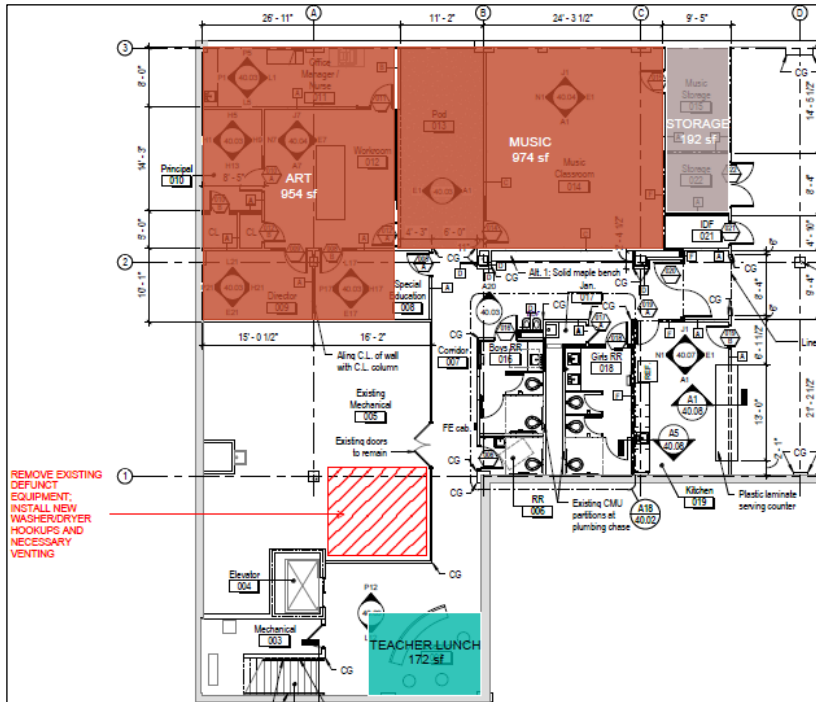
# Recent Project Efforts

- We worked with Multistudio to understand and document CWC-KC's programming and operational requirements to enroll **558 students** in grades K-8 at the Broadway campus and to translate those requirements into potential conceptual design options.
- Additionally, we worked with Multistudio and McCown-Gordon to **understand all costs** associated with our proposed remediation / renovation and expansion plans:
  - ❑ **Remediation of existing conditions:** Includes façade improvements (lintel repairs), cooling tower repair, and parking lot repair.
  - ❑ **Targeted renovations within existing building\*:** Includes providing larger single art and music classrooms and teacher lunchroom in basement, providing breakout space and two small one-on-one rooms on 1<sup>st</sup> floor, and converting a storage room to a teacher workroom on 2<sup>nd</sup> and 3<sup>rd</sup> floors.
  - ❑ **Two-Story Building Addition:** Construction of a 8,080sf two-story addition on the southside of the lot to include 6 classrooms, administrative space, and an outdoor plaza. Also, two classrooms (1,140sf) would be constructed to meet storm shelter requirement.

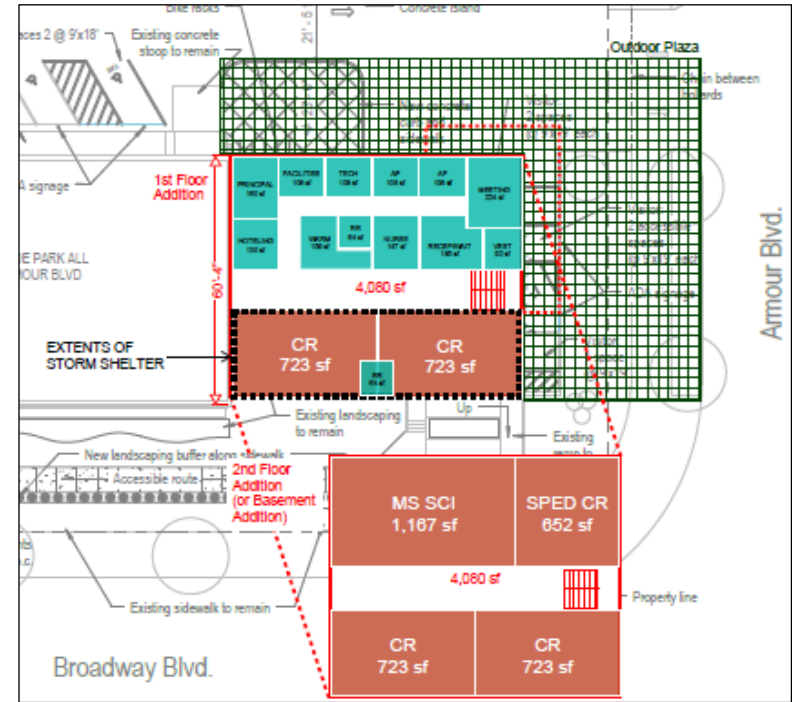
\*The targeted renovations within the existing building still have to be signed-off by CWC-KC. It is likely that some additional renovations will be included in the final scope.

# Preliminary Designs for Addition and Renovations

## Existing Basement Level Renovation



## Southside 8,080SF Addition



# Conceptual Project Budget

- Project budget hard costs are based on estimates provided by McCown-Gordon and consist of **building expansion, remediation, and renovation costs**
  - Southside building expansion: **\$5.31MM**
  - Remediation of existing conditions: **\$2.00MM**
  - Renovation of existing space: **\$0.46MM**
- No gymnasium (storm shelter) required, though building expansion does include storm shelter reinforcement of two classrooms
- We continue our ongoing discussions with IFF regarding the Broadway purchase price and related dynamics
- Total per pupil revenue allocated to debt service at full scale is **<13%**

<b>**DRAFT -- FOR DISCUSSION PURPOSES ONLY**</b>	
	<b>Broadway K-8</b>
Acquisition Costs*	\$5.00MM
Hard Costs	\$7.77MM
Soft Costs	\$1.17MM
FF&E	\$0.23MM
Contingencies	\$1.14MM
<b>Project Costs</b>	<b>\$15.31MM</b>
Capitalized Interest	\$0.00MM
Transaction Costs	\$0.45MM
<b>Total Project Budget</b>	<b>\$15.75MM</b>
Senior / Subordinate Debt	\$15.50MM
Equity	\$0.25MM
<b>Total Project Sources</b>	<b>\$15.75MM</b>
<b>Cost per Seat</b>	<b>28,300</b>

\*The acquisition price is pending more formal discussions with IFF (meeting scheduled for October 3<sup>rd</sup>).

# Financial Projections and Testing Affordability

	SY24-25	SY25-26	SY26-27	SY27-28	SY28-29	SY29-30
<b>Total Enrollment</b>	<b>400</b>	<b>410</b>	<b>458</b>	<b>490</b>	<b>532</b>	<b>558</b>
<b>Revenue</b>						
Educational Revenue	6,136,103	7,602,326	8,314,138	9,161,162	9,813,433	10,047,922
Fundraising Revenue	200,000	200,000	200,000	200,000	200,000	200,000
Program Revenue	24,104	26,860	27,812	28,912	29,410	29,465
<b>Revenue Total</b>	<b>6,360,207</b>	<b>7,829,185</b>	<b>8,541,951</b>	<b>9,390,075</b>	<b>10,042,843</b>	<b>10,277,387</b>
<b>Expenses</b>						
Personnel	4,256,445	4,287,393	4,970,255	5,067,129	5,410,831	5,523,234
Rent / Financing Costs	502,795	706,875	1,175,647	1,175,647	1,175,647	1,175,647
Occupancy Service	602,223	614,267	626,553	639,084	651,866	664,903
Student Expense, Direct	621,578	649,860	740,460	808,039	894,845	957,350
Student Expense, Indirect	277,871	290,514	331,016	361,227	400,033	427,975
Office & Business Expense	665,964	679,273	352,454	330,173	317,819	323,760
<b>Expenses Total</b>	<b>6,926,876</b>	<b>7,228,182</b>	<b>8,196,384</b>	<b>8,381,297</b>	<b>8,851,040</b>	<b>9,072,868</b>
<b>NET ORDINARY INCOME</b>	<b>(566,669)</b>	<b>601,003</b>	<b>345,567</b>	<b>1,008,777</b>	<b>1,191,803</b>	<b>1,204,519</b>
<b>Cash Flow Adjustments</b>						
Other Operating Activities	-	(500,000)	-	-	-	-
Equity	(250,000)	-	-	-	-	-
<b>Cash Flow Adjustments Total</b>	<b>(250,000)</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN CASH</b>	<b>(816,669)</b>	<b>101,003</b>	<b>345,567</b>	<b>1,008,777</b>	<b>1,191,803</b>	<b>1,204,519</b>
Starting Cash Balance	2,172,498	1,355,829	1,456,832	1,802,399	2,811,176	4,002,980
Change In Cash	(816,669)	101,003	345,567	1,008,777	1,191,803	1,204,519
<b>ENDING CASH BALANCE</b>	<b>1,355,829</b>	<b>1,456,832</b>	<b>1,802,399</b>	<b>2,811,176</b>	<b>4,002,980</b>	<b>5,207,499</b>
<i>DSCR</i>		<i>1.85x</i>	<i>1.29x</i>	<i>1.86x</i>	<i>2.01x</i>	<i>2.02x</i>
<i>DCOH</i>	<i>71</i>	<i>74</i>	<i>80</i>	<i>122</i>	<i>165</i>	<i>209</i>
<i>% PPR allocated to DS</i>	<i>8.9%</i>	<i>10.2%</i>	<i>15.5%</i>	<i>14.1%</i>	<i>13.1%</i>	<i>12.8%</i>

- Debt Service Coverage Ratio goal is 1.30x.
- Days Cash on Hand goal is 60 days.
- Financing Costs as a % of Total Revenue goal at full enrollment is ~12%.

Financial Model prepared by EdOps and approved by CWC-KC.

# Preliminary Project Schedule & Milestones

- In order to mobilize on remediation work in June 2025 and expansion work in August 2025, we have to press forward on the design development process to allow sufficient time for the KCMO permitting process.
  - The primary steps in that process include selecting our project team (e.g., general contractor and architect) and collaborating with our team on the full design development efforts leading to the submission of construction documents to KCMO.
- In parallel, we will work with potential lenders to secure project financing
  - Depending on lender feedback, the timing of the acquisition may be separate from closing on project financing (thereby requiring two closings) or consolidated into a single closing (our preference), the timing of which would be dictated by the real estate development activities.

Milestone	Timeframe
CWC-KC acquires Broadway Facility from IFF	March – June 2025
Construction permit received to commence expansion / renovation work	June / July 2025
Remediation work (e.g., lintel repairs) occurs	June - August 2025
8K square foot southside expansion construction occurs	August 2025 - May 2026
Renovation work (e.g., basement classroom expansion) occurs	June - July 2026
CWC-KC kicks off 2026-2027 school year in completed Broadway Facility	August 2026

# Next Steps

**Our goal is to keep the Board of Directors fully apprised of our progress and seek its formal approval of each key decision.**

- Provide the CWC-KC Board of Directors with updates at its 10.24.24 and 11.21.24 meetings by focusing on the following:
  - Work with IFF (current Broadway owner) to negotiate a favorable purchase price for the Broadway campus
  - Support Bliss Associates in finalizing its as-is appraisal of the Broadway facility
  - Conduct an RFP process to ensure we work with the **best possible partners** and receive the **most competitive pricing** for project services
  - Begin preliminary discussions with lenders (including the Equitable Facilities Fund) to **affirm financing options and further refine affordability**
  - Align on **project greenlighting criteria** (e.g., design, project budget, financing) and continue evaluating the project's affordability and feasibility